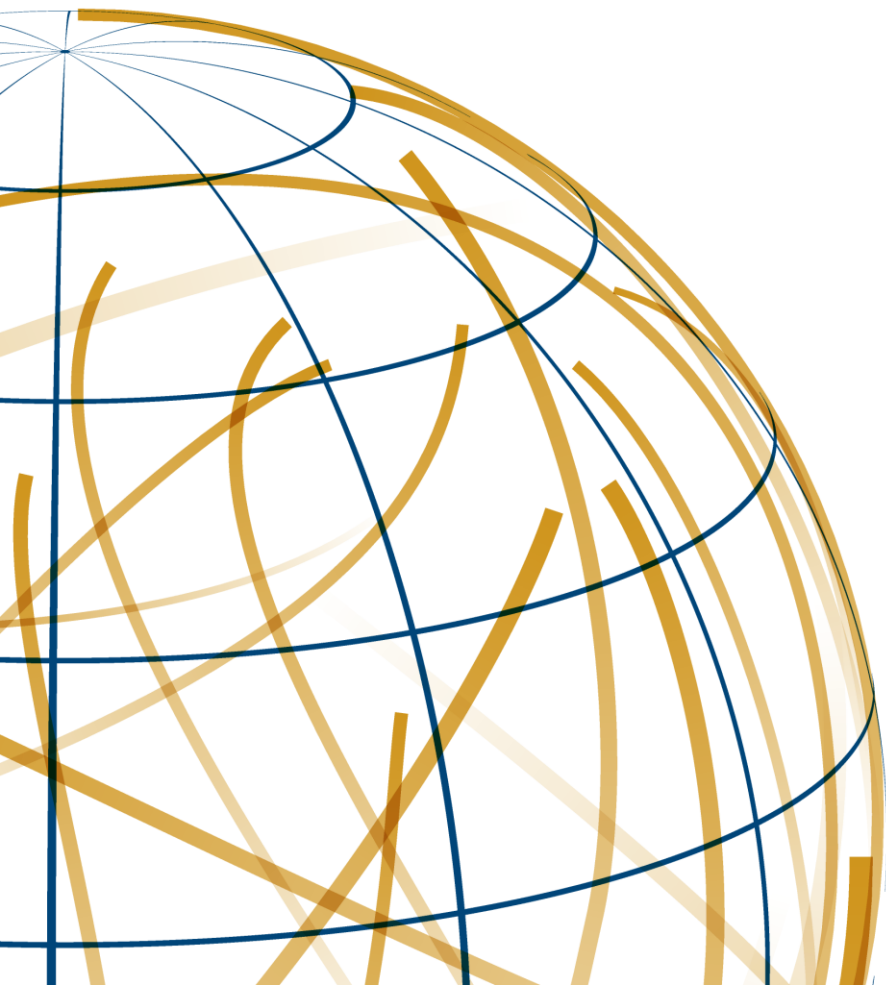


SWP Research Paper

Barbara Lippert, Nicolai von Ondarza and Volker Perthes (eds.)

European Strategic Autonomy

Actors, Issues, Conflicts of Interests



Stiftung Wissenschaft und Politik
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Europe is increasingly required to assume greater responsibility for its own well-being and security. The debate about strengthening Europe's ability to exert influence and act on its interests revolves around concepts such as strategic autonomy and – above all in France – European sovereignty. But rarely are these terms defined, or their political and practical implications explained.

In this publication strategic autonomy is defined as the ability to set priorities and make decisions in matters of foreign policy and security, together with the institutional, political and material wherewithal to carry these through – in cooperation with third parties, or if need be alone. This understanding encompasses the entire spectrum of foreign policy and security, and not just the dimension of defence. Autonomy is always relative. Politically it means growing readiness, a process rather than a condition. Autonomy means neither autarchy nor isolation, nor rejection of alliances. It is not an end in itself, but a means to protect and promote values and interests.

The authors of this collaborative study offer more than definitions. They explore what Germany needs to do, on its own and in cooperation with its European partners, to achieve greater strategic autonomy. What difficulties and conflicts of goals are to be expected. What is necessary and urgent? What is possible at all? What resources will Germany and Europe need to commit? What red lines will Germany encounter in its own internal politics and among its partners? And which questions will need further political discussion?

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Strategic Autonomy: Meaning and Relevance

Doubts about the reliability of the United States have injected urgency into the discussion about how, and to what extent, Europe can and should take its fate into its own hands (Chancellor Angela Merkel). The German and European discussion about Europe's responsibility for its own well-being, security, and international influence revolves around terms like "strategic autonomy" and – above all in France – "European sovereignty". Yet the concepts are rarely defined, and their political and practical implications usually left unstated. It is time for a more thorough discussion, not only on account of developments in the United States, but also in light of multiple emerging threats to the rules-based multilateral order. Upholding and developing the latter represents a vital interest for Germany and Europe.

Defining the Terms

As well as offering an operationalised definition of the key concept, we also ask what Germany needs to do – on its own and in cooperation with its European partners – in order to achieve greater strategic autonomy or sovereignty for Europe, and what obstacles, difficulties and conflicts of goals are to be expected. What is necessary and urgent? What is possible at all? What material and political resources will Germany and Europe need to commit? What red lines will Germany in particular encounter in its own internal politics and among its partners? And which questions will need further political discussion?

Fundamentally, we understand strategic autonomy as the ability to set one's own priorities and make one's own decisions in matters of foreign policy and security, together with the institutional, political and material wherewithal to carry these through – in cooperation with third parties, or if need be alone. Strong strategic autonomy means being able to set, modify and enforce international rules, as opposed to

(unwillingly) obeying rules set by others. The opposite of strategic autonomy is being a rule-taker subject to strategic decisions made by others: the United States, China or Russia. Germany can achieve strategic autonomy only in concert with its European partners.

Our understanding of strategic autonomy thus encompasses the entire spectrum of foreign policy and security, and not just the dimension of defence. Autonomy is – like the related term power – relational, in the sense that it is realised in relation to others. It may represent an objective but is not an end in itself; rather it is a means to protect and promote values and interests. Politically, this is about an increase in autonomy, a process of gradual autonomisation, rather than an absolute condition. Autonomy means neither autarchy nor isolation, nor rejection of alliances. An autonomous actor decides on its own, on the basis of its own priorities, with which other actors it wishes to seek partnerships and alliances. In an interdependent world autarchy is neither possible nor desirable. Partners are essential for protecting and promoting values and interests. For Germany these are primarily the European Union and its members, with which it shares the project of European integration, and the other European NATO states.

Relevance and Purpose of Strategic Autonomy

This is not the first time that Europe has conducted a broader political debate about the idea of assuming greater responsibility for its own interests and security (see text box "Background: Strategic autonomy and European integration", p. 6). The timing of the current European debate is attributable above all to US President Donald Trump's rejection of central elements of the liberal international order. Other key international actors like Russia have also challenged central components of the international order. So the

Background: Strategic autonomy and European integration

The concept of strategic autonomy appears frequently in recent EU documents like the Global Strategy of 2016, generally in connection with strengthening and reforming the CSDP in the scope of the CFSP. In the broader understanding of strategic autonomy adopted in this study the term also touches on fundamental questions of Europe's foreign policy role and influence. The roots of these issues extend back to the very beginnings of the European Communities.

The (Western) European striving for self-assertion and self-determination under conditions of structural bipolarity was an important driving force in the founding of the European Communities. This is evidenced not least by the plans to create a European Defence Community in connection with the European Political Community. The immediate consequence of the rejection of the European Defence Community in 1954 was that the EEC states largely "outsourced" their security and defence to NATO and thus cemented the primacy of the Atlantic Alliance over the EC/EU for many decades.

Nevertheless, under this military umbrella the EC/EU was able to develop and combine its own foreign policy and security capabilities and resources, with France in particular bringing these into play as steps towards greater self-reliance vis-à-vis the United States. This applies to the incremental expansion of cooperation and integration in three central fields: the common trade policy (from the 1960s), the European Political Cooperation/CFSP/CSDP (since the 1970s), and the euro as the single currency completing the Economic and Monetary Union (since the 1980s).

The EU's unsimultaneous and (sectorally) multi-track development to become a self-reliant international actor has buried the original idea of the European Defence Community and the European Political Community: that such a high degree of pooling or even transfer of sovereignty demands the creation of a political community or union (whether federal or inter-governmental). This is the thrust of the French autonomisation debate, which speaks of European

sovereignty. But Macron's Sorbonne speech has proven unpalatable and hard to translate into German terms, because in Germany sovereignty is interpreted above all through the legal lens of constitutional theory.

The strategic autonomisation discussion has received a boost from Brexit and the actions of the Trump Administration. As far as Germany is concerned these developments rattle the inherent structure of its policy on Europe and the central pillars thereof, the relationships to France and the United States. Especially in questions of defence, Germany has historically pursued a "best of both worlds" line that treated the European context as (only) a complement, but not as competition to the transatlantic frame. To this day Germany avoids discussing moves towards autonomisation in a context of "for or against the United States". That was an important concern in the transatlantic-leaning preamble to the Franco-German Élysée Treaty of 1963.

Different priorities and sometimes also objectives within the Franco-German core left the concept of autonomisation vague for decades and put a brake on its political dynamism. And the accession of the United Kingdom in 1973 and the Central and Eastern European states in 2004/07 further reinforced the position of "in dubio pro United States" and put a damper on ambitions for a "Europe puissance" (1998). The explosive nature of the transatlantic question for European integration is illustrated by the conflict between old and new Europe over the US-led invasion of Iraq in 2003, when Berlin unexpectedly joined Paris in refusing to participate in Washington's "coalition of the willing". But the European Security Strategy that emerged at the time (2003), like the Global Strategy, held almost unchanged to a balanced multi-track approach. Both documents adhere to a concept of "the West" in which the EU is not forced into a position of pure allegiance to the United States, but can play a role of its own in international politics as a second Western voice. This role concept includes the EU asserting itself as a both independent and cooperative power factor.

problems to which greater strategic autonomy is supposed to supply solutions are not restricted to the future of the transatlantic relationship, and are considerably more complex. We can speak of normative, territorial and institutional dimensions: International norms and principles – such as the prohibitions on torture, on the use of force in international relations,

or on the use of chemical weapons – have been explicitly or implicitly called into question. Individual actors have chosen to use force to change a territorial order that had largely held since 1945. And the United States, together with other states that otherwise present themselves as supporters of the international order, has weakened international organisations,

international regimes, and international agreements by ignoring, exiting, undermining or even seeking to break them up.

The EU and its member states are under pressure from within and without: from within because the normative, political and institutional structure of the EU threatens to collapse under the weight of external crises and populist and nationalist movements; from without because competing actors with deviating normative ideas and interests (United States, Russia, China) seek to influence the EU's inner workings and to sow division among the member states. At the same time the EU and its member states find it increasingly difficult to play an effective part in shaping the global order, when other major powers pick and choose among international rules or throw them overboard altogether.

The need and capacity for strategic autonomy vary between policy fields and sets of rules. In the area of trade policy and the World Trade Organisation, the EU's exclusive responsibility forms the basis for successfully asserting its policies and preferences. In digitalisation and data protection too, the EU possesses both the means and the will to exert international influence. But the dispute with Washington over the Iran nuclear deal underlines how hard it is for the EU to defend its own ideas about international order and security against political and economic pressure. Europe still has huge steps before it on the road to strategic autonomisation, and not only strengthening its own defence capacities. But at the same time the necessity to travel this road in order to be able to protect Europe's own values and interests is very clear.

A critical analysis will demonstrate that the striving for strategic autonomy involves contradictions and conflicts of goals that politics cannot ignore for ever. The rejection of binding international rules – which characterises the current policies of the United States and other major powers – is after all discussed as an attempt to gain or regain (more) control or sovereignty. In their striving for greater strategic autonomy or sovereignty for Europe, Germany and its European partners need to clearly distance themselves from that standpoint, both discursively and practically. Otherwise, in the worst case, Europe could actually encourage a further erosion or compartmentalisation of the international order rather than strengthening it. That would fundamentally contradict German and European interests. Precisely for that reason it is important to describe and understand strategic autonomy not as an end in itself but as a means to guard

values and interests. That also means upholding and developing an international order that is at least rules-based, open and inclusive, and if possible also liberal.

What We Are (or Should Be) Talking About

Our analyses and recommendations relate to the Federal Republic of Germany as an actor. In the following chapters we will address significant aspects that belong on the agenda if an expansion of European strategic autonomy is to be sought. Each of these individual aspects (also) affects German politics, and demands discussions and decisions in Berlin. Germany is not the EU's hegemon, but for many member states it is a (or the) leading nation. Without a decisive German contribution there can be no European strategic autonomy or autonomisation. At the same time Germany can only expand its strategic autonomy within the European context, in concert with its European partners. And this will have to involve a symmetrical or at least more balanced European partnership with the United States.

Rather than attempting to cover all the regions and policy areas of general importance to Germany and Europe, we concentrate on those issues and international relationships that most central to the necessary discussions on the concept of strategic autonomy. In our pursuit of a comprehensive understanding of the concept, twenty-nine researchers at SWP have contributed to this study and furnished their respective perspectives. Critical questions were discussed openly and controversially, and it should be noted that not all recommendations are necessarily shared by all the authors.

The first section discusses the EU as – from the German perspective – the most important *framework for the strategic autonomisation* of Europe: the EU's institutional development and foreign policy and security action-readiness, the roles of France and the United Kingdom, and the question of the legitimacy of a more autonomous or sovereign Europe. The second section examines the *instruments, capabilities and resources* that strategic autonomisation demands in various fields. Attention is also paid to Europe's vulnerabilities and its conflict-readiness, not least in defending the rules-based international order that is so vital for the EU and its members. The issues include defence capabilities and deployability, the defence in-

dustrial base, deterrence and the cooperation of European armed forces, as well as economic and monetary considerations, diplomacy, sanctions and the resilience against sanctions imposed by others, intelligence, and civilian conflict management. Finally, we turn to the other *international actors* that shape the increasingly multipolar international system – or claim a right to define it: the relationships to the United States, China, Russia and other middle and emerging powers. In the concluding section we summarise our central recommendations for German policymakers, with reference to Germany's leading or co-leading role.

The EU as the Framework for Strategic Autonomy

For Germany, the EU forms by far the most important framework for strategic autonomy in the comprehensive sense. This is because the member states and a number of other European partners (such as Norway) use the EU to assert their economic weight and regulatory power internationally, pursuing united, coherent and effective diplomacy and increasingly, where necessary, backing this up with military force. The EU stands for and advocates close multilateral cooperation and is itself conceived and configured as a cooperative actor. While ad hoc coalitions may be more viable in individual cases, only the EU offers a stable, permanent framework for action, which is an indispensable precondition for long-term strategic autonomy. In matters of security and defence the EU member states are highly dependent on NATO, and, in the course of developing CFSP and CSDP, on cooperation with NATO. With respect to human rights, questions of war and peace, and the challenges of global governance, the United Nations is the central frame of legitimacy and negotiation for the EU. In this connection, the Union should not be reduced to “Brussels”. In reality it always stands for the cooperation between member states in the EU system, in other words the Union’s organs and their specific decision-making processes. The strong role played by the member states in formulating policy and reaching decisions within the EU is reflected very clearly in the European Foreign and Security Policy. France and the United Kingdom are Germany’s most important European partners and the positions they adopt are of particular relevance for Berlin, even and especially in matters concerning the development of strategic autonomy for Europe.

Internal Preconditions for Strategic Autonomisation: Leadership – Efficiency – Capacity to Act

The question of greater European strategic autonomy is inextricably bound up with future constitutional developments in EU integration between deepening, differentiation and reversal. The current complexity of internal circumstances makes it difficult for the EU to render any effective contribution on strategic autonomisation: the CFSP and CSDP are inter-governmental and consensus-based, and therefore tend to be slow, indecisive and susceptible to blockades and vetoes of single member states. At the same time growing centrifugal forces are reflected in national unilateralisms and idiosyncrasies. In practice bringing together the Union’s external action under the leadership of the High Representative of the Union for Foreign Affairs and Security Policy is a piecemeal affair. That includes the spectrum from external trade policy through sanctions, institution-building and humanitarian aid to civilian and military missions. The EU is often far removed from collective positioning and action on the international stage. The larger EU member states in particular enjoy access to alternative forums. Disparate loyalties and contradictory interests also ensure that almost all political conflicts with major powers like the United States, China or Russia almost inevitably also generate friction within the EU. Simply keeping the slow-grinding wheels of consensus in motion consumes enormous political energy in Brussels and the national capitals, a price argued to be justified in terms of the objective of cohesion. Nevertheless the trade-off between inclusivity and legitimacy on the one side, efficiency and action on the other is increasingly unsatisfactory, as it prevents the EU from effectively asserting its interests and values.

In light of the planned departure of the United Kingdom – as a foreign policy and security heavy-

weight — and the conceivable future accession of small Balkan states with little potential but full voting rights, the prospects are not going to improve in the short and medium term. Brexit means the end of the informal leadership triangle and leaves the two — relatively largest — middle powers France and Germany at the political heart of a Union of twenty-seven. Both are adjacent to geopolitically relevant spaces of instability in the southern and eastern neighbourhoods, and could as such channel the different perceptions and foster a balancing of interests. Germany and France will have to drive the development of the EU's internal leadership. In essence, Paris and Berlin will have to ensure an integrative equilibrium within the EU, also in the field of external policies, especially the CFSP/CSDP. In this equilibrium through integration the power differences between the member states will be balanced by the representation and decision-making rights specific to the EU's institutional system. To date this equilibrium has been most relevant in the internal policies and the EU's constitutional advances, and has been based on Franco-German compromises. A corresponding expansion to the CFSP/CSDP would require Germany to make sometimes painful decisions.

There are two fundamental options on the table: an incremental approach and a true system transformation of the EU.

There are two fundamental options on the table: an *incremental approach* and a *true system transformation* putting a directorate in charge of foreign and security policy. These proposals pose the question of how cohesion within the EU would be preserved, and to what extent. Both options could be configured for compatibility with a — currently rather unlikely — shift towards a federal EU.

Incremental approach (reform option): A shift from unanimity to selective (issue-specific) majority voting in the CFSP would align with the gradual/incremental approach. Qualified majority voting could be introduced for decisions, actions and positions, démarches and declarations, and greater use could be made of the treaty possibilities of enhanced cooperation and Permanent Structured Cooperation (PESCO). The latter produces variable geometry — although given the (German) preference for inclusivity often only after long exploratory discussions and as a last resort. Further options include delegating the implementa-

tion of CFSP decisions to particular countries or country groups, and initiating contact groups and special formats that may be integrated ex post into EU structures or can be linked to these, such as the E-3. Groups of countries may also emerge to engage regularly around particular issues or regions.

All these paths and instruments could be used more frequently and consistently, and not least be developed further in response to crises and challenges. The drawbacks are frequently slow ad hoc solutions, unclear burden sharing, unpredictability and weakness. The advantages lie in flexibility, in the sense of either using the EU framework or operating outside it, or employing a combination. One example of the latter would be the Franco-German-led talks with Russia and Ukraine in the Normandy Format. This option would also facilitate the engagement of third states like the United Kingdom, Norway, Turkey, Canada and others.

Enhancing efficiency through majority voting in the CFSP is a necessary step from the German perspective, but is regarded more cautiously in France for the risk of losing control and influence. Majority voting might be more acceptable for Paris if it were combined with other steps such as a structural shift favouring the larger EU states. Small and medium-sized states fear that a transition to and expansion of majority voting would create a dynamic leading to regular and formally legitimised “majoritarian rule” by the large and influential member states. For many of them the attraction of the EU lies precisely in its fundamentally non-hegemonic structure. In order to stay well clear of the “slippery slope” they are blocking application of the passerelle clause (Article 48 (7) TEU), which creates an option for majority voting on matters outside the military/defence sphere. Enhanced cooperation and other possibilities for exploiting the existing treaty options for majority decisions have also been little used to date. In fact the EU sees its unity and ability to balance the interests of very different states very much as a strength, also in the realm of external policy.

System transformation (directorate option): This would represent the more radical move, involving a break with the equality principle in favour of a permanent differentiation of member states' rights to participation and decision-making in the CFSP/CSDP. This would require the establishment of new structures and considerable adaptation of existing ones, and would amount to a true system transformation. Specifically, a directorate, for example a European

Security Council (EU-SC), would be established above the European Council as the nerve centre of the CFSP. The five largest EU member states – Germany, France, Italy, Spain and Poland – and the President of the European Council would be permanent members of this super-formation, joined by six other EU countries on a rotating basis; the Presidency of the Council of the EU would always be one of the non-permanent members. This arrangement could be organised broadly on the model of the UN Security Council. The permanent members qualify on account of their size and geographical location, but would also have to be willing to invest in *common goods* and shared capabilities and policies. They would have to accept joint decisions as binding and place external representation, to a much greater extent than hitherto, in joint hands. That cannot be taken for granted, but would be imperative for internal acceptance of the directorate. In this concept the full European Council would function as something like a deliberative plenary to discuss issues before the twelve-member EU-SC take decisions, but lose its role as the strategic centre and final instance on external policy. The entire underpinnings of EU external policy would have to be adapted, above all the Political and Security Committee, the European External Action Service (EEAS) and the office of the High Representative.

The advantages of such a hierarchisation lie in the potential for efficiency gains, although these still presuppose the usual compromise and package solutions, which would still have to be worked out under the new conditions – in and by the entire EU negotiating system. Disputes and rivalries in the EU-SC would be expected to be considerably less sharp and paralysing than for example in the UN Security Council.

For smaller states with limited foreign policy agendas of their own and small diplomatic and international services, the transformed system would at least bring cost savings. They might not automatically lose control and influence but that would be their fear. Germany could continue to uphold its self-appointed role as guardian of the interests of the smaller countries (which the smaller countries themselves regard with mistrust). But this would become considerably harder in the context of a firm Franco-German alliance. Political/strategic convergence processes within the EU-SC could nevertheless be accelerated and improved in the medium term. If the EU became more effective, energetic and united through such a transformation, it would be more likely to be

perceived as a relevant strategic actor by powers like the United States or China.

The flip side of a directorate solution would be the loss of the principle of equality among member states and the danger of exacerbating frictions among them, if countries felt that they were left out and that their interests were not adequately represented. It would therefore have to be ensured that all member states – populations as well as governments – and all EU organs regarded the decisions made at the EU-SC level as legitimate. This would mean finding formally and politically convincing participation and decision-making processes and communication forms.

A European Security Council detached from the EU would be weak and powerless.

Above and beyond these issues, the directorate solution poses the question of vertical linkage with the EU's policy-making system, with decisions and policies in areas like trade, competition and monetary policy. It is therefore relevant where and how an EU-SC might be installed and what its remit would be. The state-like agenda for the EU would also bring clear theoretical advantages in the Foreign and Security Policy, making the Union the most suitable framework for pursuing Germany's foreign policy objectives: namely, protecting the EU space in the broadest sense, gaining a voice in global politics, and shaping the international order. The EU's entire portfolio – all its political, economic, military and cultural resources – could and would have to be mobilised. A European Security Council detached from the EU would be weak and powerless. Given the centrality of economic/technological and monetary power in international politics, they are also central to any internal transformation. But the aspect where Europe has furthest to catch up is the military component of security policy and its intersection with civilian crisis and conflict management. Permanent liaison and task-sharing with other actors like NATO, UN, OSCE and "G" groups therefore remain indispensable.

France: Germany's Most Important Partner

Whether the CFSP/CSDP is gradually expanded or a directorate is established, France will be Germany's foremost partner in steering the EU towards strategic

autonomy. France itself is likely to want to push towards a directorate, because the government of President Emmanuel Macron, more than any other country, champions efforts to make Europe more “sovereign”. Macron’s far-reaching proposals for “re-founding Europe” name central fields of action, capabilities and resources that the EU must establish and develop if it is to become more strategic and autonomous in external policy terms. Alongside the Common Defence and Security Policy this also applies to reform of the euro zone, including a functioning banking union and transfer mechanism; private and public investment in research, new technologies and the strengthening of innovation and competitiveness; and a leading role in international climate policy. If Germany is serious about its desire for strategic autonomy it will have to engage meaningfully with the French proposals, with the objective of agreeing a shared line with Paris and pursuing it consistently. Otherwise the project of Europe taking its own fate more firmly into its own hands is likely to quickly reach a dead end. Germany’s dealings with France will become a test of how well three objectives – that are weighted differently by Berlin and Paris – can be reconciled under the umbrella of strategic autonomy: differentiation between EU member states (for example in a directorate or core groups), the role of France and Germany as the motor of the Union, and the cohesion of the EU as a whole. Paris requires Berlin to make difficult fundamental decisions, specifically in the currently most dynamic area of bilateral cooperation, namely security and defence cooperation.

The two governments have agreed joint military procurement projects and, under the auspices of strategic autonomy, criteria for Permanent Structured Cooperation (PESCO) in the scope of the Common Security and Defence Policy (CSDP). Beyond this, both sides are in broad agreement about the future of transatlantic relations and multilateralism. Since Washington withdrew from the Iran nuclear deal, Berlin and Paris have grown closer together in central foreign policy and security questions. Both emphasise that strategic autonomy for the EU in no sense means competition with NATO and that no parallel structures are to be created. Instead, they say, transatlantic relations will become more robust in the medium term, as the EU states assume greater financial and operational responsibility for their own security.

The defence and security dimension of European strategic autonomy is discussed in very concrete terms in Paris.

The defence and security dimension of European strategic autonomy is discussed in very concrete terms in Paris, for example in relation to giving substance to the “mutual defence clause” of the Treaty of Lisbon (Article 42 (7)), which stipulates: “If a Member State is the victim of armed aggression on its territory, the other Member States shall have towards it an obligation of aid and assistance by all the means in their power, in accordance with Article 51 of the United Nations Charter. This shall not prejudice the specific character of the security and defence policy of certain Member States.” The French government has chosen to make Article 42 (7) a priority because it regards strategic autonomy as meaning the EU’s ability to operate independently. Paris places collective defence at the heart of its deliberations and discusses four scenarios in which the EU needs to be able to respond without assistance from the United States: a terror attack against an EU member state, a hybrid attack, an attack against an EU member state that is not a member of NATO (principally Sweden or Finland), or an armed attack on a NATO ally where the United States is not willing to respond militarily under Article 5 of the NATO Treaty. There is also debate in Paris about whether France should in future regard an attack on an EU or NATO partner as an attack on France, to which it could then also respond using nuclear weapons. By focussing on collective defence Paris is seeking to counter the impression that France is interested only in its own narrowly defined strategic interests. Many EU countries suspected that President Macron’s “European intervention initiative” would principally benefit France through greater European military engagement in Africa. At the same time Paris puts Berlin in a difficult situation with its focus on collective defence, because Germany has to date located that question exclusively in the NATO framework.

Paris is pushing for advances in smaller groups, in the EU in general and especially in the Security and Defence Policy. Berlin also sees the need for this. But as the launch of PESCO demonstrated, it remains the case that France presses for exclusivity and optimal capacity to act while Germany looks more to inclusivity and legitimacy. France continues to assertively court Germany and offers exclusive cooperation,

regarding a Franco-German entente as a first step towards a possible “Europeanisation” of the Security and Defence Policy. At least two projects are involved:

Firstly Paris would prefer to introduce the most important scenarios for independent action in connection with Article 42 (7), principally together with Germany. This would also open the opportunity for both sides to take the “Élysée Treaty 2.0” (Treaty of Aachen 2019) clearly beyond the document of 1963 (and beyond formulaic affirmations of strategic autonomy). Secondly, Paris has long been striving to reduce Europe’s dependency on the United States in defence procurement, and would like to create a more ambitious EU Defence Fund orientated on the needs of EU states with internationally competitive defence industries. Germany and France, Paris believes, should operate as pioneers here, and define joint arms export guidelines. The French government sees little to gain from discussing these questions and processes among all twenty-seven EU member states. Finally the question also arises of the extent to which Berlin would be willing to assume (defence and security) responsibility for its EU partners and bear most of the associated costs.

These examples underline how Germany needs to review or even revise its integration preferences. That is likely to be necessary even under the incremental reform option described above, because even this would have to supply substantial progress on autonomisation. France is very critical of the German tendency to place great weight on defining the governance framework but to neglect the substance and purpose (as the United Kingdom always has been too).

The Status and Special Role of the United Kingdom

In the past the mere fact that the United Kingdom was a member of the EU gave grounds to believe that the EU could possess strategic qualities in the sphere of foreign policy and security. Brexit sees the EU relinquishing prestige in this respect and losing a potent actor in the CFSP and internal security, above all concerning cooperation between intelligence services. As a member, it should be remembered, the United Kingdom worked to restrict any de facto strengthening of the CFSP to pooling of sovereignty and capabilities, and rejected deeper legally binding integration of the kind that would be required for either the reform or directorate option. For either of

these routes the United Kingdom would be at least a difficult partner, if not an obstacle. Anyway, the post-Brexit United Kingdom intends to pursue a decidedly national path predicated on independence and self-reliance under the motto “Global Britain”.

Regardless of its “special relationship” with the United States, the United Kingdom stands with EU-Europe on major foreign policy issues.

The British will naturally continue to play a strategic role (at least in Europe) and will remain an important partner for the EU even after they leave. The United Kingdom possesses significant strategic and foreign policy resources, with its permanent seat on the UN Security Council, one of the world’s largest diplomatic networks, and close historical relations with countries like the United States, Canada, Australia and India. The United Kingdom is the only European member of the exclusive Five Eyes intelligence cooperation, alongside the United States, Canada, Australia and New Zealand. In terms of security and defence it also possesses a nuclear deterrent of its own, highly combat-ready armed forces (compared to other European countries), close military integration with individual EU states, and a large independent defence industry. As the world’s fifth-largest economy, accounting for about 16 percent of the EU-28’s GDP with the City of London representing Europe’s largest financial centre, the United Kingdom is also a relevant factor in trade conflicts and economic sanctions. Those are areas where the EU needs to – and is willing to – prove its ability and determination. Regardless of its “special relationship” with the United States, the United Kingdom stands with EU-Europe on major foreign policy issues such as Iran, the Paris Climate Agreement and the Middle East conflict. The United Kingdom itself wants a very close relationship with the EU, including foreign and security policy, which would enable a spectrum of cooperation from regular consultations to inclusion in the EU’s military operations and programmes. The current state of play is that the EU-27 are open to an ambitious partnership, as long as the existing limits for third states also apply to the United Kingdom. That means above all no voting rights and limits on participation in major projects such as the satellite navigation system Galileo, which is important for strategic autonomy.

The EU has two fundamental options for integrating the United Kingdom into the European Foreign and Security Policy after Brexit. The first prioritises strengthening the EU. Here the United Kingdom would be included on the basis of the existing rules for third states, without a vote or a seat in the EU's organs and committees. The United Kingdom could for example participate in the EU Defence Fund (making a considerable contribution proportionate to its GDP), but would not have any formal say on how the money was spent. This "second-class" treatment could drive the British towards other forums like NATO, the French intervention initiative or other bi- and multilateral cooperations (which it might initiate itself). But if a European intervention was vital and a British contribution relevant, then action could be taken by an ad hoc coalition of willing and able states, rather than the EU itself.

The second option prioritises inclusion of the United Kingdom in the EU's Foreign and Security Policy, granting it a special role on the basis that it falls into a different category than Norway or Turkey. Here the EU would grant special rights not otherwise open to a third state, such as partial or even general participation in EU foreign policy and security organs (for example in the case of participation in an EU operation), as well as in programmes like Galileo and the EU Defence Fund. In return the United Kingdom would contribute its resources to the EU Foreign and Security Policy on a flexible basis. The gain for European strategic autonomy would have to be weighed against the watering down or devaluation of the rights and duties of membership and the opening up of back-door options for vetoes and de facto participation in the decision-making process without clearly defined responsibilities and burden-sharing.

The first option – strengthening the EU system – would be easiest to reconcile with the two options on the table for the future of the CFSP, reform or directorate. The option of a special arrangement for the United Kingdom would – like Britain's EU membership to date – hamper meaningful institutional progress.

Legitimacy

Strategic autonomy, in the sense of the ability to make and implement foreign policy and security decisions, requires strong internal and external political legitimacy.

Internal legitimacy depends on the citizens and the governments of the member states recognising the EU as a political system worth supporting. Because the EU is not a state, it cannot be judged by the same standards of democracy and legitimate governance. The EU's general and specific democracy deficits have long been discussed in political and academic circles.

Two questions are especially relevant with regard to the EU's strategic autonomy: In which cases and under which conditions is it legitimate to transition to qualified majority voting in the EU Foreign and Security Policy? And in which cases is it advisable to involve the European Parliament for reasons of legitimacy?

It should be noted first of all that the use of military force – whether in the scope of NATO, the EU, the UN or a "coalition of the willing" – remains the sole prerogative of the member states according to their own national rules. Proposals to expand strategic autonomy leave this absolutely unchanged, at least as long as there is no European army. In its ruling on the Treaty of Lisbon the German Federal Constitutional Court underlined that only the German Bundestag can legitimise the deployment of German combat forces or approve German participation in shared military structures.

No state can be forced into foreign policy positions or actions against its will.

The inter-governmental principle grants every member state a veto in the CFSP. No state can be forced into foreign policy positions or actions against its will. But the member states must actively support the CFSP and act in the spirit of loyalty and mutual solidarity in order to secure predictability and convergence of positions. Majority voting is, however, permissible in other policy areas of importance for the development of strategic autonomy. This applies above all to the Common Trade Policy, the single market and the euro zone. The member-state strand of legitimacy relies on the (weighted) votes of the member states in the Council, while the supranational strand implies the participation of the European Parliament. All decisions and legal acts (outside the CFSP) are also subject to the oversight of the European Court of Justice. If (qualified) majority voting replaces unanimity in the CFSP in order to enhance the EU's action-readiness, or decisions are placed in the hands

of a European Security Council, the EU will find itself confronted with known legitimacy issues:

To date the principle of unanimity in the CFSP/ CSDP has guaranteed formal equality in the Council and the European Council between states with different (power-)political weight. Malta, Ireland and Cyprus wield exactly the same veto power as Germany, France and Spain. Especially from the perspective of the smaller and medium-sized states, any deviation from unanimity raises the question of how their interests are to be guarded and how they can assert influence. If no consensus can be reached, this means that a minority could not be persuaded, despite an earnest search for compromise. So the question arises whether CFSP decisions outside of military deployment are in fact different in nature from, for example, those in the Economic and Monetary Union (EMU). If these decisions are understood as being categorically different (with absolutely no possibility of majority voting, and thus a permanent veto option), there would be lessons to draw for the future. Countries with very specific or vital interests that are not shared or at least accepted by all existing EU states should not be joining the EU; one case in point would be Turkey. Membership for such countries would offer no prospect of convergent foreign policy positions and a shared *acquis politique*. The participation of the European Parliament should also be considered in connection with the question of introducing majority voting in the CFSP or strengthening the international role of the euro.

As far as the external dimension is concerned, the desire to strengthen strategic autonomy is bound up with the EU's legitimacy as an international actor. The Union ties its external action to the principles of democracy, human rights and those defined in the United Nations Charter. It sets itself the objective of preserving its values (Article 2 TEU) and interests, as well as guarding its security, independence (!) and integrity (Article 21 (2) TEU). Strategic autonomisation must therefore also be dedicated to realising these goals and values; to that extent it is a means to an end. As such, the aforementioned objectives represent the yardstick for decisions of both principle and detail. Political debates about this at the national and EU level need to be conducted much more transparently and publicly. That is the job of parliaments. According to opinion surveys, EU-wide approval for greater cooperation between member states on foreign policy and security is traditionally especially high. But common European policy often involves

an unequal distribution of political, economic or financial costs between individual member states or social groups. That is the case where member states support one state out of solidarity, where an EU trade conflict or sanctions affect only part of the EU's economy, or when military operations touch on the interests of only part of the membership. Then the actors of the Union – above all the member states – need to be willing and able to place these decisions in a broader context and communicate this to their citizens. That context may be solidarity with EU states or others, internal and external political credibility in terms of loyalty to European values, or a trade-off between different goods.

The EU's legitimacy always feeds on both sources: indirectly through the member states and directly through the interaction of the Community organs. It therefore remains fundamental that all decisions are rooted in law. But this must also be guaranteed within the states of the Union. In foreign policy and security procedural legitimacy and output legitimacy are preconditions for acceptance.

Areas of Action: Instruments, Capabilities, Resources

The question of expanding strategic autonomy and playing an effective part in shaping the international environment in accordance with European values and interests is directly connected with the capabilities and power resources that Germany and Europe are willing and able to bring into play. Capability gaps and vulnerabilities will need to be addressed: the gap between the wish for strategic autonomy and the reality of available resources is most glaring in the context of military capabilities.

As already noted, strategic autonomy cannot be reduced to the military dimension, although the latter naturally represents a central aspect. The deficits in the military sphere – with respect for example to a more balanced relationship with the United States – cannot be compensated by Europe's diplomatic, civil and economic potentials. But conversely too, there is little point to expanded military capabilities without those other potentials.

Germany must therefore devote as much energy to discussing defence, deterrence and intervention capabilities and the respective technological and industrial base as it does to effective multilateral action, participation in international organisations and the strengthening of civilian conflict management capacities. But the strongest power resources Europe places on the international scales are its economic and technological weight and its single market. Greater strategic autonomy requires not only that these resources be preserved, but also that the question be addressed of how Europe can become more action- and conflict-ready not least in the monetary and financial sphere.

Security and Diplomacy

Complete strategic autonomy for Europe in the sphere of defence and security would only be conceivable in the medium to long term, at best in ten to twenty years. Alongside adequate financing this would

require the political support of all member states and their potential readiness to renounce national sovereignty in order to achieve greater European self-reliance also in the military sphere. *Greater* strategic autonomy on the other hand demands above all the definition of an appropriate level of ambition guided by self-defined priorities, and the fulfilment of ensuing self-obligations. In this process it is decisive that the EU and NATO interact constructively rather than operating against each other.

Military capabilities can only be assessed against the relevant strategic goals. What appears appropriate and adequate for one purpose may be unsuitable or insufficient for another. In this connection three different levels of ambition need to be considered: a) (at least initially) ongoing dependency on the United States in the realm of collective defence while at the same time strengthening the European pillar of NATO; b) growing autonomy in a defence grey zone that does not necessarily involve the Alliance as a whole; and c) limited but necessarily growing autonomy in crisis management.

Europe and Collective Defence

Although the Treaty of Lisbon allows the Union to gradually establish a common defence policy, which could eventually lead to a collective defence, for the foreseeable future NATO will remain central to the defence of the Euro-Atlantic space. For the moment, Europe will only be able to achieve a credible degree of strategic autonomy that includes collective defence at current levels within and with NATO, and thus only with the United States. In both conventional and nuclear terms, Europe is militarily dependent on the United States and cannot simply substitute NATO's structures and processes. Whether NATO will in the longer run retain the political determination and military capabilities required for collective defence – and foreign operations – is the first question Europe

needs to ask. The second is what Europe can contribute and what role the CSDP and the EU can play.

Attention should be drawn to a recently revived concept: the development or reinforcement of a European pillar within NATO.

In this connection attention should be drawn to a concept that originates from the 1990s but has recently been revived, namely, the development or reinforcement of NATO's European pillar. It would be up to the EU member states to set this in motion, although the starting situation is difficult. The Central and Eastern European NATO states in particular have greater faith in Washington's bilateral guarantees than in the EU's solidarity and current and future abilities. They fear that a focus on the EU would weaken the Alliance and provoke the United States. For these reasons some of them are even sceptical towards strengthening the European pillar of NATO. Germany's political role here would be to break the "NATO or EU" binary. Berlin should emphasise that it is in Europe's own interest to improve capabilities and play a more effective role in shaping the European security policy.

There would be double benefits to such a strengthening. Firstly it would improve Europe's general action-readiness, also for engagements beyond the NATO frame. Secondly it could increase Washington's interest in Europe as a partner, in the sense that a larger European contribution to transatlantic burden-sharing could stem the decline in US interest in the Alliance and in Europe. This would represent a not insignificant contribution to a more symmetrical relationship between EU/Europe and the United States. To that extent there would also be a prospect of winning the support of other non-EU NATO members with substantial capabilities (post-Brexit United Kingdom, Norway, Turkey) for strengthening NATO's European pillar.

The political role of the United States as the central, universally recognised power driving developments and forcing agreement cannot be substituted, but it can be brought into better balance. The European pillar needs to be conceived both in military (through larger and more effective military capabilities) and political terms, namely, as a format in which European NATO members discuss questions of Euro-Atlantic security and prepare NATO decisions.

Instead, since 1999, the EU has created its own independent political decision-making arrangements

and rudimentary military structures, with the establishment of the Common Security and Defence Policy. But this European security pillar outside NATO has not created a truly autonomous security instrument. And in view of the lack of enthusiasm for integration in many European countries, this is not to be expected any time soon.

The strength and stability of the European pillar within NATO are likely to depend largely on the willingness and ability of France, Germany and the United Kingdom to assume joint leadership. As well as defining a joint position, they would also have to win the confidence of the other EU states to ensure coherence within the Union. Europe can only come together successfully if member states operate on the basis of interests, without anti-American provocations. With countries like Poland and the Baltic states perceiving France's stance towards NATO as ambivalent at best, the European leadership trio would have to demonstrate the defence and security benefits of strengthening the European pillar.

The twin risks on the road to greater European strategic autonomy would be fragmentation of security relationships within Europe, and unintended frictions with the United States. Certain governments that tend to be sceptical of the EU might seek to strengthen their bilateral relations with the United States as a kind of life insurance (see for example Poland's efforts to secure permanent stationing of US forces on a bilateral basis) and neglect contributions to the EU and NATO. Such a fragmentation would weaken Europe's action-readiness. Already today some Central and Eastern European EU member states regard strategic autonomy as a project that – in a context of capacity deficits – places their own security at risk. Unless Germany and France, in the first place, can demonstrate at least a perspective for closing those gaps then these states are likely not just to refrain from supporting the project of expanding strategic autonomy in the EU framework but to actively block it.

At the same time Washington does not always interpret the discussion about the EU's wish to operate (more) independently militarily, politically and industrially as a contribution to burden sharing and an answer to its repeated demands for Europe to assume greater responsibility. President Trump's demands on Europe boil down to: "NATO countries must pay MORE" (as summarised in one of his tweets). It cannot be excluded that his Administration will use the European autonomy debate as an opportunity to

turn further away from shared security and reduce US military investment in Europe, or to concentrate on certain – probably Central and Eastern European – countries. This could occur more quickly than Europe is able to expand its political, military and industrial capabilities. If Europe wants to increase its role in these areas it must communicate this absolutely clearly to the United States – explicitly not just the Trump Administration – and to other partners like Turkey. It must be made clear that expanded European capabilities strengthen the Alliance as a whole, if and because Europe is actually willing to do more for its own security.

Defence Grey Zones

While collective defence in the strategic sense will remain NATO's purpose, new security threats have in recent years created grey zones where the Alliance will not automatically operate. Here the tasks of the EU could expand or European coalitions of the willing emerge. This might involve the defence of EU member states that are not covered by NATO guarantees, an attack on a European NATO member below the threshold for an Alliance response, terrorist attacks within an EU member state, or a hybrid attack.

In these cases a more autonomous response would be conceivable on the basis of Article 42 (7) of the Lisbon Treaty, the so-called collective defence clause. It has already been applied once, to authorise anti-IS operations in response to the Paris terror attacks in November 2015. But even if the EU succeeds in establishing itself as the political framework for such decisions in the medium term, that does not mean that operations would be conducted primarily within that framework. It is more likely that the trend of recent decades would continue: with the exception of collective defence, which remains clearly anchored within NATO, most operations have been conducted by ad hoc coalitions. NATO and the EU support and facilitate such coalitions by training interoperability, coordinating procurement and providing communications and IT infrastructure.

Accordingly, as development of PESCO continues, Germany should ensure that the EU's own crisis prevention and management tasks are not sidelined. France especially is demanding that these be granted greater weight again. Paris sees an operational dimension in European strategic autonomy that is also based on defence-industrial independence. If Germany adheres to a strict interpretation of strategic auto-

my it should also sign up more enthusiastically to this vision. Pursuing it would initially be uncomfortable: Neither of the components of autonomy – the operational and the defence-industrial – can currently be achieved within the EU framework. But to fail to pursue them consistently for that reason would run the risk of denying the EU a security profile of its own.

The EU as Crisis Management Provider

NATO's core purpose is collective defence and deterrence, alongside leading combat missions. The EU on the other hand concentrates on crisis management in Europe's neighbourhood, where it has achieved far-reaching autonomy. Strictly speaking, under Article 28b of the Lisbon Treaty, the security tasks comprise "joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peace-keeping tasks, tasks of combat forces in crisis management, including peace-making and post-conflict stabilisation".

In recent years the EU has concentrated above all on capacity-building in certain African countries. But it has also been taking on "higher-value" tasks from this spectrum up to and including combat missions, and has in recent years expanded its associated capabilities. So the most pressing need would be to generate or preserve the political will required for such operations. And it would be just as important to fill out the framework for cooperation between NATO and the EU, which is still very narrowly tied to technical questions. This is especially relevant where activities overlap: hybrid threats, counter-terrorism and mobility of troops and materiel.

The EU member states are currently a long way from achieving their self-defined military ambitions. By 2010 they wanted to be in a position to conduct two major stabilisation and reconstruction operations simultaneously in the EU framework, keeping up to ten thousand troops deployed for at least two years. By the same date they also aimed to be able to simultaneously conduct two limited operations involving EU Battlegroups, one operation to evacuate European citizens, one mission to monitor and close territorial waters or airspace, and one civil-military operation supplying humanitarian aid lasting up to 90 days. As indicated above, the question is going to arise whether and how British capacities can in future be productively integrated into the European Security and Defence Policy. In the scope of NATO, with its core tasks of collective defence, crisis management

and cooperative security, the European states want to put themselves in a position to conduct two large and six small operations, or one very large operation with up to one hundred thousand soldiers.

This is not even about a “European army”, which is often talked up in big political speeches with little regard to the sovereignty-related reservations of all states involved. In order to progress towards greater strategic autonomy Europe must instead close capability gaps that have persisted for years, above all with regard to strategic transport reconnaissance and command capability. Here, as in strategic deterrence, there is still great dependency on the United States.

In relation to Europe’s defence-industrial base there is little prospect of being able to claim strategic autonomy any time soon. Although the larger EU states in particular are capable of developing and manufacturing major military systems, Europe’s demand management and harmonisation leaves a great deal to be desired. The greatest impediment here remains the national orientation of defence planning and procurement. If the EU member states continue to procure more than 80 percent of their military equipment nationally, equipment costs will remain excessive. This also stands in the way of creating the interoperability of capabilities required for operations.

If spending remains constant it will be between ten and twenty years before European states can operate at today’s technical level with weapons systems produced in Europe. Larger projects, such as a new fighter jet, would require even longer. The situation will be further exacerbated if the member states fail to agree on shared arms export criteria. Germany and France are currently at an impasse. Paris is making the joint development and production of a new warplane conditional on the possibility of exports. Because national demand is insufficient to fully utilise the capacities of defence manufacturers in Europe, they are reliant on exports and dependent on demand from third countries for example in the Middle East and Asia. Unless the member states succeed in consolidating their industrial capacities at a sensible level and agreeing shared export criteria, strategic autonomy in the defence industries is unlikely to be achieved.

Germany and other European states can of course purchase American defence products, but this generates technological and even political dependencies. France in particular rightly points out that EU states must seek permission from Washington each time they use US-made Reaper drones, while all data con-

cerning operation and maintenance of the F-35 fighter passes through servers located in the United States. This example underlines very well the special nature of arms sales: states are not just buying an airplane; the purchase of an American jet underlines the significance of transatlantic relations and US security guarantees. Belgium for example has rejected the European project and chosen to acquire the F-35. For the same reasons other EU states also intentionally seek dependency on the United States.

Expressed differently, in order to achieve greater strategic autonomy, European states would have to cooperate considerably more comprehensively on military capabilities. The EU can contribute substantially to expanding interoperability and collective operational readiness through ongoing efforts to promote a European arms market, joint development and procurement projects, and common standards.

The Nuclear Question

In the political and academic discussion it is a matter of controversy whether strategic autonomy must also include the capacity for nuclear deterrence. Three dimensions need to be distinguished.

The first is the deterrence of existential attack on European territory. Here the duty of collective defence under Article 5 of the NATO Treaty continues to apply. Alongside the United States, the European nuclear powers – the United Kingdom and France – will continue to contribute nuclear capabilities to NATO and thus guarantee deterrence capability in the event of any attack on existential European interests. As such, deterrence of nuclear attack by another state appears to be guaranteed for the future; in such a case the attacker would have to expect nuclear retribution.

The second aspect is the ability to deter “nuclear blackmail”. While this has not posed a real threat in the past, it remains a conceivable risk for action-readiness. Here strategic autonomy would mean organising European defence efforts to ensure that Europe would have no need to yield out of fear of nuclear escalation. This would require European agreement on shared principles and rules with respect to credible deterrence. Such agreement currently only exists within NATO. France has to date shown no willingness to discuss these strategic and operational questions in the European framework.

The third consideration is to preserve European action-readiness in the context of regional crises in

which other nuclear weapons states are also involved. Such interventions can quickly acquire a nuclear dimension, and are conceivable in the Middle East, as well as in Asia. Such scenarios place maximum demands on strategic action-readiness.

As well as resolving the aforementioned problems of coordinating among allies, a deep and robust agreement on objectives of intervention and means for achieving them also needs to be achieved. To date there has rarely been an intervention by European states where the level of agreement was so strong that the most powerful – nuclear – “card” could have been brought into play. The discussion about the role of nuclear weapons – as also reflected in the disarmament debate – has become so toxic in the EU that attempts to find a consensus are no longer even sought. In that context the much greater challenge of a “common EU deterrent” appears illusory.

A “Europeanised” nuclear deterrent on the basis of the existing French arsenal is fundamentally conceivable. A massive nuclear arsenal would not be required to deter a nuclear attack on an EU state. It would suffice if France – and with it the EU – were able to credibly threaten a nuclear response to an attack on an EU member state. Certain statements by French presidents in the 1990s, and most recently by Emmanuel Macron, suggest that France might be willing to expand its nuclear guarantee in this manner.

To this day France remains outside NATO’s nuclear planning group and other relevant bodies, in order to retain unrestricted national control over its *force de frappe*. This underlines how unlikely it is that the French nuclear defence policy could be integrated into a European Common Security and Defence Policy. Another point of uncertainty is that a future French president might not feel bound by their predecessor’s promises. Ultimately populist nationalism is not an exclusively American phenomenon.

Talk about a German nuclear option is hot air.

Talk about the possibility of a German nuclear option is nothing but hot air. Such an option would be associated with enormous costs and risks without any recognisable security value. It would require Germany to reverse its discontinuation of nuclear power, establish a nuclear fuel cycle, and throw its foreign policy principles overboard by withdrawing from the Nuclear Non-Proliferation Treaty. This would further weaken the nuclear non-proliferation regime, stoke

an arms race in Europe and polarise German society to a point where its own action-readiness was impaired.

Civilian Capabilities

Military capabilities are necessary but not in themselves sufficient for projecting power, shaping order and dispelling threats. Europe still lacks a shared strategy that combines military with diplomatic and other civilian or non-military instruments (such as conflict prevention, mediation, humanitarian aid, development cooperation, post-conflict rehabilitation, and sanctions) and avoids automatically prioritising military over civilian conflict management. But such a strategy would be necessary if strategic autonomy was to be spelled out comprehensively and not just militarily. Not least with an eye to the European canon of values – peace, human rights, democracy and rule of law – civilian instruments of conflict management and more or less robust diplomatic interventions should not be understood as preparatory, incidental or follow-up to the “actual” intervention. This also excludes a division of labour where Germany concentrates principally on civilian intervention instruments, other partners on the military. That is not what operating as a collective actor means.

Thus, in parallel to strengthening military capabilities and coordination processes, civilian capabilities need to be further expanded, above all to set priorities through shared strategic planning and to deal with conflicts of goals and interests. The latter stem from the different relationships and interests of individual member states and from the friction between economic and security considerations on the one side and the interest in good governance, human rights and protection of civilian populations in armed conflicts on the other.

Diplomacy and Intelligence

Every EU Foreign and Security Policy will stand or fall with the ability of its diplomacy to coherently and collectively pursue the Union’s goals and to advocate consistent external positions. The stronger the orientation on strategic autonomisation, the more success will depend on the diplomatic services of the member states and the EU operating in a sufficient degree of unison. Currently the necessary preconditions are absent; success is obstructed by the national interests of individual member states, difficulties reconciling

diplomatic processes and traditions, and inadequate diplomatic coherence within the European External Action Service (EEAS). Political instructions, including those from the Council itself, are often not followed closely enough and the EU's potential international influence remains untapped. European strategic autonomy would demand willingness on the part of the member states to coordinate foreign policy orientations and their diplomatic implementation in the EU framework in such a way as to avoid unilateral action on the part of individual – especially larger – states. In order to apply this in everyday diplomatic activity the EEAS would have to become an independent foreign service: a coherent apparatus with its own career paths, led by a High Representative with the political clout to independently conceive and implement foreign policy within the scope of their responsibility. It would also need the member states' mandate and trust to negotiate with third parties in the name of the Union. The Brexit process has strikingly underlined the extent of the EU's ability to assert its interests through a collective negotiating arrangement. Even if such a double strengthening of the Union's foreign policy action-readiness runs counter to current renationalisation trends, Berlin should declare it a priority if it is serious about pursuing the goal of strategic autonomy.

Autonomous security action often depends on confidential information. Even if the idea of a supranational EU secret service is currently politically outlandish and excluded by the treaties there are important starting points for the intelligence support required for the European Foreign and Security Policy. The EU presently possesses two connected analysis units in the EEAS and in the EU Military Staff, which in the first place prepare joint situation analyses and response options on the basis of reports from national services. This to date fundamentally voluntary cooperation could be expanded and supported in four areas: Firstly there is a need for reliable coordination of thematic and geographical priorities among national services in the collective European interest. Such a division of labour could – analogously to PESCO – initially be agreed between certain member states in order to bypass the high hurdles to binding EU cooperation. Secondly European-level research and procurement programmes for analysis of large volumes of data will be needed. Thirdly the EU should – above and beyond initiatives for combating disinformation – mobilise considerably greater technical, organisational and human resources for its own

data security and counter-espionage. Fourthly the powers of the national oversight bodies for intelligence services need to be strengthened and their cross-border networking intensified, in the interests of rule of law, democratic control and legitimacy in this highly sensitive area of European security policy.

Sanctions

Europe has demonstrated beyond doubt that it can use its resources in a targeted way in pursuit of international political influence. Sanctions represent one of the most robust tools of European diplomacy, and have been used increasingly frequently over the past two decades. Not infrequently this has occurred without the authorisation of the UN Security Council, above all in cases affecting a permanent member of the Security Council or one of their close allies. Unilateral EU sanctions could be made more effective if it were made more difficult to bypass targeted financial measures such as the freezing of assets under EU jurisdiction. That would require a better flow of information between the member states – which are responsible for implementation – and the European Commission about which banks hold specific, potentially freezable assets belonging to listed individuals, institutions and organisations. More resources should also be invested in gathering reliable empirical data on direct and indirect economic impacts. The availability of more informative data could help to objectify political debate about the pros and cons of sanctions and strengthen their broader public acceptance, especially where measures are inevitably also associated with costs for particular economic sectors in the sanction-imposing states. Finally, systematic attention must be paid to the extent of political demands associated with sanctions, defining concrete case-specific milestones for (limited) easing in addition to the top-line objectives. This would also create additional incentives for negotiations with the affected states and at least reduce the danger of particular sanctions becoming permanent rather than acting as an autonomous – but ideally internationally coordinated – lever of influence.

The issue of US sanctions that undermine Europe's economic and political sovereignty points up some of the limits of European action. Washington is currently undermining the credibility of European external policy by forcing European businesses to abandon their (in overall economic terms marginal) trade with Iran. US sanctions of this type could potentially also

constrain Europe's leeway towards other countries that Washington wishes to pressurise or punish as "rogue states" or strategic rivals. This could then also affect the Russian and Chinese markets, which are of much greater economic significance for Europe.

An assertive response could also address secondary US sanctions, which exclude from US markets any European individuals, institutions and organisations that undertake particular transactions with the Iranian or Russian energy or defence sectors. One option would be an analogous temporary (partial) exclusion of US businesses from the European market. But that would also contradict the European interest in an ongoing close comprehensive transatlantic partnership. In response to the US sanctions against Iran, the EU renewed its Blocking Statute and is working to keep financial channels open by creating a special purpose vehicle. The EU cannot, however, satisfy the needs of international enterprises that require access to the US financial markets as long as long arm of the American law roams the globe unimpeded and the euro plays second fiddle to the dollar as means of payment and reserve currency.

Individual member states could also use their economic clout in order to neutralise US primary sanctions that apply US jurisdiction directly to European individuals, institutions and organisations. Where violations are discovered the civil and criminal consequences are severe. The expansion of US jurisdiction beyond the borders of the United States is one of the most important levers by which Washington influences commercial risk calculations and forces companies to withdraw from particular markets. The EU could reject this expansive interpretation of US jurisdiction on the basis of customary international law and encourage and support affected European businesses to challenge the global reach of US sanctions before the US courts. While such cases take time, this would send a clear message to both Washington and European businesses that international law must be observed.

Arms Control

Disarmament, arms control and non-proliferation are core issues of European Foreign and Security Policy in which European diplomacies have accrued a wealth of competence. Effective collective control of arms potentials and relevant technologies represents a necessary supplement to a more autonomous military security policy, which can contribute effectively,

preventively and sustainably to reducing threat potentials. The more capable Europe becomes militarily, the more it should also think about where it would be willing to do without expanded capabilities in favour of cooperative arrangements. This is the case above all with the as yet unregulated "emerging technologies" such as cybertechnology and autonomous weapons systems.

Disarmament, arms control and non-proliferation will without doubt become more difficult as existing and emerging powers reject constraints on their national capabilities. At the same time many global conflicts of interest are reflected within the EU itself, including between nuclear weapon states and non-nuclear weapon states. Whenever Europe has succeeded in bridging these conflicts internally, the resulting compromises have had global impact. If they want to operate as an influential global power the EU member states should not shy from internal debates about issues like the Treaty on the Prohibition of Nuclear Weapons.

Independent European instruments to control critical technologies, such as export controls, are necessary but not sufficient responses to the global problem of proliferation. Strategic autonomy therefore means above all developing independent European initiatives for effective multilateral approaches and finding appropriate partners for pursuing them against political resistance. Europe should therefore concentrate on fields in which it can make a concrete contribution to preserving and expanding bilateral and multilateral regimes. In this sense the Iran deal represents a test case for the EU's willingness and ability to secure an important advance in non-proliferation. If the Iran deal fails, the chances of a successful Nuclear Non-Proliferation Treaty review conference in spring 2020 also recede.

The EU should renew its 2003 Strategy against Proliferation of Weapons of Mass Destruction. This could include a European initiative for a non-proliferation fund. Within a policy directed towards greater autonomy, Europe can also apply its economic power to achieve non-proliferation objectives, for example pressing for the reintroduction of non-proliferation clauses in trade and cooperation agreements. Conflicts of goals between arms control interests on the one side and economic/geopolitical interests on the other will be inevitable in this process.

International Organisations

Strategic autonomy also means making better use of Europe's potential within the UN system and other international organisations. As well as forming the broadest institutional framework for international cooperation, in many countries international organisations also play decisive roles in securing peace, restoring state order and implementing political and economic reforms. For example a strategic partnership between the EU and the UN involving trilateral meetings with the African Union is already promoting cooperation in peacekeeping and crisis management. The partnership is facilitated by the fundamental agreement between UN and EU concerning normative goals and principles. The international perception of the EU as a strategic actor – and probably also its influence on mandate decisions and the concrete shape of UN operations – could be enhanced if the member states were willing to contribute European rapid response forces (for example EU Battle-groups) on a case by case basis to support the UN, potentially even under UN command.

A permanent UN Security Council seat for the EU will remain an unrealistic prospect for the foreseeable future.

With their voting rights and financial contributions Germany and its European partners already influence the shape and work of international organisations. But they could attain greater weight if national voting rights were more strongly bundled or Europeanised. A permanent UN Security Council seat for the EU will remain an unrealistic prospect for the foreseeable future. But normally two EU member states hold non-permanent seats at any one time, and in 2019 it will be three (Belgium, Germany, Poland). Together with France as a permanent member, a mechanism should be found to ensure coherent voting decisions and better communication with the other EU states.

The same applies to international financial institutions. The European Commission's plans to unify the euro countries' voting rights in the International Monetary Fund should be realised as quickly as possible – and would give the euro zone greater weight than the United States. Greater use should be made of the programmes of the international financial institutions to further European interests. In various

countries the international financial institutions not only influence economic development but also indirectly shape other policy fields, above all through their financial influence. Germany and its European partners should therefore understand the reform programmes of the IMF and the long-term development perspectives and projects of the World Bank and other regional development banks as foreign policy tools. This does not necessarily mean direct influence on the configuration of programmes themselves. Instead the provision of funds could be tied to bilateral ancillary agreements seeking improvements in governance or human rights.

As an export power the EU also possesses a special interest in preserving the global trade order – in an environment where the Trump Administration has been actively undermining the World Trade Organisation and promoting an opportunism among other WTO members that could endanger the entire global economic order. Europe is certainly conflict-capable in this respect, with a huge internal market whose influence would persist even if the United States were to withdraw from the WTO. While it may have required a hegemonic power to create the WTO in the first place, that is not required for its continuation. Together with like-minded economic powers such as Australia, Canada, Japan and South Korea, the EU can create a coalition to preserve and renew the WTO rules. Selective alliances with states like China and Russia are also possible where interests coincide.

Economy, Trade, Competitiveness

Economic performance is a significant source of foreign policy power. So it is not insignificant that the EU still accounts for 21.6 percent of global GDP, 15.2 percent of global trade in goods, more than 20 percent of trade in services and 21.2 percent of foreign investment.

Over time, however, the EU has been falling behind the other two main regions of North America (Canada, Mexico, United States) and East Asia (China, Japan, South Korea, ASEAN). This applies both to GDP (North America 27.8 percent, East Asia 26.5 percent) and foreign investment (North America 23.0 percent, East Asia 32.3 percent). Even if Europe is bound to continue to fall further behind the Asian winners of globalisation, it will remain an economic pole on the global scale. Europe's economic value creation, commercial decisions and technological innovations are

all of global relevance. On account of its GDP, its broad industrial profile and its high foreign trade ratio Germany plays in a league of its own in Europe. The interdependency of trade and growth mean that Germany's economic stability and growth are essential both for Europe's prosperity and for its global economic and political influence.

Germany and Europe's economic stability, prosperity and competitiveness are subject to external and internal risks and vulnerabilities. For all the benefit European states and societies derive from intense global economic connectedness and interdependency, this occasionally creates so-called connectivity risks; the European economy depends on reliable external sources of energy, raw materials and technological components. The risk of macro-economic instability was highlighted in 2008/09 by the financial crisis, where the credit markets ceased to function for a time, income, employment and growth collapsed, and willingness to share losses within the euro zone dissipated.

Global competition means continuous defence of market positions against non-European competitors, creating ever new challenges for entrepreneurial initiative and state industrial policy. Germany and Europe will hardly be able to defend their competitiveness without capable human capital, sophisticated market demand, an innovation-promoting environment, modern infrastructure and a forward-thinking regulatory system. Economic performance and technological innovation are thus necessary preconditions for a European strategic autonomy.

As a global economic pole the Single Market is a veritable European power resource.

As a global economic pole the European Economic Area is a veritable European power resource. External economic interdependencies are always asymmetrical, so Europe's economic relations with its neighbours always also have a power-political component. This applies even where it is unintended, as in the case of Ukraine's Association Agreement with the EU. Conversely the EU's intense external economic connections make it vulnerable, especially in relation to the heavyweights United States and China, which are both willing and able to actively exploit economic dependencies to assert political interests.

The United States and China are the EU's principal – but not only – partners and competitors (or even adversaries) in all global economic contexts.

Single Market and Trade

The single market represents the heart of European integration and is decisive for the EU's internal cohesion and external economic action. In questions of regulation, trade and competition the EU is already perceived internationally as a strategic actor, especially by the United States and China.

In its extent, the European Single Market is the world's largest, with corresponding influence on global prices and trade volumes. With the Single Market, as the incarnation of converging rules and standards, the EU possesses unparalleled experience with trade policy instruments other than tariffs, and is setting deep parameters in matters such as production processes and working conditions. The EU currently has trade agreements with more than seventy states and is conducting negotiations with another twenty-five. The weight of the EU's large single market allows it to develop the rules for trade, investment and services in bilateral agreements. Here the EU's unique experience lends it a competence advantage acquired through the harmonisation of major regulatory differences between member states in the course of successive integration and the establishment of the internal market. One current example of such rule development is the new European model for investor-state dispute settlement, which was first introduced in the trade agreement with Canada (CETA). The EU's role as leader and reform motor is valued especially by like-minded states, for example in relation to proposals to reform the WTO and in upholding WTO principles against the other two major trading powers, the United States and China.

The European Commission's exclusive responsibility for trade and competition rules, which is necessary to ensure the functioning of the single market, also affects the preservation of internal coherence: It permits the Commission to defend the Union's line against actions such as state aid for particular branches and enterprises that contradict the common trade policy and weaken the EU's unified external front. Reconciling the different trade interests of EU member states will remain tricky, especially where they are exposed to external political pressure and influence.

In competition policy European monopoly and merger rules grant the EU an instrument that is also highly effective against large and powerful corporations even outside the EU's external borders. For example in 2015 Gazprom had to accept the Commission's competition requirements for its business in

central and eastern Europe. And in July 2018 the EU's Commissioner for Competition imposed a record fine of €4.3 billion on Alphabet/Google for abusing the market dominance of its Android operating system.

Technology

Alongside the United States and North-East Asia, Europe is the third major producer of technical innovation and knowledge. Europe possesses known strengths in fields such as pure research and applied industrial technology but also suffers deficits especially in crucial new fields like quantum computing and data-driven applications, as well as generally unfavourable conditions for rapid innovation-driven growth. So for the foreseeable future Germany and Europe will not be in a position to catch up with China and the United States in the digital economy. This makes the focus on invention and innovation all the more important, where technological capabilities form the basis for creating global influence and reducing dependencies. In information technology and cryptography, for example, Europe can only influence standardisation processes and technology utilisation if it possesses the necessary knowledge and relevant research and manufacturing capacity. Relevant examples here include the new 5G cellular network standard, artificial intelligence, and robotics/autonomous systems. In many fields of technology, however, the need is not for autonomy but for participation and multilateral governance in order to make the most of potentials – also in the interest of European foreign policy. The field of space technology and access illustrates the benefits of a mix of independent capabilities (like the Galileo and Copernicus programmes of the European Space Agency and the European Commission respectively, and the launch capacity of the Ariane 5/6 rockets) and the ensuing possibilities for cooperation such as the International Space Station ISS. Europe's own role in space technologies makes it a sought-after cooperation partner for the United States, Russia and China.

Energy

The EU and all its member states are net importers of energy. The EU's highest import ratios are for oil with 87.7 and natural gas with 70.4 percent. Altogether the EU states enjoy a high degree of security of supply thanks to their interconnectivity, their established crisis mechanisms, a well-developed import infrastruc-

ture and the attractiveness of their markets. But markets are cyclical and the centre of gravity of the global trade in energy is shifting towards Asia. Growing global geostrategic rivalries are characterised by growing inter-connectedness between security and economic policy. More strategic autonomy therefore also means freedom of action in energy policy. This includes a debate about transparent mechanisms and EU rules for strategically important technologies and infrastructures.

It is obvious that a successful energy transformation would expand the room for manoeuvre available to Germany and the EU, as well as strengthening competitiveness. But the EU's consensus over an energy transformation is brittle, which in turn weakens its influence on norm- and standard-setting.

As the EU's largest energy supplier Russia is the vortex of current controversies within the Union. Germany, as the state where the Nord Stream pipelines makes landfall, is criticised by those who prioritise foreign policy and security over energy supply concerns. Nord Stream 2 places Berlin in the delicate position of having to balance economic viability, security of base load supply and consideration for Brussels and European partners. The conflicts of interest and interpretation are manifest and tough. Guarding Germany's credibility in relation to European unity will require unambiguous diversification steps and the preservation of gas transit through Ukraine. A lack of unity within the EU may boomerang in the relationship with the United States and potentially also with China. Especially in trade disputes with the United States, Germany needs the EU's backing and support.

Euro/Monetary Union

The euro has become an indispensable component of the single market. The common currency facilitates the exchange of goods and services, secures price stability and drives other areas of integration such as banking oversight and regulation of financial services. The euro contributed to the single market surviving the global financial crisis of 2008/09; unlike in the crisis of the 1930s there were no competition-driven devaluations, no complete collapse of the international financial system and no prolonged depression. The crisis showed the European Central Bank (ECB), as one of the world's strongest central banks, to be flexible enough to support economic growth in the euro zone and secure budgetary and financial stability, despite its primary orientation on price stability.

But the diversity and divergence of the countries that together form one of the world's most highly integrated economic spaces remain a challenge for a stable shared currency. The euro zone's three largest economies alone account for 66 percent of the GDP of the EU-19. The northern euro economies are among the world's most open and competitive, whereas southern Europe struggles with structural problems and the aftermath of the euro crisis. The different levels of economic development and institutional performance create ongoing economic imbalances and social inequalities between European economies. This has produced a situation where the political interests of the euro countries regarding fiscal policy, monetary policy and further economic integration stand almost irreconcilably opposed.

Since it was established in 1999 the euro has become the second most important currency in the dollar-dominated financial system, but its international role is currently at a historical low. Investors' scepticism towards the integrity of the monetary union grew during the financial crisis. The most important reason for this was uncertainty about the enduring financial stability of individual members of the euro zone, along with doubts about whether the ECB would be capable of defending the euro independently if faced with another round of financial turbulence. To this day the European financial system remains heavily dependent on the United States and on decisions of the US Federal Reserve (Fed). In fact Washington expanded its position as financial hegemon during the global financial crisis. The dollar liquidity the Fed granted the ECB between 2007 and 2010 (central bank swap arrangements) can be compared to the military security guarantee in the NATO context. Without this support the EU's financial system would have collapsed with fatal consequences for businesses, employment and economic growth in Europe and the world.

Political compromises will be required if the EU is to complete and crisis-proof the institutional architecture of the euro zone. This is therefore also where the priority should lie for Germany and the EU: Confidence in the irreversibility of the euro would significantly support its international role in payments, investments, as a reserve currency and as the denomination of state and corporate bonds. If Germany wants to strengthen the euro zone and pursue greater autonomy for Europe, it will need to make tangible concessions in multiple areas, namely, the creation of automatic stabilisers for the euro zone (fiscal capacity)

and the completion of the banking union. The issuance of joint euro bonds would also send a clear message that the European Monetary Union is irreversible. The European Stability Mechanism should also operate more independently of national politics.

A strengthening of the global role of the euro is not to be had without changes in the German economic model.

A further increase in the share of international payments made in euros could make Europe more independent of the US financial system and thus protect its businesses from extra-territorial US sanctions. It should however be noted that a stronger or dominant role for the euro in global payments and currency reserves could lead to a sustained increase in its value. This in turn could, at least for a time, burden the export-driven economies of a number of northern members of the euro zone. It also means that a strengthening of the global role of the euro is not to be had without changes in the German economic model, specifically less export dependency of the manufacturing sector, stronger development of the financial services sector, and promotion of digital innovations and a start-up culture. Preserving Germany's competitiveness also demands public investment, not least in infrastructure, information and communications technology, and education. These steps would involve considerable political and financial costs for Germany.

So if the EU wishes to establish the euro as a reserve currency, it must first create important pre-conditions: make the euro more stable, issue its own secure European bonds, and share liability risks collectively. Historically speaking a stable international reserve currency is always associated with strong military capabilities, with the political will and ability to ultimately defend the interests of the common currency area with its own armed forces.

European Strategic Autonomy in a Multipolar World Order

Europe has to develop and assert its strategic autonomy in a multipolar world order. It is therefore relevant how Europe shapes its relations with key actors – the United States, China and Russia as well as middle and emerging powers – and how these actors position themselves vis-à-vis a strategically more autonomous European Union.

Relations with these actors range from alliance and partnership to rivalry and confrontation; from integration and cooperation to distancing and counterbalancing. These power relations are reflected in different degrees of symmetry and dependency between the different poles. Seeking strategic autonomy, Europe needs to define itself as a pole in a shifting multipolar world order that is increasingly determined by Sino-American rivalry.

United States

Even under President Trump the United States remains the preferred and most important partner for Europe. Indeed, until Europe undertakes enormous efforts of its own, the United States will be indispensable for its defence and security. But at the same time Trump's motto "America First" and his disruptive and erratic foreign policy challenges Europe to more clearly define and protect its own interests. But the need for more European strategic autonomy stems from deeper and more structural factors than just a rejection of Trump's presidency. Even if Donald Trump is not reelected as President in 2020, it would be short-sighted for Europe to place its faith in a return to the old days of transatlantic cooperation and to revert to the familiar role of the junior partner. In a speech in Brussels in December 2018, US Secretary of State Michael Pompeo underlined that Donald Trump's critical perspective on multilateral cooperation in general and the EU in particular was in fact shared in large parts of his Administration.

Only in a more balanced transatlantic partnership can Europe assert its interests in the way the United States claims the right to do. Europe and Germany should therefore prepare for more controversy, more open and more heated debates, and also for political disputes with the United States.

The United States under Trump regards the idea of European strategic autonomy in the realm of security with a mix of scepticism and rejection. Warnings about a possible decoupling of Europe from NATO have largely died out in Washington. And the principle of "America First" might also suggest that the United States be open to the idea of greater European self-sufficiency in the area of security and defence. But the United States – the Pentagon and the rest of the Administration certainly more than President Trump himself – wants to preserve its access to its European bases. Scepticism towards European autonomy is particularly strong where Washington suspects that European defence initiatives like the Permanent Structured Cooperation could serve to exclude US defence contractors from the lucrative European market.

The debate over punitive tariffs is just the tip of the iceberg. Lurking under the waterline is an ominous conflict over the future of the WTO.

In contrast to the security sphere, the economic balance of power between the United States and Europe is today largely even, in terms of the overall picture concerning trade in goods and services, and also investment. But the EU's trade surplus in goods with the United States represents a source of tension with the Trump Administration. Trump favours import tariffs in specific sectors in order to reverse what he sees as an unfair US deficit and to persuade Europe to import more US-made goods. But the debate over punitive tariffs represents just the tip of the iceberg.

Lurking under the waterline is an ominous conflict over the future of the World Trade Organisation, which Washington is actively undermining and whose rules other countries – first and foremost China – have been ignoring for years.

Sanctions represent another bone of contention, where the United States is increasingly exploiting Europe's financial dependency to block and undermine European foreign policy and commercial interests by means of secondary sanctions. If the EU intends to establish the euro as a reserve currency, for example to protect its businesses against the reach of US sanctions, it must first create a number of important preconditions. If the EU expands its financial self-reliance by this route it could make greater use of the euro as an instrument for realising its own external economic and foreign policy objectives. Washington can be expected to respond negatively to this. President Trump plainly sees the EU as a growing rival. But it is also conceivable that future US Administrations could find it opportune to strengthen the euro as a counterweight to the growing significance of the renminbi and China's expanding global influence on markets and governments.

The conflict between the United States and China starkly reveals Washington's interest in maintaining its influence on the EU's economic and security policies. The Trump Administration is plainly pursuing an objective of economic containment and delaying China's technological transformation. Large parts of the US Administration, especially the National Trade Council, the National Security Council and the Pentagon, are seeking to economically detach the United States from China in order to reduce the existing economic/technological and thus also security dependencies. Washington continues to increase its pressure on allies including the EU and its member states to unequivocally take its side in the associated economic and political conflicts. If Washington were to demand that Europe also decouple from China this would seriously harm the EU's economic interests because China represents a growth market and a source of economic innovations and future developments. Chinese exports to Europe and investments in the EU also make a growing contribution to the European economy and the Single Market.

In a time of uncertainty about the course of US foreign policy and transformation in the international system it would be sensible for Germany to develop a policy of strategic risk hedging with its European allies and to expand its own foreign policy options.

Even if increasing Europe's strategic autonomy is a long-term affair, the maxim of strategic risk hedging already points to certain conclusions for dealings with the United States today: Depending on the constellation of conflicts and interests, strategic risk hedging can result in a policy of economic and diplomatic *hard balancing*. One example would be the use of international institutions to rein in US unilateralism. A softer form of balancing could imply Europe showing international leadership itself in those policy areas where the United States tends to block rather than initiate, such as climate policy. Finally, strategic risk hedging can also mean *bandwagoning* with the United States in selected areas. This certainly makes sense where an American initiative coincides with Europe's own interests or if US policy can be influenced in Europe's direction.

Germany and Europe must consider the costs of greater autonomy from the United States.

Regardless of the course adopted by Germany and Europe, they must quantify and account for the costs of greater autonomy from the United States. This applies equally to defence policy, financial and economic policy, and to relations with China. These costs include the risk of division in Europe. A glance at the past reminds us that transatlantic spats such as that over the Iraq war of 2003 have always also brought intra-European divisions in their wake. Above all balancing towards the United States – even if it remains restricted to specific cases such as the Iran deal – makes it absolutely necessary for Europe to agree in advance on unshakeable shared positions.

China

Against the background of the emerging rivalry between Washington and Beijing, the balance of power between China and the EU and its member states is developing increasingly asymmetrically to Europe's disadvantage. Only in trade policy – and partially in investment – can the EU hold its own in a form respected by China.

Europe is of eminent importance for China in many respects: economically as most important supplier and second most important export market; technologically as supplier of high-technology; institutionally as a role model; politically in order to pursue

its own ends towards third states and above all the United States; and selectively as a partner, for example in global health and in the stabilisation of third regions. While China, unlike Russia and the United States, sees a fundamental interest of its own in the continued existence and coherence of the EU in a multipolar world, in practice it pursues a policy of “divide and rule”. China selectively rewards and punishes individual EU states depending on their political and economic importance and in response to the acquiescence expected by China in central questions. These include for example arms exports to Taiwan, meetings with the Tibetan Dalai Lama, and stances on the Uigurs, on the human rights situation in China and on the South China Sea. In the process China interacts with Europe on all levels, political, economic, technological, cultural and academic. For this it employs and initiates diverse political channels (such as strategic partnerships with the EU and with individual EU member states), dialogue formats (such as the 16+1 format with sixteen central and eastern European states), and high-level bilateral inter-governmental consultations with Germany, France and the United Kingdom.

China’s expectations that the EU would become an independent full-spectrum actor in global politics and act as a counterweight to the United States have faded. But China would welcome any EU or European push towards strategic autonomy — as long as it was not manifested (or even concentrated) in a confrontative stance towards China itself.

Europe possesses no viable collective foreign policy position concerning the geopolitical struggle between the United States and China over hegemony in the Asia-Pacific region.

While Europe is in principle aware of China’s great political and strategic importance, in bilateral contexts the EU member states treat China above all as a source of economic growth and diversification, as export market and investor. Europe’s political interests — peace and stability in East Asia; Chinese contributions to global stability, development, environment, climate, and counter-proliferation; improving the human rights situation in China — are by contrast often treated as secondary and in fact not pursued by all EU member states. Europe possesses no robust collective foreign policy position concerning the geopolitical struggle between the United States

and China over hegemony in the Asia-Pacific region. A clear stance on China’s authoritarian conception of order is also lacking. Even in trade and investment conflicts Europe fails to find a collective line. Too heterogeneous are the size, profiles and interests of the EU member states in their relationships with China: As far as economic relations are concerned there is a gulf between states that are attractive industrial and technological partners for China and those that compete as supplicants in Beijing. Some countries have an explicit interest in global governance. The United Kingdom and France also each maintain a military presence of their own in Asia.

European strategic action towards China would require a political consensus about European strategic interests there. That would demand a stronger prioritisation of Europe’s China policy above and beyond the current foreign policy issues. The initiative would have to originate jointly from Paris, Berlin and London. The most important aspect is to demonstrate Europe’s economic ability to respond to and match China’s state-led economy. Europe’s external economic support instruments should also be expanded to enable Europe to offer competitive infrastructure investments in third states, also in order to compete with China’s Belt and Road Initiative.

Russia

Transatlantic policy coordination on Russia has largely collapsed since Donald Trump assumed the US presidency. Between the openness for a comprehensive “deal” with Russian President Vladimir Putin pursued by the White House and the efforts by Congress to close down Trump’s foreign policy options with Russia, coordination with European allies has been sidelined. This development is overshadowed by Washington’s increasing use of extraterritorial sanctions, which predates Trump’s presidency.

Greater strategic autonomy for Europe in the relationship with Russia is especially important in this context. At the same time this relationship is especially affected by significant conflicts of interests. Russia remains a multi-dimensional challenge that the EU and the European states will not for the foreseeable future be able to deal with alone. If the US security guarantee were to be weakened before Europe is able to strengthen its own capabilities, the EU would face new vulnerabilities that Russia could probe along the EU’s external borders — for example

in the Baltic states — and elsewhere. Today the EU and its member states have no adequate possibilities of their own to dissuade Russia from asserting its interests in an aggressive and risky manner in the shared neighbourhood.

Although European and Russian positions coincide on individual issues, such as the Iran deal and US secondary sanctions, there is no broader strategic overlap. So Russia is not a general partner for a Europe seeking more strategic autonomy. The EU can thus best increase its influence in relations with Russia through a rebalancing of transatlantic coordination, rather than a decoupling from the United States.

Moscow is ambivalent towards the EU's striving for greater strategic autonomy.

Moscow is ambivalent towards the EU's striving for greater strategic autonomy. On the one hand it welcomes the fractures in the transatlantic alliance that have appeared under President Trump as the beginning of the postulated “post-Western” world order. Moscow sees this as an opportunity to realise its own model of order, a multipolar “concert of major powers” in which Russia, China, the United States and the more powerful European states regulate their global conflicts of interests without heed to smaller states. Such a world order offers little space for an actor oriented on multilateral rules like the EU.

Russia sees its relationship with Washington as characterised by structural antagonism and is only interested in European autonomy in the sense of separation from the United States and NATO. On the other hand Moscow has no interest in greater European capabilities — and therefore interprets the current erosion of the transatlantic partnership (in combination with Brexit and the rise of EU-sceptic parties) more as a symptom of progressive fragmentation of the West than the beginning of a new European self-sufficiency. The Kremlin is therefore interested in accelerating that process and leveraging countries and political forces where it sees potential for cooperation further out of the EU context. So Russia could make new offers to an autonomy-seeking “core Europe” in the realm of security (in connection with a “European security order”) and in part also in the economic sphere (following Putin's offer of a “harmonious economic community stretching from Lisbon to Vladivostok”) in order to reduce the weight of US “hard power” in Europe. Possible proposals could include

Russian support for CSDP missions outside Europe, for example in Mali, and cooperation in stabilising Libya or in conflict management in Syria.

But when it comes to increasing capabilities capacities at the EU level, resistance from Moscow is a more realistic prospect than serious offers of cooperation. Especially vis-à-vis the states of the Eastern Partnership, Moscow sees the EU as an adversary challenging its right to hegemony in its sphere of influence. The most important precondition for greater European autonomy is therefore a stronger immunisation of EU states against Russian influence in the dimensions of media, political parties, minorities, and intelligence services. This could contribute to addressing the reservations over the objective of more strategic autonomy that are found among central and eastern European states, in particular Poland. A strategically autonomous Europe will also have to find and hold to a united position on economic and energy policy in order to reduce the openings for divisive initiatives from Moscow. The controversial Nord Stream 2 Baltic pipeline is perhaps the prime example.

Trade and investment between Russia and Europe should as far as possible be shielded more strongly from the current unpredictability of US sanctions. Part of the solution here is to partially remove the exchange of goods and capital between Europe and Russia from the dominance of the US dollar. Russia and other states targeted by sanctions such as Iran and Venezuela are highly motivated to establish payment systems and commodity markets operating independently of the dollar. Given Europe's much closer integration with the US economy this can only be a selective matter, for example for financing investments in Russia, and comes at the price of elevated transaction costs. There would also be a risk of worsening relations with Washington. EU initiatives such as a special Russia (and Iran) bank or application of the Blocking Statute should always be transparent and comprehensible for the American side, on the basis of “agreeing to disagree”.

With its close economic ties with Russia and its great weight within Europe, Germany remains Moscow's most important counterpart within the EU. This places special responsibility on Berlin for safely navigating these conflicts of interests in every step that Europe takes towards strategic autonomy. On the one side the dialogue with Russia needs to be maintained and meaningful cooperation continued. On the other, the coherence of the EU — including its eastern member states — represents the bedrock of foreign policy

capacity to act. It is therefore important to always include the eastern neighbours in the dialogue with Russia. Germany's close relations with Russia in particular place it in a position to make the largest contribution to developing a strategically more autonomous Europe.

Middle and Emerging Powers

Germany shares the desire for greater strategic autonomy with a string of other middle and emerging powers in the international system. They also find themselves challenged to define their place in a changing international order and want to make their weight and interests felt. But unlike Germany they are not part of an organisation of states comparable to the EU, through which they could pursue the objective of strategic autonomy. Middle powers by definition by themselves lack the necessary economic and military resources to shape international politics entirely independently in their own interests. But they do possess sufficient power resources to actively shape regional foreign and security policy. Most of them also share a preference for multilateral cooperation in international institutions, civilian conflict management and a rules-based international order, to contain hegemonic powers like the United States and China.

So states like Australia, Brazil, Canada, India, Indonesia, Japan, Mexico and South Korea basically have three options for expanding their strategic autonomy. Firstly they can define agendas and (further) develop norms on the international stage, for example through the G-20 forum. As well as asserting their own interests they may also act as intermediaries between the diverging interests of industrialised and developing countries, as seen in the example of climate policy. Secondly they can boost their influence by forming their own networks and coalitions. Thirdly they can more closely coordinate their foreign policies in particular areas in order to jointly demonstrate international influence independently of the major powers.

There are (still) tight limits to closer cooperation between middle powers.

But there are (still) tight limits to closer cooperation between middle powers. The first of these is their relationships to Washington. Some of these middle powers are closely tied to the United States in terms

of security and economic affairs. That is likely to make the emergence of independent positions and policies a costly matter, above all where this involves de facto departing from the US line. The states generally classified as middle powers are extremely heterogeneous. Aside from a general preference for multilateralism and a rules-based order, the normative orientations and interests of states like Turkey or Indonesia differ very sharply from those of countries like Germany or Canada. Clear differences can also be identified in relation to the observance of international law. Widely differing views about which parts of the liberal international order are in need of reform and which should be preserved, for example in the UN or the WTO, exist among the middle powers.

In view of this heterogeneity of middle and emerging powers it is unsurprising to find fundamental differences in their positions towards and relations with the European Union. Alongside the United States, China and Russia, the EU has declared seven middle and emerging powers as strategic partners: Brazil, Canada, India, Japan, Mexico, South Africa and South Korea. But to date the EU has largely failed to do justice to the objective of "strategic" partnership in these relationships, having neither concretised the concept nor fulfilled its partners' expectations. An EU with the goal of greater strategic autonomy would therefore have to be able to fill out these relationships and reach viable agreements.

It certainly makes sense to look to an alliance – or perhaps more precisely a network – of multilaterally minded actors that share Germany's and the EU's vital interest in a rule-based international order. But it must not be forgotten that although some of the partners of choice such as India or South Africa share the same line on many questions, they cannot simply be coopted for the preservation of the international order because they themselves call for reform of that order. This applies not least to seats and voting rights in the UN Security Council. Many of these partners would work with Europe for effective global climate policy, strong international organisations, the observance of global agreements and sustainability goals, and against protectionist restrictions on free trade. But the same partners are a great deal more sceptical when it comes to other elements of the "liberal" order like the International Criminal Court. A coalition for multilateralism must therefore see itself fundamentally as a reform alliance that seeks multilateral arrangements but also strives for consensus over the possibilities for reforming and developing them.

Conclusions

In the light of everything we have laid out in the preceding sections, realising strategic autonomy in any comprehensive sense is a politically and practically challenging endeavour. It is also by no means certain that key countries like France and Germany, or Poland, Italy and Spain, will sign up to this goal and pursue it consistently. And with Brexit the United Kingdom has sidelined itself. Within Europe there are very different ideas about what strategic autonomy could and should mean. Especially for this reason it is important that Germany develops a reflected stance in which it can clearly formulate and pursue the goal and purpose of European strategic autonomy. On the basis of our analysis six principles can be recommended:

Firstly: *A shift towards greater European strategic autonomy is necessary*, in order to participate in shaping the international environment on the basis of European values and interests, rather than accepting a role as the recipient of strategic decisions made by others. It is thus a precondition for playing an effective role in shaping the political order, both in the immediate neighbourhood and at the global level.

An instinctive anti-Trump reflex alone cannot justify the efforts needed to strengthen Europe's strategic autonomy.

An instinctive anti-Trump reflex alone cannot justify the efforts needed to strengthen *Europe's strategic autonomy*. At the latest since the end of the Cold War all US Administrations have demanded more or less clearly that Europe should do more to ensure its own security and ensure stability in its own geostrategic environment.

This applies all the more as the geographical priorities of US security policy are likely to shift increasingly away from Europe and its broader geographical neighbourhood, i.e. from the Mediterranean, Africa and possibly also the Middle East. Here Europe should and must be in a position not only to set its own

political and economic priorities but to address crises and stabilisation tasks on its own with a comprehensive approach that brings together the necessary and appropriate political, economic and military instruments.

So the force driving strategic autonomy should not be any kind of European or neo-German nationalism. Nor can and should strategic autonomy for Europe be tied to ambitions of pursuing international politics alone or cutting ties with the United States. Instead the liberal values concerning internal democracy and external relations laid out in the German Basic Law and the EU Treaty remain the yardstick for Germany and its European partners in their striving for greater strategic autonomy. In discourse — and in practice — Europe should perceptibly distinguish itself from those forces that ignore shared rules and systematically belittle or undermine multilateral cooperation.

Secondly: *A shift towards greater strategic autonomy is a matter of urgency*, because Europe is already having to assert itself in a new multipolar international constellation today. US President Trump and his policies are more symptom than cause of this new global political constellation, which is witnessing a reordering of power centres and power relations between the United States, China, Russia and Europe. Europe can no longer rely blindly on the US security guarantee and normative alignment with the United States.

The role played by Europe in the new constellation in the international system and its success in shaping the international order will depend largely on its own strength. Washington, Beijing and Moscow are ambivalent or negative towards a strategically more autonomous Europe. All three take the EU seriously as a trade and regulatory power, but they also see its weaknesses with respect to action- and conflict-readiness, not only but especially in the military sphere. They exploit diverging interests among European states, as well as their export dependency and security vulnerability.

Other major powers will not wait until Europe has its internal act together.

Other major powers will not wait until Europe has its internal act together. They see themselves more or less explicitly as strategic rivals and will attempt to coopt for their own ends, sowing division among member states and forcing the EU to accept their own rules. Overcoming European weaknesses and closing capability gaps means moving as quickly as possible towards greater strategic autonomy.

Of all the major powers the *United States* is still politically closest to Europe, and in the sphere of security *the* indispensable partner. But a shadow of uncertainty and unpredictability has fallen over the transatlantic relationship and the points of conflict are stacking up. However strongly Europe is interested in preserving and developing the principles and unity of the political West, it must pursue a policy towards America that actively seeks a stronger symmetry in the relationship and successively expands Europe's own foreign policy options. The maxim of strategic risk hedging would suggest a differentiated approach: Wherever possible on the basis of shared values and coinciding or compatible interests, close coordination or unity with the United States is the preferred option. Ideally Europe would seek durable compromises with the United States and other partners to preserve or restore peace and international security and find sustainable answers to global challenges. But depending on the constellation of conflicts and interests, the EU and its member states will have to pursue "soft" or "hard" economic and diplomatic balancing, where possible backed by international institutions such as the WTO. When the United States withdraws its support for functioning multilateral regimes – or works to undermine them as in the case of climate policy – Europe will have to oppose this and to show leadership in concert with like-minded partners.

In dealings with *China* Europe's strongest trump is its trade and economic power and potentially its strength as a currency bloc. Against China's state-led economy Europe would need to prove its economic prowess in strategically important points. That would require for example EU member states to pursue a unified line on a controlled opening to Chinese direct investment. European companies need to be put in a position to compete with Chinese strategic investments and Sino-centric geoeconomic projects like the Belt and Road Initiative (BRI) by merging European

competitive strengths and with the help of European foreign trade promotion. This applies above all within the EU and in other European states, in the European neighbourhood, and in Africa. But the EU should not view China exclusively through the economic lens, as China pursues global governance interests of its own (see BRI) that Europe will have to address. Europe needs a comprehensive and collective foreign policy strategy to equip itself against the danger of becoming a pawn in the emerging Sino-American rivalry.

Greater strategic autonomy for Europe is especially important in the relationship with *Russia*, most of all in the event of increasing doubts over the US security guarantee for NATO territory. Moscow would then regard Europe as even more vulnerable and could test the Alliance's determination for example in the Baltic states. Where Russia operates aggressively and antagonistically in the immediate neighbourhood Europe should be capable of contributing more to Western hard balancing. This includes strengthening Europe's own military capabilities, but also boosting internal political resilience against division within member states and their societies.

When it comes to shaping the international order according to liberal principles, neither China nor Russia are partners of choice for Europe.

When it comes to shaping the international order according to liberal principles, neither China nor Russia are partners of choice for Europe. This does not exclude targeted cooperation in international organisations and in resolving specific international conflicts, and in fact demands it in many cases. Close economic cooperation with Russia and China remains beneficial, even if their political and geopolitical goals conflict with Europe's. As historical experience shows, interdependency represents a factor for Europe's prosperity and influence and tends to serve the preservation of international stability and peaceful international relations. Neither economic power nor interdependency automatically engender influence, conflict-readiness and resilience, however. Instead they demand a shared strategic orientation. One test of Europe's autonomy and conflict-readiness will be whether the EU states can agree on a joint approach for dealing with Chinese strategic investments such as the participation of Chinese firms in building the European 5G network and other critical infrastructure.

At the same time Europe depends more than ever on finding partners among the *middle and emerging powers* with which it can jointly work for a rules-based multilateral order. Europe's permanent engagement and collective or at least coordinated positioning and voting in the UN and its agencies, the international financial institutions and the G20/G7 are therefore exceptionally important. The EU's role as motor of reform and leadership is especially valued by like-minded states, for example in connection with proposals to reform the WTO and in upholding WTO principles against the United States and China.

Thirdly: *A development towards greater strategic autonomy is possible* because the EU already exists and represents the most suitable framework for Europe to pursue such a path. On the one hand that applies in a normative political and institutional/operational sense, where the EU is based on liberal values and works to apply them internationally. The legitimacy of the EU system is currently under attack above all by governments and nationalist or "sovereignist" political forces in the member states violating the principles of democracy and rule of law. This is an obstacle on the road to greater *strategic autonomy*, because the EU states require greater political trust among themselves and need to accept the rules of democracy and rule of law in order to enhance their strength and efficiency. In terms of substance, the actors of the EU are seeking a new balance between opening and deregulation on the one side, protection and regulation on the other. But only the EU offers the permanent institutional framework that is needed as the basis for *strategic autonomy* beyond always unstable ad hoc coalitions.

On the other hand, the EU brings together the different policy areas that are imperative for a comprehensive strategic autonomy. As a pole of the global economy, the European Economic Area with the Single Market as the heart of EU integration is a veritable power resource for Europe. For the member states the EU represents the framework for defending and preserving Europe's competitiveness against the rising Asian economies. Important factors for this are capable human capital, sophisticated market demand, an innovative environment, a modern infrastructure and the ability to enforce rules on the basis of the single market, not just within the EU but also globally.

With the distinctions between internal policy and external relations fading, the EU is also a suitable

framework because it is the only organisation of states far and wide that possesses a profile almost corresponding to that of a state (although with the important exceptions of not being able to authorise military action or raise taxes). Despite the CSDP, the EU's weakest instruments with the greatest deficits are found in its classical security and defence policy. Decisions about deploying combat forces will remain a matter for the member states in the long term and NATO will continue to play an outstanding role in collective defence. But even if that remains the case the EU finds itself in a good starting position in the race for comprehensive strategic autonomy. In an international system tending towards multipolarity it already forms a highly attractive pole, in many senses often superior to others.

In all relevant fields with the exception of security the realisation of strategic autonomy will depend on decisions to deepen integration.

In all relevant fields with the exception of security the realisation of strategic autonomy will depend on decisions to deepen integration, namely, in the sense of transferring sovereignty, increasing cooperation within leading groups and not least majority voting. By consciously setting a course the EU could significantly improve European foreign policy, also by way of incremental reform. A series of opportunities exist below the threshold of treaty amendments. For example majority voting could be introduced in the EU's external policy. It would also be conceivable for the EU states – if possible together with the United Kingdom – to operate as a bloc in the UN Security Council and as such to make a European position visible. Another option would be for the heads of state and government to regularly discuss foreign and security policy in the European Council independently of crises, and give the next High Representative more leeway and higher status. Instruments for military cooperation like PESCO and the EU Defence Fund could be used at a significantly higher level of ambition. If these reforms synergise they could be expected to lead to the formation and potentially consolidation of groups of states that share a greater willingness and ability to take action on foreign and security policy. Another consequence would be differentiation among the member states, whether on the basis of qualified majority voting increasing the weight of the larger member states or because the larger

states have permanent seats in a putative EU Security Council.

But efficiency-increasing options like majority voting will not be enough. The crucial points are that the interests and preferences of the EU member states need to converge more strongly over decisive issues, that actual activity can be orientated on long-term plans, and that the speed and scope of planning and activity capabilities need to be significantly increased. The member states have created formats and structures at EU level within which all that could occur – but make only half-hearted use of them. To that extent one can regard tentative proposals to establish a directorate above the European Council or to create an EU Security Council either as a master stroke or a wedge of discord. An EU Security Council could comprise permanent and rotating member states including the President of the European Council and the EU Council Presidency. Whether or not the EU creates its own Security Council the member states will have to find ways to improve the vertical linkage of the CFSP with the EU's policy-making system for example in trade, competition and monetary policy, and thus to exploit its potential – as is already tending to occur in sanctions policy.

Fourthly: *A development towards greater strategic autonomy is challenging, because especially on the European level it is necessary to deal with many conflicts of goals.*

The Achilles heel of strategic autonomy is currently the Security and Defence Policy.

The Achilles heel of strategic autonomy is currently the *Security and Defence Policy*. In a process further amplified by the eastern enlargement of both organisations, Europe prioritises NATO over the EU in this sector; this applies almost unrestrictedly to collective defence. Although after Brexit the EU and NATO will still have twenty-one member states in common, but more than 80 percent of NATO defence spending will occur outside the EU. While the debate about strategic autonomy should not be reduced to the military components and still less purely to defence spending, at the same time it is also true that without improvements to military capabilities and the interoperability of European armed forces it will be impossible to achieve a substantial increase in strategic autonomy. On top of this, central and eastern European states are mistrustful that the striving for strategic autonomy

could pose a threat to Washington's engagement in Europe. The more the EU's security policy is drawn into the integration drive (see PESCO and the new Defence Fund), the greater the need for coordination with NATO on decisions concerning planning targets, standards and processes. Including a post-Brexit United Kingdom in the Security and Defence Policy without endangering the unity of the EU will be a special challenge in its own right.

This also means that Europe is seeking greater but limited autonomy through the Security and Defence Policy. A nuclear option for Europe is excluded. The EU's priorities lie in acquiring the capabilities required to undertake challenging crisis management and conflict-resolution tasks independently (without the United States). But in the medium term the EU will also need to expand its ability to defend the territory and integrity of its member states. The same applies to states that are not NATO members and to cases of hybrid or terrorist attack that do not trigger immediate action by the Alliance as a whole. Measured against its own standards, however, the EU would need to coordinate its military capabilities much better with the civilian, speed up decision-making, and implement measures coherently. There are also grave deficits in civilian capacities, specifically joint strategic planning and the ability to set priorities. This hampers or prevents conflict prevention, mediation, humanitarian aid, development cooperation, post-conflict rehabilitation and the enforcement of sanctions. In the long term the EU actors would need to deal with conflicts of goals and interest, which is why the ongoing push for greater political/strategic convergence and action-readiness is so elementary.

The EU is an important and dependable *arms control* actor. In the current climate of rearmament initiatives and in view of its own desire for military-backed autonomy it should make this visible proactively. Renewing its 2003 Strategy Against Proliferation of Weapons of Mass Destruction would fit with that line. That could include a European initiative for a non-proliferation fund to compensate politically motivated non-payments of major powers. As part of a policy directed towards greater independence Europe can also bring its economic power into play to achieve non-proliferation goals. For example it could press for non-proliferation clauses to be reintroduced in trade and cooperation agreements. A much more crucial aspect is the need for shared arms export standards for defence projects organised through PESCO and financed via the EU Defence Fund. The

sensitivity of this question has been demonstrated recently by the case of arms exports to Saudi Arabia. Despite coordination between them, Germany, France and the United Kingdom have responded very differently to the war in Yemen and the murder of a Saudi journalist.

The EU's strongest trump cards for strategic autonomy are its economic strength, a competition policy that is effective beyond the EU's borders, and technological innovation. The Union would be considerably more conflict-ready if it expanded the role of the *euro* as a reserve currency. In order to stabilise the euro zone in the long term it is vital that Berlin and Paris find compromises over contested reform projects that are acceptable for the entire EU. This involves questions such as shared liability in the banking union, the introduction of automatic stabilisers in the euro zone and adjustments to the export-heavy German economic model.

The objective of strategic autonomy also challenges the EU's integration model across all policy areas. Where this concerns policies that are closely bound up with the single market, such as trade or digital regulation, the EU can and should only decide collectively. In other areas such as the international role of the euro — and also military cooperation — the EU will only be able to make ambitious progress in the context of groups of willing states.

Fifthly: *A development towards greater strategic autonomy is sensitive for Germany*, because it would force Berlin into course-setting decisions requiring modification of its traditional policy positions towards Europe. It will become increasingly difficult for Berlin to pursue its preferred middle way, already in view of French proposals for greater integration (in the EMU) and exclusive security cooperation. So strategic autonomy is not the magic word to bridge still less resolve the traditional differences and conflicts between Paris and Berlin. If strategic autonomy were advanced as a purely Franco-German project that would be more likely to endanger than strengthen the cohesion of the EU. Germany has its place in the centre of the EU on the strength of its location, history and interests and works to expand common ground among as many member states as possible. This requires Germany itself to move back more strongly from the margins to the centre on questions such as deepening the EMU. The easier German positions are to dovetail with others, the more strongly Germany can also determine where the centre position lies. In a context

of strategic autonomy and the search for support from other EU states in foreign policy and security questions Germany would for example be forced to (re)consider reform of the EMU, its trade surpluses and projects like Nord Stream 2.

The decisive initiatives for the EU's internal leadership will have to come from Paris and Berlin.

The decisive initiatives for the EU's internal leadership will have to come from Paris and Berlin. In light of Brexit and the current EU policies of Poland and Italy, France and Germany represent the EU's only political power centre. Especially if one understands strategic autonomy as considerably broader than its military aspects, the goal of ability to lead in the EU is especially suited for a Franco-German initiative. This includes an ambitious enhancement of the international role of the euro and the Single Market as well as cooperation on military capabilities and civilian crisis management. That would demand a great deal of the two countries and the other EU states.

Sixthly: *A development towards greater strategic autonomy can already be advanced in 2019/20 by German and European decision-makers.* The political calendar offers a number of opportunities:

(1) Germany could treat its non-permanent seat on the UN Security Council as explicitly European. That would mean for example engaging especially in conflict prevention and mobilising European resources.

(2) Wherever possible and without harm to EU integration, the EU should cooperate with the UK after Brexit, so that Europe can assert its full weight under the motto "EU plus like-minded".

(3) At the meeting of the European Council in Sibiu in May 2019 the twenty-seven member states should demonstrate the perspectives of a strategically autonomous Europe and outline the steps required within the EU framework, the costs, the expected benefits, and the alternatives. It should also be clearly communicated that strategic autonomy cannot be reduced to a military dimension.

(4) The elections to the European Parliament represent an opportunity to speak with citizens about European self-assertion/sovereignty under conditions of interdependency, global connectivity and growing vulnerability, as well as the prospects of greater prosperity and better environment and life chances. Opening the national debates for these questions is

especially important for reasons of legitimacy if the Foreign and Security Policy permits ever fewer veto possibilities and national opt-outs. The appointment of a new Commission and other key functions in 2019 should be used to set a course that takes up the aspects of strategic autonomy discussed here.

(5) Strategic autonomy must be based on adequate resources to permit projects to be realised. The negotiations about the Multiannual Financial Framework offer a possibility to match spending priorities and funding criteria to the requirements of strategic autonomy. To date there have only been the smallest moves in this direction, such as the EU Defence Fund and a moderate increase in the external relations budget. But in principle the budget structure remains completely anachronistic, a situation to which Germany also contributes.

(6) In Germany a public debate about strategic autonomy could connect with the broad-based discussion about assuming greater foreign policy and security responsibility in Europe and the world.

Annex

Abbreviations

ASEAN	Association of Southeast Asian Nations
BRI	Belt and Road Initiative
CETA	Comprehensive Economic and Trade Agreement
CFSP	Common Foreign and Security Policy
CSDP	Common Security and Defence Policy
EC	European Community
ECB	European Central Bank
EEAS	European External Action Service
EMU	Economic and Monetary Union
EP	European Parliament
EPC	European Political Cooperation
EU	European Union
EU-SC	European Security Council
Fed	Federal Reserve (United States)
G-20	Group of Twenty
G-7	Group of Seven
GDP	Gross Domestic Product
IMF	International Monetary Fund
IS	“Islamic State”
ISS	International Space Station
NATO	North Atlantic Treaty Organisation
OSCE	Organisation for Security and Cooperation in Europe
PESCO	Permanent Structured Cooperation
TEU	Treaty on European Union
UN	United Nations
UN-SC	UN-Security Council
WTO	World Trade Organisation

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