

Transatlantic Relations Under the New European Commission

EDITED BY: Maša Ocvirk and Jason C. Moyer

ESSAYS BY:

Michelle Egan | Klaus Larres | Iren Marinova and Jason C. Moyer | Maša Ocvirk
Dimitris Tsarouhas | Kellee Wicker and Sylwia Spurek | Benjamin L. Schmitt

December 2024





The Woodrow Wilson International Center for Scholars was chartered by the US Congress in 1968 as the living memorial to the nation's twenty-eighth president. It serves as the country's key nonpartisan policy forum, tackling global challenges through independent research and open dialogue. Bridging the worlds of academia and public policy, the Center's diverse programmatic activity informs actionable ideas for Congress, the administration, and the broader policy community. Please visit us online at www.wilsoncenter.org.

Opinions expressed in Wilson Center publications and events are those of the authors and speakers and do not represent the views of the Wilson Center.

Ambassador Mark A. Green, President & CEO, Wilson Center

BOARD OF TRUSTEES

Joe Asher, Chair; Bishop Leah D. Daughtry, Vice Chair

Private Citizen Members: Nicholas Adams, Hon. Bill Haslam, Brian H. Hook, Lynn Hubbard, Hon. Drew Maloney, Timothy Pataki, Alan N. Rechtschaffen

Public Members: Hon. Xavier Becerra, Secretary, US Health and Human Services; Hon. Antony Blinken, Secretary, US Department of State; Hon. Lonnie G. Bunch III, Secretary, Smithsonian Institution; Hon. Miguel Cardona, Secretary, US Department of Education; David Ferriero, Archivist of the United States; Carla D. Hayden, Librarian of Congress; Shelly Lowe, Chair, National Endowment for the Humanities; Enoch T. Ebong, Director of the US Trade and Development Agency

Woodrow Wilson International Center for Scholars

One Woodrow Wilson Plaza

1300 Pennsylvania Avenue NW

Washington, DC 20004-3027

www.wilsoncenter.org

Cover image: © European Union, 2024

© 2024, Woodrow Wilson International Center for Scholars

Contents

Introduction	2
Robin Quinville	
Trade, Economic Security, and Competitiveness	5
Michelle Egan	
EU Policy on China	9
Klaus Larres	
Europe's Defense Industrial Base	13
Iren Marinova and Jason C. Moyer	
EU's Enlargement and Neighborhood	17
Maša Ocvirk	
Competitiveness and Economic Security	21
Dimitris Tsarouhas	
Technology and Digitalization	25
Kellee Wicker and Sylwia Spurek	
Energy Security	28
Benjamin L. Schmitt	
Authors	32

Introduction

By Robin Quinville

On December 1, 2024 the European Union's new Commission started its work. And while the President of the Commission remains the same—Ursula von der Leyen—the members of this *de facto* cabinet government have changed, and the tasks have been redefined. Why? Because global challenges have changed significantly since the last Commission took office in 2019.

So before looking ahead, it is worth taking a short look back. In 2019, the Commission was focused on crafting a European Green Deal to address climate change, on strengthening Europe's economy and competitiveness, on expanding digitalization (within boundaries), on protecting Europe's core values and furthering European democracy, and building a stronger Europe in the world. These were priorities for a post-Brexit—and pre-pandemic—EU.

Dealing with the consequences of Brexit proved easier than dealing with the consequences of the pandemic. COVID-19 highlighted European supply chain dependencies, underscored differing domestic approaches to managing the illness, and strained its trade and economies. And even as normalcy resumed, geopolitics shifted.

Russia's invasion of Ukraine in February 2022 changed the EU's threat perception. It violated the norms on which the EU itself was based. But more than that: it broadened the EU's sanctions against Russia, restructured EU energy sources, and brought some six million refugees from Ukraine to Europe. The EU's generous embrace of these refugees—including provision for them to travel and work across the EU—won broad support in a way previous migration waves had not.

The EU's ability to deal with the unexpected challenges of a global pandemic and the outbreak of war on its borders demonstrated remarkable resilience. However, it was not easy, and the political consequences are visible not only in this year's European Parliament elections, but also in national elections across the continent.

In light of the remarkable shifts in the geopolitical and economic landscape, it is no surprise that the 2024-2029 Commission has new priorities and new tasks to perform. Its new priorities reshape some enduring goals, and put new ones up front.

First and foremost, the Commission's focus is on competitiveness and sustained prosperity. Included here is an emphasis on continuing decarbonization while bringing down energy prices (the source of much popular discontent among EU citizens and businesses). Five years ago, no one would have predicted that security and defense would take second place in the Commission's goal list. Von der Leyen (once Germany's Defense Minister) has created a new role of an EU

defense commissioner. Doing so places new priority on more effective European spending on its own defense and building a robust defense industry through increased cooperation.

The last Commission's priority to preserve the "European Way of Life" is transformed for the new Commission into a focus on strengthening societies by focusing on jobs, housing and other measures—answering an electorate feeling crunched by inflation and slow growth.

This goal is bolstered by other priorities: an emphasis on ensuring food security (recognizing the role Europe's farmers play in politics at the EU and national levels), and measures to protect European democracy and the rule of law.

Right at the end of the list comes the recognition that Europe is Global: it must leverage its power and partnerships effectively. That is true not only of its relations with (and support for) Ukraine, but also for its work in multilateral fora (like the G7 and the OSCE). This priority puts a new emphasis on enlargement as a geopolitical imperative and establishes a new Commissioner for the Mediterranean to prompt more effective engagement with this critical region. It also suggests an economic policy designed to ensure vital technology is protected, that de-risking continues, and that trade policy is expanded.

These are bold goals. In the essays that follow, we will examine some of these priorities in more detail. Because even as the new Commission takes office, the US is just weeks away from a new administration. Future transatlantic relations will be shaped not only by meetings between the new Commissioners and the new administration's cabinet officials. It will also be shaped by the upcoming years of regulatory changes and negotiations. The impact—for example, of changes to tariff policy—can be substantial.

That is why Kellee Wicker and Dr. Sylwia Spurek take a deep dive into what the new Commission might do on digitalization. What will the Commission's initiatives mean for regulation of tech companies and their services? How will the Commission balance its regulatory goals with the reduction of bureaucracy needed to encourage innovation and economic growth? This is also why Dr. Michelle Egan analyzes how the new Commission might approach trade policy. How will the EU resolve its differences with the United States on tariffs and industrial policy? How will the EU deal with China on trade? Where will it look for additional market access?

Dr. Dimitris Tsarouhas analyzes how Europe will approach the challenges associated with building competitiveness and economic security—a priority right at the top of its to-do list for the next five years. What will happen to its climate initiative, the European Green Deal? How will Europe deal with the issue of critical minerals as it shifts energy policy? What are the areas where the EU and United States might work together most productively?

With the arrival of a dynamic new High Representative for Foreign Affairs and Security Policy—former Estonian Prime Minister Kaja Kallas—Maša Ocvirk dives into how the new Commission will tackle the hard work of enlargement and what this means for the direction of this and other EU foreign policy initiatives. Many Western Balkan countries have languished in candidate

status; will a new push bring them into the EU? Are there areas where transatlantic initiatives can speed up the enlargement progress? How will the EU speed the path of candidate countries like Ukraine and Moldova?

EU security policy will be bolstered by the new Commissioner for Defence. In their piece, Dr. Iren Marinova and Jason C. Moyer tackle what this might mean for the EU's capabilities in the field. Will the new Commissioner be able to build defense industrial cooperation, where shortfalls have been so visible as equipment is supplied to Ukraine? How will the EU's role as a security provider grow, and in what timeframe? What will this mean for the transatlantic relationship and the NATO alliance? On energy security, Dr. Benjamin L. Schmitt highlights the need for the EU to end all energy imports from Russia. How will the EU continue to diversify its energy mix? How can it turbocharge its energy policy to defend against future weaponization of energy? And on relations with China, Dr. Klaus Larres examines the EU-China relationship and whether the EU will adopt a tougher approach towards China. What might such an approach mean for the incoming US administration?

The next six months will be a critical period for transatlantic relations. The goal of this report is to begin a vibrant discussion on both sides of the Atlantic and to keep it going. Global challenges are shared challenges. Our solutions must be too.

Trade, Economic Security, and Competitiveness

By Michelle Egan

Commissioners overseeing the portfolio, or parts thereof:

1. **Stéphane Séjourné**, Executive Vice-President for Prosperity and Industrial Strategy
2. **Maroš Šefčovič**, Commissioner for Trade and Economic Security; Interinstitutional Relations and Transparency
3. **Valdis Dombrovskis**, Commissioner for Economy and Productivity; Implementation and Simplification

In her second term, European Commission President Ursula von der Leyen has created a set of portfolios that reflect a strong focus on productivity, innovation, and competitiveness. This builds on the recent reports by Mario Draghi on the Future of European Competitiveness and Enrico Letta on the Future of the Single Market. As a result, several portfolios have interrelated responsibilities to address key issues of market access, unfair market practices, and economic security.

As the European Union responds to the challenge of global governance built on principles such as open markets, rules-based international trade, multilateralism, democratic regimes, collective security, and the rule of law, the portfolios reflect a decided shift away from a more neoliberal doctrine towards more interventionism in the economy including more offensive and defensive instruments to address what are perceived as increased economic security risks. The Political Guidelines of the next Commission (2024-2029) set out ambitions for economic sustainability and competitiveness against the systemic shocks that have led to a major rethinking of trade policies and their relations to other economic policy spheres.

The priorities of the new European Commission in this area include:

- Industrial Strategy to foster innovation, competitiveness and research, and to strengthen the technological and industrial base.
- Diversification of supply chains, reducing dependencies, and addressing vulnerabilities.
- Increase trade and economic security to ensure that the European Economic Security Strategy is implemented to protect against unfair market practices.
- Strengthen the Single Market to reduce barriers to trade, address market fragmentation and simplify rules.

The portfolios allocated to specific Commissioners will necessitate dealing with different agencies and committees within the US federal branches. While each successive Commission results in the emergence of new portfolios as well as the continuation of traditional ones, there is a much stronger focus on economic intervention in the current appointments. As a result, Stéphane Séjourné will hold the Prosperity and Industrial Strategy portfolio, Maroš Šefčovič, will hold the rather diverse set of issues covering Trade and Economic Security; Interinstitutional Relations and Transparency, and Valdis Dombrovskis will be responsible for Economy and Productivity; Implementation and Simplification. While the latter two have held positions in the previous Commission, and are thus familiar with Washington, they will be working with a new administration as well as newly reconfigured portfolios. Although the newly titled trade and economic security portfolio may seem the most salient for the transatlantic relationship, issues of digital governance and industrial strategy for example will also be relevant to US policymakers.

Some of the issues on the agenda continue from the previous Commission, including the **Carbon Border Adjustment Mechanism**, **Capital Markets Union**, and getting trade agreements “across the finish line”, including the long-delayed **Mercosur** agreement and those with Mexico and Australia. Many of the priorities of the incoming Commission reflect a stronger focus on economic security and industrial strategies to reduce strategic dependencies, diversify supply chains, and strengthen innovation and investment. In

Credit: European Union



particular, the **Economic Security Strategy** adopted in 2023 is still relevant as it focuses on inbound and outbound investment screening, dual use technologies, and export controls.

Commissioner Maroš Šefčovič will have a key portfolio where trade is “marked by stark competition over disruptive new technologies.” He views trade as a “geostrategic tool”. He will be tasked with solving disputes with the US on steel and aluminum and pushing for changes to specific elements in the Inflation Reduction Act (IRA) so European companies can qualify for tax credits. Šefčovič views China as the most challenging trading partner given the dislocating effects of Chinese competition. The EU is pushing Chinese companies to transfer intellectual property in return for EU subsidies as part of an effort to avoid being undercut by cheaper and more polluting imports and fulfill its commitment to a “cleaner” trade regime. The EU has imposed 35% tariffs on Chinese electric vehicles (EVs) under the previous trade Commissioner Dombrovskis. Šefčovič though wants to avoid trade wars and seek a negotiated settlement in an escalating trade dispute with Beijing over electric vehicle duties. He also addressed concerns about companies avoiding EU trade sanctions on Russia, particularly from China which supplies substantial dual use technologies. In the hearings, Šefčovič sent a strong message of cooperation with the US where interests align on China-related economic security matters.

The European Commission will continue to promote market access through different kinds of trade agreements. While an agreement with Mercosur countries, Brazil, Argentina, Uruguay, and Paraguay has been completed, it faces ratification difficulties. Šefčovič has pledged to continue working on free trade agreements (FTA) with Mexico and Australia, and wants the EU to be more active in Thailand, the Philippines, and India, though the latter has often been a difficult trade partner. Bilateral negotiations on an FTA as well as the **India-EU Trade and Technology Council (TTC)** signal a continued focus on strategic partnerships by the EU.

In his confirmation hearing, Commissioner Séjourné highlighted the need to support the automotive, aeronautics, and steel sectors to meet the requirements of the **Clean Industrial Deal** as part of a simultaneous process of decarbonization and reindustrialization. The Commissioner pledged to set up an **EU Competitiveness Fund** to foster public and private investment in key sectors. Séjourné is concerned with reviewing rules on unfair trade practices.

Picking up the theme about European competitiveness and boosting the European economy, Commissioner Dombrovskis wants to reduce the regulatory burden on business and foster rules that are easier to implement to simplify compliance costs. Dombrovskis indicated two other issues that will be on his agenda: customs and taxes. He is concerned about the rollout of the global digital tax rules with the Commission pushing for global implementation to prevent a return to differing national digital services taxes or levies. He is also pushing to finalize reform of the EU Customs Code to address the growth of e-commerce and the increase in product standards and sanctions. The priority across these portfolios will be to use all the available tools to strengthen trade and economic policies.

Transatlantic Cooperation & Engagement

The environment for transatlantic cooperation will be impacted by the degree to which tariffs are targeted at European member states and the EU. The reaction to those tariffs and the response may push Europe to shift exports to other markets. However, many of the exports hit with tariffs will be intra-company transfers going from Europe to US-based manufacturers that employ workers in many US states. There are, however, some issue areas that will be beneficial for both European and American companies as Dombrovskis will be responsible for easing the administrative burden for businesses operating in the Single Market through reducing red tape, modernizing customs procedures, and prioritizing regulatory simplification through a dedicated portfolio.

Šefčovič would like to revamp the **EU-US Trade and Technology Agreement** by expanding some of the issues under discussion which have involved an array of topics that cut across different Commission portfolios. Transatlantic cooperation might be feasible if it involves cooperation on critical minerals, pursuit of market access, addressing Chinese unfair trade practices, outbound investment screening, promotion of international standards, reducing regulatory burdens on business, and addressing supply chain vulnerabilities. The **European Economic Security Strategy** parallels actions in the United States with a greater focus on safeguard measures under the guise of 'national security' concerns. This could facilitate transatlantic dialogue as the development of new disruptive technologies, weaponization of economic dependencies, and increased competition setting international standards has generated rising geopolitical competition.

The EU would like to pursue an agreement on critical minerals so that it can qualify for tax credits under the IRA. Since a March 2023 announcement, the United States and the EU have been negotiating a **Critical Minerals Agreement** (CMA). There are differences in how the US and EU incentivize green technologies. The **EU Green Deal** uses non-tax incentives, such as carbon pricing, binding targets, performance standards, and sectoral regulations whereas the United States uses tax credits. The implementation of the EU's **Carbon Border Adjustment Mechanism** (CBAM) is of concern in the United States given the implications of taxes on imported goods based on their attributed carbon emissions. Though the two sides agree on the objectives of reducing the carbon intensity of steel and aluminum and of combatting surplus capacity in the steel industry, they are still far apart in how to achieve those goals. The EU and the United States have agreed that Washington will continue to suspend tariffs on EU steel and aluminum until March 2025 as efforts continue to reach agreement on a **Global Arrangement on Sustainable Steel and Aluminum** (GSA).

There are also some potential concerns moving forward. Bracing for tariff hikes, even if not in the initial round of targeted countries, the EU will face challenges from the new administration's efforts to decouple from China and the pressure to reduce their trade imbalances with the United States even though there is significant overlap between the United States and the EU on combating unfair trade practices and excess capacity from China as Séjourné indicated that would create the potential for deeper transatlantic cooperation.

EU Policy on China

By Klaus Larres

Commissioners overseeing the portfolio, or parts thereof:

1. **Maroš Šefčovič**, Commissioner for Trade and Economic Security, Interinstitutional Relations and Transparency
2. **Valdis Dombrovskis**, Commissioner for Economy and Productivity, Implementation and Simplification
3. **Stéphane Séjourné**, Executive Vice-President for Prosperity and Industrial Strategy
4. **Kaja Kallas**, High Representative for Foreign Affairs and Security and Vice-President of the European Commission
5. **Andrius Kubilius**, Commissioner for Defence and Space

For the last five years the European Commission led by President Ursula von der Leyen has taken it upon itself to design a united China policy for the European Union. This, however, has proven to be quite contentious among EU members, and a truly comprehensive ‘EU China Strategy’ has yet to emerge. In her second term von der Leyen, therefore, remains determined to develop a firmer and more assertive EU policy toward China, though all 27 EU member states will have to agree on such a course of action.

China’s Assault on the Global Order and the EU’s Response

While the United States had woken up to the increasing economic and strategic competition from China much earlier than Europe, by March 2019 the EU also began to view Beijing’s assertive economic and trade policies with greater skepticism. Already the Commission led by Jean-Claude Juncker published a strategy paper describing China as the EU’s “partner, competitor, and systemic rival.” This marked a departure from the EU’s previous approach focused on engagement and cooperation with China in almost all economic and technological areas.

Throughout 2019-2020 the EU remained divided on its approach to China, with countries like Hungary, Italy, and Germany favoring continued economic engagement. The expectation that China would deliver on promises of reciprocal market access and adherence to WTO rules faded gradually. In fact, the **Comprehensive Agreement on Investment** (CAI) concluded in December 2020 was the highpoint of intensive economic engagement. Its rejection by the

European Parliament only a couple of months later already indicated a new, much tougher EU policy toward China. This was further reinforced by China's lack of transparency and cooperation during the COVID-19 pandemic.

During Ursula von der Leyen's first term as Commission President, the EU faced intensified competition with China. She had to tackle Beijing's domestic industrial subsidies, export overcapacities, and efforts to dominate high-tech industries like solar panels and electric vehicles (EVs). The EU also confronted China's economic support for Russia's war in Ukraine, increasing influence in the Global South, and efforts to drive a wedge between the EU and the United States. At the same time, Beijing also exploited the EU's difficulties and absence of appropriate legislation to successfully counter China's assertive economic and political actions.

The EU's Toolkit to Manage China

In response, the Commission developed a robust toolkit to defend the EU against assertive China's policies. Von der Leyen's speech on EU-China relations on March 30, 2023 and the publication of the **European Economic Security Strategy** of June 2024, highlighted the Commission's new resolve to 'de-risk' from China. This comprehensive toolkit equips the EU with instruments to protect the Single Market and counter political coercion against EU members. The second von der Leyen Commission is able to rely on this comprehensive toolkit consisting of seven complex legislative measures:

- The **EU Foreign Subsidy Regulation of 2023**—to achieve a level playing field for all market participants within the Single Market.
- The **EU Anti-Coercion Instrument of 2023**—to deter coercive actions by foreign governments against EU member state countries, such as Lithuania, with the help of the imposition of import tariffs.
- The **International Procurement Instrument of 2022**—the possibility to exclude non-EU countries from EU public tenders if there are reciprocity problems.
- The **EU's Corporate Sustainability Instrument of 2022**—companies can be fined if they tolerate human-rights violations in their production lines.
- The **Critical Raw Materials Act of 2024**—which is meant to bring about greater diversification in obtaining these materials.
- The **Net Zero Industry Act of 2024**—which is meant to reduce pollution significantly.
- The **European Economic Security Strategy of 2023**—reducing and de-risking/diversifying European supply chains and critical infrastructure dependence away from China.

Core Priorities

During her second term, Commission President von der Leyen has set three key priorities: 1) to modernize the EU economy, including advancing the European Green Deal, and increase the EU's competitiveness along the lines of the reports by Mario Draghi and



Credit: European Union

Enrico Letta; 2) to increase defense budgets across EU member states; and 3) to pursue an even firmer “de-risking” approach toward China. Here, her primary aim is to ensure a level playing field with Beijing while aligning the EU’s China policy more closely with that of the United States. She also intends to revamp the US-EU Trade and Technology Council (TTC), in which transatlantic policy toward China is often discussed and shaped. To achieve these ambitious goals, von der Leyen has successfully consolidated her own political position within the Commission. While overlapping portfolios among Commissioners may lead to some confusion regarding competencies and policy direction, the approach to China stands out as clear and focused. In particular, there are five Commissioners who will have major responsibility for shaping the EU’s China policy. In their European Parliament confirmation hearings, they all indicated high skepticism towards China’s economic and trade policies and a clear and close alignment with the US position on China.

Maroš Šefčovič, Commissioner for Trade and Economic Security, Interinstitutional Relations and Transparency announced plans to “rebalance” EU-China relations and take on Beijing’s “unfair trade practices” as well as revamp the US-EU Trade and Technology Council (TTC) to coordinate transatlantic policies toward China. Valdis Dombrovskis, Commissioner for Economy and Productivity, Implementation and Simplification, has been a key figure in EU’s imposition of tariffs on Chinese EVs and has vowed to continue with such an approach. Executive Vice-President for Prosperity and Industrial Strategy Stéphane Séjourné’s primary focus will be enhancing EU’s strategic autonomy. In his confirmation hearing he expressed strong support for EU’s tariffs on Chinese EVs and the need to tackle China’s export overcapacity that is threatening EU’s competitiveness. Kaja Kallas, High Representative of the European Union

for Foreign Affairs and Security Policy, emphasized the need to counter China's support of Russia's war in Ukraine and its increasing influence in the Global South. She plans to increase the EU's role in the Indo-Pacific and intensify the EU's relations with India and the African continent. Andrius Kubilius, Commissioner for Defence and Space, has expressed concerns about China increasing its defense budget and becoming "more militarized and aggressive."

Transatlantic Cooperation & Engagement

The new Commission will pursue a much more assertive, no-nonsense approach toward China. This may well lead to a deterioration of EU-China relations, though both sides remain dependent on each other for trade and technology. China, after all, is the EU's third-largest partner for exports and the biggest for imports. However, the overall economic situation in China and in most European countries is not very promising at present.

Thus neither side can afford worsening their economic relations or even a trade war with each other. Moreover, after ever deteriorating relations with the United States, China can hardly afford to antagonize the EU too much. The Global South and Russia cannot replace the important, if not crucial role Europe has for China's economy and technological development. At the same time, it is also difficult for Europe to truly 'de-risk' and diversify its trade and investment away from China. An increasingly protectionist policy pursued by US policymakers will make this even more difficult. It remains to be seen how the new Commission will deal with China and manage these huge global challenges.

Both the new von der Leyen Commission in Brussels and the new Trump administration in Washington, have their work cut out in dealing with the serious challenges from China over the next few years. The EU and the United States should therefore settle any potential transatlantic trade conflicts as quickly as possible to avoid a trade war. Any such intra-Western disputes would only benefit China. Instead, the partners on both sides of the Atlantic ought to use the existing cooperation and dialogue forums, such as the TTC, but also NATO and G7 meetings, to develop a joint, coordinated, and robust transatlantic China strategy.

Europe's Defense Industrial Base

By Iren Marinova and Jason C. Moyer

Commissioners overseeing the portfolio, or parts thereof:

1. **Andrius Kubilius**, Commissioner for Defence and Space
2. **Henna Virkkunen**, Executive Vice-President for Tech Sovereignty, Security and Democracy

The next European Commission has prioritized its defense industrial base and has committed to creating a European Defence Union. For the first time, a dedicated Commissioner for Defence and Space has been established, although the challenges facing this portfolio are steep and varied. Europe's defense industry is highly fragmented, dependent on external suppliers, and massively underinvested in at a time when an active war is taking place on the EU's doorstep. The short-term measures undertaken by the previous Commission towards making the Union a security provider are in the process of being translated into deeper, long-term measures to make the EU's defense industrial base capable of the production needed for the future.

Core Priorities

As outlined by the Political Guidelines 2024-2029 prepared by then-incumbent European Commission President von der Leyen, Europe's past has been defined by war, division, and conflict. In light of the deteriorating security environment following Russia's invasion of Ukraine in 2022, the EU has renewed talks of bringing Europe's Defence Union to life. For the first time in its history, a **Commissioner for Defence** has been appointed to steer work towards this goal of a true **European Defence Union**. Barriers to creating this defense union are numerous, from investing in and streamlining the EU's fragmented defense industry, reducing dependencies on external suppliers and spending smarter as a collective bloc, and strengthening EU-NATO cooperation.

Commissioner Andrius Kubilius, who served as Prime Minister of Lithuania twice, has a daunting task ahead of him of reforming and streamlining the fragmented and underinvested European defense industry. Combined EU spending on defense has fallen short; from 1999 to 2021 it increased by 20% while Russia's defense spending increased by almost 300% and China's by almost 600%. The European defense industry landscape is fragmented along national lines and highly dependent on non-EU companies, chiefly American-made armaments. Between

mid-2022 and mid-2023, an estimated 78% of total procurement spending went to non-EU suppliers, with 63% destined for the US.

In the first 100 days of the Commission's mandate, a **White Paper on the Future of European Defence** will be released, identifying investment needs and gaps. The paper will suggest a number of ways forward, including how to spend more and smarter, how to rebuild and replenish national armed forces, how to create a true European defense industry and incentivize common procurement, and fund joint EU projects on defense. The next EU budget cycle begins in 2028, with talks expected to take place in the next year. Among the increased budget priorities for defense will include a €500 billion air-defense system covering the entire EU. Furthermore, some €200 billion will be needed in the next decade for upgrades to military mobility within the EU (including investing in bridges, railways, and roads). By Kubilius' estimates, the EU will need to spend at least €10 billion through 2028 to provide for baseline defense. This spending will be in addition to member state investments in their armed forces.

At the EU level, several joint projects will be prioritized by the new Commission. The **European Defence Fund** will receive renewed emphasis, prioritizing investing in high-end defense capabilities in critical areas such as naval, ground, air combat, space-based early warning systems, and cyber capabilities. More funding will also be allocated for joint European Defence Union projects that encourage cross-border cooperation and common threats. These **Defence Projects of Common European Interest** will be developed in cooperation with NATO and will include, among other projects, a European Air Shield and cyber defense. The next Commission will work towards a **Single Market for Defence** products and services, thereby enhancing production capacity and fostering joint procurement.

The last Commission took considerable strides towards strengthening the EU's role as a security provider, and conducted a frank analysis of the state of Europe's defense industry. As a first step in identifying the problems with its defense industry, a **European Defence Industrial Strategy (EDIS)** was presented in early March 2024. In identifying challenges, the EDIS proposes a toolkit aimed at better coordinating and strengthening cooperation among European industries. To implement the toolkit suggested in EDIS, the **European Defence Industry Programme (EDIP)** was established. EDIP provides €1.5 billion in financial support from the EU budget over the period 2025-2027. EDIP exists as a more long-term mechanism to replace short-term programs **Act in Support of Ammunition Production (ASAP)** and **European Defence Industry Reinforcement Through Common Procurement Act (EDIRPA)** and ensure the EU's defense industrial readiness for the future.

Recent reports prepared by former Finnish President Sauli Niinistö, former European Central Bank President Mario Draghi, and former Italian Prime Minister Enrico Letta inform the upcoming defense industry portfolio priorities. In Letta's Report, focused on the Single Market, an entire chapter is dedicated to Europe's defense industry and how the EU can leverage its common market towards bolstering integration. The fragmentation of Europe's



Credit: European Union

defense industry leads to a loss of economies of scale and costs the bloc more than €100 billion annually. The Draghi Report on the future of competitiveness also highlights the lack of focus and R&D as hindrances to its defense industry. In Europe, total funding for defense R&D was €10.7 billion in 2022 (\$11.3 billion—4.5% of total defense spending) while in 2023, the US allocated €130 billion (\$140 billion—about 16% of total spending). Lastly, the Niinistö Report on preparedness seeks to extend the definition of defense beyond military equipment to a whole-of-society approach, including climate events as part of the threat landscape, and improving trust between EU member states to facilitate the flow of intelligence.

The President of the new European Commission has set concrete and very specific goals for the European defense industrial base that will not be easy or straightforward to achieve. They will require strong political will, capable leadership, and masterful diplomatic skills on behalf of the Commissioners. It is an important starting point that the new Commission seems to understand the problem of different threat perceptions among EU member states and can direct its efforts at convincing the national governments of the importance of its defense industrial base strategy and justifying the high financial resources needed to achieve it. These efforts will be accompanied by obtaining a strategic understanding of the place of the EU in transatlantic relations, as well as clarifying EU-NATO cooperation and partnership.

Transatlantic Cooperation & Engagement

- 1. Buy European?** For US decision-makers, the prevailing takeaway from the new European Commission for the defense industry is Europe will be buying fewer armaments from the United States and instead supporting domestic and EU industry. This will be an awkward transition for US providers of armaments to Europe, but will also allow US defense industry production to catch up as orders for high-end equipment such as HIMARS and ATACMS outpace production capacity. An unfortunate knock-on effect of this shift is that it might lead to less US engagement in European security, or a growing rift in the Atlantic when it comes to security matters.
- 2. More capable allies:** Conversely, the EU and its member states will see a considerable transformation in their capabilities, offering more to the United States as allies. This will come in handy to address growing instability in the Middle East and potential aggression in the South China Sea. As the incoming Trump administration evaluates threats and focuses its attention on China, Europe will need to demonstrate it is capable of being a security provider, not just a beneficiary. This will allow the US to re-allocate resources to best respond to threats worldwide.
- 3. EU-NATO cooperation:** Bolstering EU-NATO cooperation will be an important topic for the new defense commissioner, and a long overdue advancement at bridging the divide between the two Brussels-based organizations. US policymakers and outgoing NATO Secretary General Jens Stoltenberg have warned of duplication in capabilities; however, EU officials repeatedly defer to NATO for standards and best practices. The lack of communication and coordination between the EU and NATO—there is virtually none at the time of writing—is a major institutional shortcoming that must be addressed and underpin the work of the new Commission as it invests in its defense industry.

EU's Enlargement and Neighborhood

By Maša Ocvirk

Commissioners overseeing the portfolio, or parts thereof:

1. **Kaja Kallas**, High Representative for Foreign Affairs and Security Policy and Vice-President of the European Commission
2. **Marta Kos**, Commissioner for Enlargement
3. **Dubravka Šuica**, Commissioner for the Mediterranean

The war in Ukraine has reshaped the EU's enlargement and neighborhood policy, emphasizing the geopolitical importance of engaging with its neighbors and bringing new momentum to enlargement. At her confirmation hearing for the role of the High Representative for Foreign Affairs and Security Policy and Vice-President of the European Commission (HRVP), Kaja Kallas stated "our neighbors' problems today, are our problems tomorrow". The new European Commission will therefore prioritize concrete actions to bring EU candidate countries closer to the Union as well as build comprehensive, mutually beneficial partnership with the (rest of) its Eastern and Southern neighborhood.

The new European Commission will face ongoing foreign policy challenges in this regard. The Western Balkan region remains fragile due to the ongoing Serbia-Kosovo dispute and separatist tensions in Bosnia and Herzegovina. Ukraine, Moldova, and Georgia continue facing Russian aggression and malign interference. Meanwhile, enduring conflicts continue destabilizing the EU's Southern neighborhood in the Middle East and North Africa (MENA). However, these challenges also offer opportunities for transatlantic cooperation in ensuring stability and safeguarding democracy in these regions.

In the new Commission, three Commissioners will be responsible to tackle these challenges and implement EU actions in its neighborhood. Kaja Kallas will serve as the EU's High Representative for Foreign Affairs and Security Policy, Marta Kos as Commissioner for Enlargement, and Dubravka Šuica as Commissioner for the Mediterranean—a new role announced by von der Leyen in her speech to the European Parliament when she bid to be reelected as President of the Commission. While only Šuica has prior experience as a Commissioner, Kallas was previously the Prime Minister of Estonia and one of the most prominent figures in Europe's support for Ukraine, and Marta Kos served as Slovenia's Ambassador to Germany, Switzerland, and Latvia.

Not often do you see a female trio leading the EU's external engagement, especially after the initial difficulties faced by President Ursula von der Leyen to ensure gender parity in the Commission college. Based on the recent hearings in the European Parliament and the mission letters from President von der Leyen, Kallas, Kos, and Šuica will be the main counterparts when it comes to ensuring stability and prosperity in EU's neighborhood.

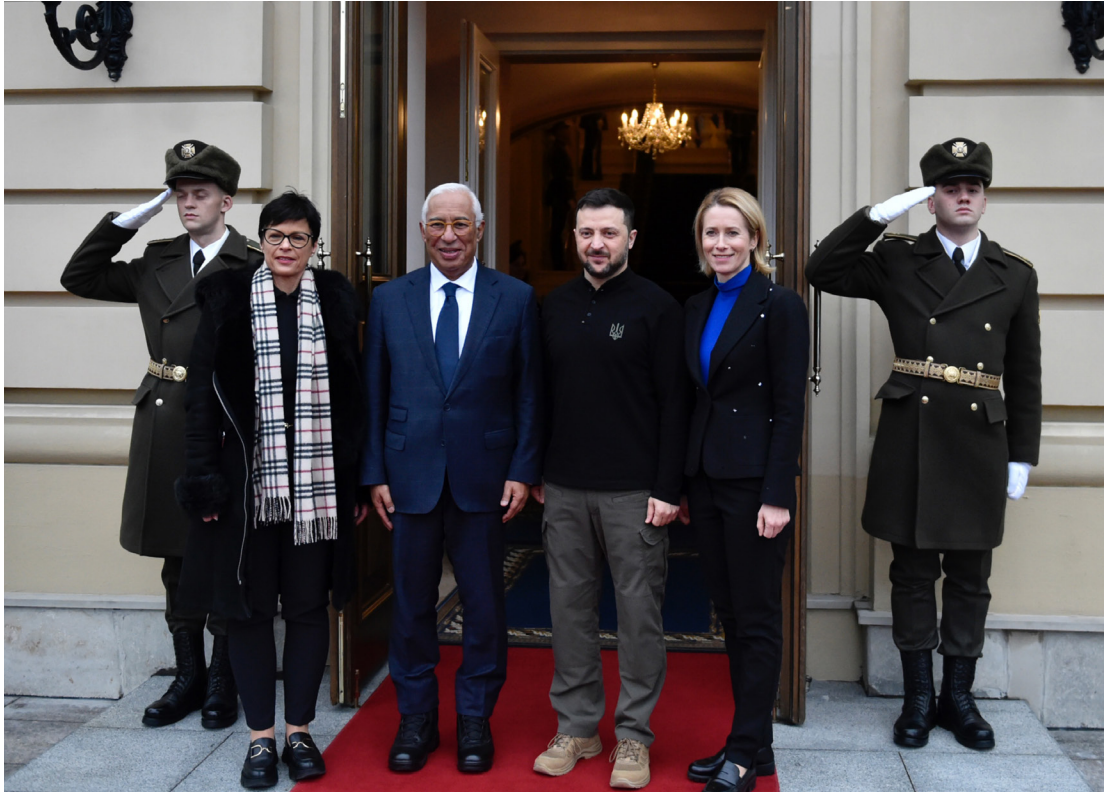
The EU will have the following priorities in this area:

1. Moving further with EU enlargement: Currently there are nine candidate countries for EU membership. In the next five years the EU wants to achieve concrete progress in the accession process across all candidate countries. It aims to do so through targeted financial instruments—**Ukraine Facility**, worth €50 billion (\$52.2 billion), the **Reform and Growth Facility for the Western Balkans**, worth €6 billion (\$6.3 billion), and the recently proposed **Growth Plan for Moldova**, worth €1.8 billion (\$1.89 billion)—to incentivize candidate countries to pass the needed reforms for EU membership.

At her confirmation hearing, Commissioner for Enlargement Marta Kos announced ambitious goals for Montenegro and Albania to finish their accession negotiations by 2026 and 2027, respectively. This means they would be on track to officially join the Union by 2030—the last member state to join was Croatia in 2013. Integration of Ukraine will also be on top of the EU's agenda. Despite the ongoing war the country is, according to the latest progress report, slowly advancing in adopting the necessary reforms. The EU will try to keep up this reform momentum in Ukraine as well as in Moldova, where in a recent referendum Moldovans approved the country's strategic vision to pursue EU membership.

2. Support Ukraine for “as long as it takes”: Support for Ukraine remains a top priority for the EU, encompassing military, financial, and humanitarian aid. In her hearing, HRVP Kallas reaffirmed her commitment to advocating for the **0.25% GDP pledge** from EU member states for Ukraine's victory, a proposal she introduced as Estonia's Prime Minister. If US military aid ends or decreases, such a collective step could be crucial for Europe to step up in providing needed military support for Ukraine. Beyond military aid, the EU will also prioritize Ukraine's recovery, reconstruction, and integration into the Union. This includes implementing the €50 billion (\$52.2 billion) Ukraine Facility through 2027. However, Commissioner Kos emphasized that while Europe intends to continue investing in recovery and reconstruction of Ukraine it will also seek international partners, such as the G7, and incentivize private investments.

3. Solidify stability and reconciliation in the Western Balkans: The next Commission remains committed to normalizing Serbia-Kosovo relations, focusing on the **Belgrade-Pristina Dialogue**. The Banjska attack in 2023 and more recently the explosion in the canal supplying water to Kosovo's two main power plants have amplified security concerns. The normalization of relations between Kosovo and Serbia is therefore seen as critical for regional stability and successful EU enlargement policy. For HRVP Kallas, together with



Credit: European Union

a new Special Representative to be appointed early 2025, the focus will be resolving the stalemate over the implementation of the **Association of Serb-Majority Municipalities** and the **Ohrid Agreement** more broadly.

Furthermore, both HRVP Kallas and Commissioner Kos recognized in their hearings the need to ensure continued peace and stability in Bosnia and Herzegovina. Since starting its accession path in December 2023, the country has been struggling to pass necessary political reforms due to domestic political tensions. Both Kallas and Kos reaffirmed the **Dayton Peace Agreement**'s role in maintaining stability while highlighting the need to address power-sharing conflicts to advance Bosnia's EU integration.

- 4. Revitalize relations with the EU's Southern Neighborhood:** The next Commission wants to better assert its influence in the MENA region. In the past, the EU has been criticized for its "transactional" engagement with countries in its Southern neighborhood to curb irregular migration. Both HRVP Kallas and Commissioner Šuica will address this through developing a new **Pact for the Mediterranean**. Thirty years after the Barcelona Process, the EU will focus on reinvigorating its relations with the Mediterranean region through "building comprehensive partnerships focused on investment, economic stability, jobs, energy, transport, security, migration and other areas of mutual interest."

In a similar vein, both Kallas and Šuica will also work on a new **EU-Middle East strategy**. Due to lack of unity among member states, the EU has been struggling to exert meaningful influence to achieve a ceasefire in Gaza. In the short term the EU remains focused on achieving an immediate ceasefire, while its long term strategy intends to focus on “the day after” by working towards a two-state solution and “strengthening partnerships with key regional stakeholders.”

Transatlantic Cooperation & Engagement

- 1. Fostering democratic governance and rule of law:** The EU and the United States share a commitment to promoting democratic values and governance. While the United States cannot directly influence the EU enlargement process, it can support aspiring countries to strengthen democratic institutions, fight corruption, and safeguard the rule of law. Coordinated efforts would advance these countries’ Euro-Atlantic integration, foster reliable investment climates for Western businesses, and counter foreign interference from China and Russia. For instance, in response to anti-democratic developments in Georgia, both the EU and United States have suspended their respective cooperation mechanisms. Continued coordination on sanctions and civil society support are crucial in backing Georgian aspirations to join the EU and NATO.
- 2. Stability in the Western Balkans:** The EU and the United States cannot afford to ignore the ongoing tensions in the region. Combining US security credibility with the EU’s economic influence can drive positive change. In the case of the Kosovo-Serbia dispute the US Special Representative to the Western Balkans can engage with their EU counterpart on how to bring new momentum to the Belgrade-Pristina Dialogue. While proposals such as the so-called ‘land swap’ between Serbia and Kosovo could lead to friction between the EU and United States, US policymakers can engage with their EU counterparts on initiatives, such as the bipartisan **Western Balkans Democracy and Prosperity Act**, to support stability and economic development in the region.
- 3. Countering foreign influence:** The recent elections in Moldova and Georgia have shown the extent of Russian foreign interference in elections processes. The EU and United States share concerns about the destabilizing effects of foreign information manipulation and interference (FIMI) and have jointly developed a “common methodology for identifying, analyzing and countering FIMI.” As actors such as Russia, China, and Iran seek to expand their “spheres of influence,” transatlantic coordination on capacity building and funding will be crucial to safeguard democratic institutions and processes in third countries.

Competitiveness and Economic Security

By Dimitris Tsarouhas

Commissioners overseeing the portfolio, or parts thereof:

1. **Teresa Ribera Rodríguez**, Executive Vice-President for Clean, Just and Competitive Transition
2. **Stéphane Séjourné**, Executive Vice-President for Prosperity and Industrial Strategy
3. **Henna Virkkunen**, Executive Vice-President for Tech Sovereignty, Security and Democracy
4. **Wopke Hoekstra**, Commissioner for Climate, Net Zero and Clean Growth
5. **Ekaterina Zaharieva**, Commissioner for Startups, Research and Innovation
6. **Dan Jørgensen**, Commissioner for Energy and Housing

Restoring economic competitiveness forms a core pillar of the Commission’s strategy over the next five years, especially in light of the findings of the two core reports that inform Commission thinking, namely the Draghi and Letta Reports. Many of the two reports’ proposals have been integrated in the Commission’s Political Guidelines (2024-2029).

Brussels worries that Europe is falling further behind the United States in technological innovation and support to industry, and behind China as a result of Beijing’s near-monopoly of vital raw materials necessary for chips and batteries. It therefore prioritizes the implementation of its growth strategy, the **European Green Deal**, to boost competitiveness and/through decarbonization. As the Draghi Report underlines, the EU aims at setting up a circular economy by enhancing resource efficiency in order to become less dependent on authoritarian regimes’ resource supplies and strengthen its economic security. To do so effectively, the Commission will seek to increase investment in digital infrastructure, develop a new industrial strategy in support of EU firms, integrate its public procurement market to support start-ups, scale-ups, and SMEs, and incentivize **Important Projects of Common European Interest** (IPCEIs) on cloud infrastructure, hydrogen technologies, batteries, microelectronics, and new generation health services. IPCEIs, which are eligible for public financing and exempt from the Commission’s state aid rules that prohibit such support to maintain a level playing field, must involve at least four member states.

Core Priorities

The foremost priority of the new Commission will be to move towards net zero through enhancing the competitiveness of European industry. To do so, it will need to scale up Europe's manufacturing capacity for net zero technologies and products, a market which is estimated to be worth \$600 billion by 2030. The **Green Deal Industrial Plan (GDIP)**, adopted in 2023, will be the vehicle to achieve those aims, and the Commissioner responsible for implementation is Teresa Ribera Rodríguez, Executive Vice President (EVP) for Clean, Just and Competitive Transition, alongside EVP for Prosperity and Industrial Strategy Stéphane Séjourné and Commissioner for Climate, Net Zero and Clean Growth Wopke Hoekstra. Achieving the goals of the GDIP goes through the **Industrial Decarbonisation Accelerator Act**, which aims at channeling investment in infrastructure and industry, in particular for energy intensive sectors, and support lead markets for the development, production and diffusion of clean technologies.

To attract investment and create better conditions and market access for clean tech in the EU, the Commission will rely on implementing the **Net Zero Industrial Act**, aiming at reaching 40% of the Union's overall strategic net-zero technologies manufacturing capacity by 2030. Another legislative aspect of the GDIP is the **European Critical Raw Materials Act**, which identifies a list of critical raw materials and a list of strategic raw materials (gallium, lithium, boron, and tungsten) crucial for technologies for the green and digital transition, as well as for defense and space. The Act forms part of the **EU Critical Raw Materials Platform** to support joint purchasing and manage strategic stockpiles.

Credit: European Union



The Commission intends to combine the implementation of the GDIP with an attempt to bring down energy costs, since the Draghi Report underlined the harm caused to EU competitiveness by high energy prices. EVP Ribera Rodríguez is tasked with working alongside Commissioner for Energy and Housing Dan Jørgensen to bring down energy prices, ensure fair competition, and foster the integration of gas and electricity markets in the EU through the **Agency for the Cooperation of Energy Regulators** (ACER). This forms part of the attempt to deepen and complete the Single Market by enhancing inter-operability and interconnectedness, while upscaling EU firms in the sectors that the “original” Single Market of the 1980s left out, namely energy, electronic communications, and financial services.

Stéphane Séjourné will be responsible for setting up the **EU Competitiveness Fund** (ECF), a Commission attempt to streamline existing and new funding programs (such as the European Innovation Council and the European Research Council) to boost Europe’s competitiveness by investing in strategic technologies such as artificial intelligence, clean industry, and biotech. Séjourné is expected to pair with the EVP for Tech Sovereignty, Security and Democracy Henna Virkkunen to implement the plan. Séjourné is also tasked to promote the advancement of the **Capital Markets Union** (CMU), a plan launched in 2015 that was lying dormant until recently. The Commission adopted the relevant Action Plan in 2020, and the new Commission will focus on delivering on the Plan’s three major pillars, namely facilitating financing for EU firms, making savings and investment safer in the EU and integrating national capital markets to protect investments and cut red tape.

The EU is currently lagging behind the United States and China in space research, and to bridge this gap, the EU Commission is considering increasing the European Space Agency’s budget and empowering it to create an EU space industry ecosystem by assigning contracts to European private companies. The portfolio of the EU’s space policy is assigned to the new Commissioner for Defence and Space Andrius Kubilius. Although the EU has taken legislative steps to leverage new technology and boost its competitive edge (the AI Act, the Data and Data Governance Act), it suffers from a lack of cyber skills that harm its economic security. The Commission has launched the **Cybersecurity Skills Academy** to reduce the shortage of cybersecurity professionals (estimated between 250,000 and 500,000 professionals), and Commissioner for Startups, Research and Innovation Ekaterina Zaharieva has been tasked with the creation of a **European AI Research Council** to pull together European resources in the area.

Transatlantic Cooperation & Engagement

1. **Clean energy:** EU and US firms are working towards fully decarbonizing their power systems and building a transatlantic market for clean tech. Transatlantic alignment on standards and skills recognition in grid technologies and wind power are crucial for cost reduction and rapid deployment of clean energy technology. It would be beneficial for both the EU and United States to achieve alignment on design standards for offshore wind. The discussion on standards could also include the shortage of high-voltage direct

current (HVDC) engineering talent for original equipment manufacturers (OEMs). To ramp up production of equipment to meet HVDC demands, EU and United States collaboration on training program for OEMs is critical. Stakeholders discussed an evolution of the Power Purchasing Agreements (PPA). PPAs are more common in the United States where the energy market is more liberalized. Commission priorities on a new electricity market could lead to more stable long-term contracts such as PPAs, and the US' experience could prove instructive for the EU.

- 2. Batteries and critical minerals:** US policymakers can engage with their EU counterparts, not least through the **Transatlantic Trade and Technology Council (TTC)**, to jointly develop a regulatory framework in the battery sector to demonstrate transparency and sustainable sourcing of critical raw materials. They can do so on the basis of the common approach that the EU and United States have developed, namely a risk-based one, to avoid unnecessary barriers impeding recycling and circularity in the future. Concluding the **2023 EU-US Critical Minerals Agreement** would be crucial, since this would deepen cooperation on diversifying critical mineral and electric vehicle (EV) battery supply chains, and allow critical minerals extracted or processed in the EU to count toward certain electric vehicle tax credit requirements of the US' Inflation Reduction Act (IRA).
- 3. Supply chains:** The **EU Critical Raw Materials Act** and the US focus on semiconductor manufacturing under the CHIPS and Science Act underscore the importance of securing supply chains for essential materials and components. Policymakers from both sides of the Atlantic can build on the preparatory work undertaken by the TTC to boost their cooperation in setting up a more flexible supply chain network that will reduce their dependency on potentially malign geopolitical actors. Doing so through frequent consultations with firms is essential, since it is companies that will help guide policymakers to the most efficient pathways towards boosting resilience. One very concrete area where progress on supply chains can be made is reviving the EU idea, stemming from the COVID-19 period, of strategic reserves stockpiling for joint use and cooperation in crisis times.

Technology and Digitalization

By Kellee Wicker and Sylwia Spurek

Commissioners overseeing the portfolio, or parts thereof:

1. **Henna Virkkunen**, Executive Vice-President for Tech Sovereignty, Security and Democracy
2. **Ekaterina Zaharieva**, Commissioner for Startups, Research and Innovation
3. **Glen Micalleff**, Commissioner for Intergenerational Fairness, Youth, Culture and Sport
4. **Olivér Várhelyi**, Commissioner for Health and Animal Welfare
5. **Hadja Lahbib**, Commissioner for Preparedness, Crisis Management and Equality

Technology and digitalization loom large in the priorities of many of the European Commissioners as heard in their European Parliament confirmation hearings and written in the Political Guidelines for the Next European Commission 2024–2029. However, two key themes emerge from the Commissioners who will most directly work on science and technology matters. First, the Commission intends to push back on what it considers online abuse, digital harms, and the immense power that tech corporations hold and exercise. Second, the Commission will seek to accelerate innovation with key investments in research and a fresh focus on facilitating entrepreneurship.

In the Political Guidelines 2024-2029, European Commission President Ursula von der Leyen minces no words: “Tech giants must assume responsibility for their enormous systemic power in our society and economy.” She cites intensified enforcement of the **Digital Services Act (DSA)** and **Digital Markets Act (DMA)** as the tools that will allow the Commission to bring these companies to task. Executive Vice-President (EVP) Henna Virkkunen, who is tasked with the Tech Sovereignty, Security and Democracy portfolio, pledged in her confirmation hearing to use DSA and DMA enforcement to both protect European citizens from abuses as well as ensure fair business competition.

For both von der Leyen and Virkkunen, tackling online abuse and digital harms are top priorities, particularly as they pertain to young people. In von der Leyen’s July 18, 2024 statement to the European Parliament as a candidate for her second mandate, she set out the protection of young people as a high priority: “My heart bleeds when I read about young people harming themselves or even taking their lives because of online abuse...We can never accept

this in our society. We will tackle the plague of cyber-bullying. We will take action against the addictive design of some platforms.” In the Political Guidelines 2024-2029 she elaborated further about an EU-wide inquiry on how social media impacts wellbeing, which would target the issue of addictive design, and announced the Commission’s plans to develop an action plan against cyberbullying. Four commissioners will work together on these projects: Henna Virkkunen, EVP for Tech Sovereignty, Security and Democracy, Glen Micalleff, Commissioner for Intergenerational Fairness, Youth, Culture and Sport, Olivér Várhelyi, Commissioner for Health and Animal Welfare, as well as the Hadja Lahbib, Commissioner for Preparedness, Crisis Management and Equality.

EVP Virkkunen also highlighted protection of minors as a priority for DSA enforcement, promising to set new guidelines for expectations of online platforms delivering “a high level of privacy, safety and security for minors, in line with the Digital Services Act rules.” She particularly calls out the need to appoint trusted flaggers tasked with protecting minors from cyberbullying and other abuses. As set out in the DSA, these flaggers should be designed by national digital services coordinators and will be responsible for detecting potentially illegal content and alert online platforms.

On a more positive side, the Commission also sees the need to bolster innovation in Europe. Von der Leyen’s Political Guidelines 2024-2029 prioritize “putting research and innovation at the heart of our economy” with the new prosperity plan promising increased research spending, an expansion of the Research and Innovation Councils, strengthened university alliances and new public-private partnerships, and investment in research for strategic technologies. These priorities align with the report on the future of European competitiveness released in September 2024 by former European Central Bank President Mario Draghi. In it,

Credit: European Union



he attributes the innovation gap between Europe and the United States and China to limited public spending on research and a failure to focus existing spending on disruptive innovation.

EVP Virkkunen highlighted the need for Europe’s legal and regulatory frameworks to encourage innovation by reducing unnecessary bureaucracy, while recognizing the role of regulation in keeping people safe. She also called for Europe to reduce its dependency on third countries for tech services. Furthermore, Commissioner Ekaterina Zaharieva, who is tasked with the Startups, Research and Innovation portfolio, emphasized during her confirmation hearing the need to “work relentlessly to achieve an increased budget for research and innovation” and echoed Virkkunen’s emphasis on simplifying regulatory compliance and eliminating red tape.

These priorities, again, echo conclusions from the Draghi report, which underscored the need to reduce onerous regulatory barriers for startups, enabling “inventors to become investors”. The Commission recently unveiled the **StepUp Startups** project aimed at simplifying regulations and improving other measures to facilitate startup health. As of now, however, there is little additional information beyond noting the work already being done by **Startup Europe**, the **European Innovation Council**, and the **Capital Markets Union**.

Transatlantic Cooperation & Engagement

- 1. Curbing tech giants:** This priority is likely to be a source of friction in the transatlantic relationship, particularly as the incoming US administration and Congress are expected to largely be against regulating tech companies. Continued meetings of the **US-EU Trade and Technology Council** would be an excellent way to continue conversations on how to minimize negative impacts for allies and achieve shared goals.
- 2. Protecting children online:** The EU and US governments are both working toward a healthier digital life for children, although the key American legislative effort, **Kids Online Safety Act (KOSA)** has struggled to pass since its introduction in 2022. European officials have the advantage of enforcement tools and mechanisms already provided by DSA, while the US government has achieved buy-in from “Big Tech”. Aligning or harmonizing protection requirements across the Atlantic will make it easier for companies to remain compliant without maintaining costly separate regimes, while also increasing the likelihood that these measures produce a genuine shift toward online safety for young users, who are operating in an Internet without national borders.
- 3. Boosting innovation:** Both the EU and the United States are intensely focused on promoting domestic innovation, but this need not come at the expense of the transatlantic relationship. Deep and healthy academic connections between Europe and the United States should allow researchers in both to amplify their work and build off of one another’s research. The joint focus on strategic technologies also means there is an opportunity to ensure that dual-use technologies are developed safely, and with the goal of supporting democratic values in deployment.

Energy Security

By Benjamin L. Schmitt

Commissioners overseeing the portfolio, or parts thereof:

1. **Dan Jørgensen**, Commissioner for Energy and Housing
2. **Teresa Ribera Rodríguez**, Executive Vice President for Clean, Just and Competitive Transition
3. **Kaja Kallas**, High Representative for Foreign Affairs and Security Policy and Vice-President of the European Commission

The next European Commission inherits a Europe rife with essential foreign and domestic policy challenges, arguably as foundational as any that has been faced by leaders of the European project since it emerged from the European Coal and Steel Community in 1952.

Headlined by Russia's continued onslaught against Ukraine, the troubles to be faced by Brussels extend to growing threats to democratic resilience by rising pro-Kremlin far right and left factions within EU member states, continued sabotage and cyberattacks against energy and critical infrastructure by Russia-attributed or Russia-suspected actors, and continued questions on how to address bloc-wide unity on issues from climate action to immigration reform. Not to mention the potential of looming trade threats from a new US administration in less than two months.

In other words, returning European Commission President Ursula von der Leyen and her fledgling cabinet have their work cut out for them if they are to assert European leadership across the continent and around the world, while upholding fundamental liberal democratic principles. With a panoply of multispectral security, economic, and social challenges in the offing, experts across the transatlantic community will be ready to suggest a host of policy proposals to help direct the strategic trajectory of the new Commission. And wide-ranging proposals to support Europe's energy security are sure to be no exception, and will inevitably flood into the Berlaymont in the coming weeks.

While detailed policy solutions are as welcome now as ever to support a sustainable energy system across the EU, it is arguably best to start with one single guiding principle for the new Commission's approach to European energy security, and one that will be able to be operationalized not only by **Directorate-General for Energy (DG ENER)**, but by any cabinet portfolio touching on energy within the EU and as it pertains to European foreign policy.

That guiding principle needs to be a no return to energy “business as usual” with the Putin regime.

Not now. Not ever.

Many will inevitably bristle at such an absolutist precept. After all, even in the wake of Russia’s large-scale invasion of Ukraine, some officials and experts—and especially those that have shown a proclivity toward accommodationist energy policies toward Russia in the past—still offer the glib retort of “never say never” when the subject of resuming Kremlin-backed energy imports arises.

But read the fine print of what should be the new Commission’s energy security axiom again: No return to energy business as usual with the Putin regime. This was reiterated by the new Commissioner for Energy and Housing, Dan Jørgensen. In his confirmation hearing he acknowledged the EU needs “to be independent of Russian fuel rather tomorrow than the day after” and announced to prepare a roadmap to end all energy imports from Russia in his first 100 days.

Of course, one could argue that a hypothetical future Russia, improbably transformed into a liberal democratic state, operating under the rule of law, and a constructive actor on the international stage could be a strategic energy partner. But save for that wildly optimistic timeline—which we are unlikely to see anytime soon, if ever—the transatlantic community is more realistically going to be facing a Putin- or other autocrat-led Kremlin for decades to

Credit: European Union



come, and one increasingly buttressed by the growing authoritarian network of the People's Republic of China, Iran, North Korea, Venezuela, and other states going forward.

By now it should be blindingly obvious that the Putin regime has for nearly a quarter century made increasingly blatant energy weaponization toward dependent European democracies one of its malign foreign policy calling cards. This was the case for years before Russia's February 2022 wider invasion of Ukraine, and it has certainly been the case ever since. The Kremlin has in some ways moved beyond its now (in comparison) rather quaint monopolistic tradition of building up energy dependence across both EU member states and their neighbors across the continent, only to threaten or enact energy cutoffs or unfavorable pricing regimes to extract political concessions.

Indeed, the Kremlin has turbocharged its malign energy playbook to what can be described as an energy weaponization strategy that had reached its logical apex. Moving beyond gas cutoffs, Putin's Kremlin continues to launch widespread kinetic military strikes against Ukraine's civil energy infrastructure to exacerbate an already dire humanitarian crisis across the country as a third winter at war begins. And the Kremlin has been found to have been behind a growing list of sabotage incidents against energy and critical infrastructure within the territory of EU member states over the past two years in what will hopefully amount to a vain effort to deter European democracies from robustly supporting Ukraine's sovereignty.

In response, the next European Commission must also turbocharge its energy policy response, continuing the work begun in the **European Energy Union** framework under the Commission Presidency of Jean-Claude Juncker, and the **REPower EU** framework under the previous von der Leyen Commission to diversify Europe's energy mix away from Russia. The new EU Commission needs to accelerate and double down on these policies and roll out further measures that make it clear that no return of energy infrastructure or commodity deals with Putin's Kremlin can be possible as it is simply too dangerous for the national security or geostrategic interests of the bloc.

Transatlantic Cooperation & Engagement

The EU should continue to hold firm to regulatory regimes that helped—along with strong US sanctions—to stop Gazprom's Nord Stream 2 pipeline in its tracks. Speaking of those sanctions, not only should the US Senate finally extend existing sanctions on Nord Stream 2 that would otherwise sunset at the end of this year, but the European Commission should support bloc-wide legislative initiatives to match and even exceed Washington's sanctions on Nord Stream 2, to include the Nord Stream 1 project and other Kremlin gas initiatives like it. Such measures continue to be needed as some attempt to resurrect these geopolitical ghosts of Putin's Kremlin— including recent reports of US business interests, reportedly backed by German lobbyists, appear to be working overtime to revive Nord Stream 2.

There is regrettably still no EU-wide prohibition on former government officials from European democracies leaving the public trust only to go to work for Russian state-owned energy or other enterprises, or their subsidiaries. I have, on my own in testimony before the US Congress and Canadian Parliament and with coauthors again and again, argued that this common sense legislation is as important an energy security strategy as any other in order to counter Russia's long-term practice of effecting elite capture via bringing former EU officials into the Kremlin's employ. Former German Chancellor Gerhard Schröder, who approved Nord Stream 1 only to leave office to work on the board of the Kremlin-backed project's managing company is just one example. And with Schröder's SPD party reportedly moving toward welcoming the former Chancellor back into its good graces, it is why this sort of measure can't come soon enough.

Further measures need to be taken to make European resilience to Russian energy dependence permanent and irreversible while supporting Ukrainian victor—such as reducing the price level and increasing enforcement of the EU and G7 price cap on Russian Urals-grade crude oil. And as with any policy prescription like this, the efficacy of any given measure will be tested at both the detailed technocratic and broad political levels.

But this new European Commission can once and for all make it clear to those that would propose otherwise that in every measure it takes on energy policy, decisions will make sure to freeze out any trajectory that would move Europe back into the dangerous orbit of Putin's energy system. Anything less will be a failure of leadership and further endanger the European continent at a time it needs to maximize its own security and resilience to ensure continued strong actions to bolster Ukrainian victory.

Through all of this, this next European Commission needs to rebuff any efforts by Kremlin-friendly officials and lobbyists to resurrect the bad old days of Russian energy dependence. For sound energy policy—and national security—everything else comes second.

Authors



Dr. Michelle Egan is a Global Fellow with the Wilson Center's Global Europe Program. She is Professor and Jean Monnet Chair Ad Personam in the School of International Service, American University. She is the author of the recently published book *Single Markets: Economic Integration in Europe and the United States* (Oxford, 2015). She is past Chair of EUSA, the European Union Studies Association, the largest professional association focusing on European integration and has received a number of fellowships from Bosch Foundation, German Marshall Fund, Howard Foundation, and European University Institute for her research activities. She is a member of Transworld, a multi-institution project on Transatlantic Relations and Global Governance. Her work focuses on comparative regionalism, trade politics, and global governance.



Prof. Klaus W. Larres, Ph.D., is the Richard M. Krasno Distinguished Professor of History and International Affairs at the University of North Carolina (UNC) in Chapel Hill, NC. At UNC he also directs the Krasno Global Affairs & Business Council/Krasno Global Events Series, a public events series with prominent speakers. Previously he held the Henry Kissinger Chair in Foreign Policy & International Relations at the Library of Congress in Washington, DC, was selected as a Member of the Institute for Advanced Study (IAS) in Princeton, NJ, and was a Visiting Fellow at Germany's leading think tank the German Institute for International and Security Affairs (SWP) in Berlin. He also worked as a Counselor and Senior Policy Adviser at the German Embassy in Beijing, China, and was a Visiting Scholar at the Minda de Gunzburg Center for European Studies of Harvard University.



Dr. Iren Marinova is a Global Fellow with the Wilson Center's Global Europe Program. She is a Postdoctoral Fellow at the Henry A. Kissinger Center for Global Affairs at the Johns Hopkins University School of Advanced International Studies (SAIS) in Washington, DC. She earned her Ph.D. in political science from Colorado State University. Her research encompasses the study of the European Union and its ambitions in global politics, as well as topics in foreign policy (including climate foreign policy), security, geopolitics, and transatlantic relations.



Jason C. Moyer is a foreign policy professional specializing in transatlantic relations, transatlantic security, the European Union, NATO, the Nordics, the Baltics, France, and the OSCE. He is currently the Program Associate for the Global Europe Program at The Woodrow Wilson International Center for Scholars. Previously, he worked at Johns Hopkins SAIS in the Foreign Policy Institute—the Dean’s research institute—and in the Center for Transatlantic Relations, a think tank within the university. He teaches on the Nordic and Baltic region for the Foreign Service Institute, the training institution for diplomats in the US government. He is also a Fellow for the Transatlantic Leadership Network and an Associated Researcher for the Latvian Institute of International Affairs. Jason graduated from Georgetown University with a Master of Arts in European Studies from the Edmund A. Walsh School of Foreign Service. During his time at Georgetown, he was a teaching assistant to former Secretary of State Madeleine K. Albright. Jason speaks French and Italian, as well as some German, Finnish, and Korean. He resides in Alexandria, Virginia with his wife, Kira, and their rescue dog, Nori.



Maša Ocvirk is the Program Coordinator for the Global Europe Program at the Woodrow Wilson International Center for Scholars. Originally from Slovenia, she has previously served as the Representative of the Slovenian National Assembly to the European Parliament in Brussels, among other things working on the Slovenian Presidency of the Council of the EU in 2021. Before that she worked as an advisor for the Committees on EU Affairs and Foreign Policy at the Slovenian National Assembly. Next to fostering transatlantic relations, her research interests include the EU as a Global Actor, EU Common Foreign and Security Policy, EU reform, EU enlargement, and relations with the Western Balkans.



Robin Quinville is the Director of the Wilson Center’s Global Europe Program. She spent more than 30 years as a U.S. diplomat, having served primarily in Europe including postings to two multilateral organizations (the Organization on Security and Cooperation in Europe and NATO) and bilateral postings to Cyprus, Bosnia, Greece, the United Kingdom and Germany. She also spent a year in Baghdad, Iraq. In Washington, she directed the Office of Western European Affairs at the Department of State, and spent a year as a Wilson Center State Department Fellow. Most recently, Quinville was the Charge d’Affaires at the U.S. Embassy in Berlin, Germany. She returns to the Wilson Center following a semester as the Sol M. Linowitz Visiting Professor of International Affairs at Hamilton College in Clinton, New York. A native of California, Quinville lives in Arlington, VA.



Dr. Benjamin L. Schmitt is a Senior Fellow at the Department of Physics and Astronomy and the Kleinman Center for Energy Policy at the University of Pennsylvania, a Senior Fellow for Democratic Resilience at the Center for European Policy Analysis, a fellow of the Duke University “Rethinking Diplomacy” Program, and a Term Member of the Council on Foreign Relations. (Twitter: @BLSchmitt).



Dr. Sylwia Spurek is an attorney-at-law, legislator and independent scholar, for 25 years has been dealing with women’s human rights issues, violence against women in particular. A Member of the European Parliament in years 2019-2024, and former Deputy Commissioner for Human Rights (2015-2019). As a Fellow of the Wilson Center she works on the project on cyber violence against women.



Dr. Dimitris Tsarouhas is a Global Fellow with the Wilson Center’s Global Europe Program. Prof. Dimitris Tsarouhas is Head of the EU Projects and Partnerships initiative at the Center for European Union and Transatlantic Studies (CEUTS) at Virginia Tech, and Adjunct Professor at Georgetown University’s Security Studies Program. A Jean Monnet Chair in EU Politics during his tenure as Head of the Department of International Relations at Bilkent University, Turkey, Prof. Tsarouhas is also a Senior Research Fellow at the Hellenic Foundation for European and Foreign Policy (ELIAMEP) in Athens, Greece, a Scientific Council Member of the Foundation for European Progressive Studies (FEPS) in Brussels and a Consultant at the World Bank. He has been a Visiting Professor and Researcher in various Universities in Europe, Turkey and the United States.



Kellee Wicker is the Director of the Science and Technology Innovation Program (STIP) at the Wilson Center. The STIP team provides research and insight to Congress, global policymakers, and the general public on a number of emerging technologies and scientific advances, with special emphasis on artificial intelligence, cybersecurity, space in the commercial age, and more. Through games, experiential learning, and educational opportunities, STIP also works beyond traditional research to directly provide policymakers and their staff with the foundational knowledge they need to devise smart legislation and regulation that protects individuals and workers while continuing to bolster flourishing technological innovation.








**Global Europe
Program**







**FRIEDRICH NAUMANN
FOUNDATION** For Freedom.

Woodrow Wilson International Center for Scholars
One Woodrow Wilson Plaza
1300 Pennsylvania Avenue NW
Washington, DC 20004-3027

Wilson Center

-  wilsoncenter.org
-  [woodrowwilsoncenter](https://www.facebook.com/woodrowwilsoncenter)
-  [@TheWilsonCenter](https://twitter.com/TheWilsonCenter)
-  [@thewilsoncenter](https://www.instagram.com/thewilsoncenter)
-  [The Wilson Center](https://www.linkedin.com/company/the-wilson-center)

Global Europe Program

-  wilsoncenter.org/program/global-europe-program
-  [@WilsonCenterGEP](https://twitter.com/WilsonCenterGEP)
-  [wilsoncentergep](https://www.instagram.com/wilsoncentergep)
-  [WilsonCenterGEP](https://www.linkedin.com/company/wilsoncentergep)