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## THE EUROPEAN UNION IN AN ILLIBERAL WORLD

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**The European Union in an Illiberal World**

**Edited by Nicholas Sowels, Jan Wouters, Michał Dulak and Maria C. Lattore**

Published by Global Policy Journal at Smashwords  
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Citation: Sowels, N., Wouters, J., Dulak, M. and Lattore, M. C. Eds. (2025) The European Union in an Illiberal World: Global Policy. ISBN:9798233971150

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## **Introduction: The European Union in an Illiberal World**

**Nicholas Sowels, Jan Wouters, Michał Dulak and Maria C. Latorre**

If there were any lingering doubts, January 2026 confirmed that the liberal international order (LIO) led by the United States (US) is over. On 3 January 2026, in response to widespread, violent demonstrations, President Donald Trump set the scene for pursuing regime change in Iran, warning the Iranian authorities that “[i]f they start killing people like they have in the past, [...] I think they’re going to get hit very hard by the United States” (Cvorak and Varghese). Also, on 3 January, US forces successfully kidnapped Nicolás Maduro, the President of Venezuela. A week later, President Trump insisted that Greenland become part of the US, against the will of its inhabitants and Denmark (a NATO ally and the country to which Greenland formally belongs), although he subsequently ruled out forcible annexation at the World Economic Forum’s Davos meeting in late January.

These events mark further major steps in the reconfiguration of global politics since this book project began. The Una Europa Global Governance Research Group’s call for papers went out in February 2025, shortly after President Trump returned to the White House, and an online conference took place in June 2025. The written contributions to this volume were completed in the second half of 2025. By then, the direction of the Trump administration was clear, with its “shock and awe” of executive orders transforming the US domestically in the first half of 2025, and “Liberation Day” tariffs (2 April 2025) overturning the multilateral trading system. In the autumn of 2025, the US began using hard power with attacks on small boats in the Caribbean, allegedly smuggling drugs from Venezuela. These attacks were in breach of both US and international law. Following Maduro’s capture, the US President also announced plans to increase the budget for his “Department of War” by 50%, to \$1.5 trillion.

The rule of law is one of the historical pillars of liberalism, going back in the Western world to major Enlightenment thinkers such as John Locke and Montesquieu, who provided its philosophical underpinnings, respectively, the notion of individual rights and the separation of powers – both founding principles of the politico-legal system of the US. Yet 250 years after its creation, the American Republic appears seriously vulnerable, with considerable speculation about how Donald Trump may attempt to manipulate future elections and remain in office beyond 2028. The Enlightenment also gave birth to political economy and the view that “commerce is a cure for the most destructive prejudices”, as Montesquieu argued; just as Ricardo stated that free trade binds together the “universal society of nations”. It was to promote these values following the disasters of the two World Wars that the US played a major role in creating the institutions and policies of democracy and liberalism after 1945, albeit with self-interest. These values were enshrined notably in Article 1 of the Charter of the United Nations (UN) “[t]o maintain international peace and security” and “[t]o develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples” (United Nations). This world now looks largely gone. By the time this book was completed, the latest developments were the announcement of the US’s withdrawal from 66 international organisations and treaties (including 31 UN entities) and the unveiling at Davos of a “Peace Board” that has the potential to rival the UN.

Trade has also been a basis for the “ever-closer union” of the European Union (EU or Union) since the Treaty of Rome in 1957. Today’s EU was not designed as a political bloc capable of defending itself militarily, let alone projecting hard power. Later, by reinvesting the “peace dividend” (military savings after the Cold War), the EU was able to support economic transition in Eastern Europe and fund more extensive welfare systems than elsewhere in the world. The EU is thus challenged not only in practical, economic, and military terms, but also in its historical values: a challenge that is also playing out online, where information channels are dominated by US corporations that now have close links to Trump’s White House.

It is important, however, not to be romantic about a “lost world”. The post-1945 world was good... for white, Western men. But hardly had the fighting stopped in Europe, than Britain, France and others were engaged in brutal colonial wars as the “Third World” struggled for independence. Decades of wars and regime change were later waged by the US and its allies in Indochina and across continents, from Latin America to the Middle East, against the threat of communism, socialist movements and nationalist governments. While the West experienced a long consumer boom – the *Trente Glorieuses* for French-speakers – renowned poverty expert Branko Milanovic has pointed out that the years from 1950 to 2000 were the age of peak global income inequality (Milanovic).

Following the fall of the Berlin Wall in 1989 and the dissolution of the Soviet Union in 1991, it seemed for a brief period that the world was moving towards a globalised liberal system, based on market economics and liberal democracy. In the words of Francis Fukuyama, it was *The End of History* (Fukuyama 1989), yet the “holiday from history” in the 1990s was still marked by a number of horrors, most notably the Rwandan genocide and the resulting Great War of Africa, the terrible breakup of Yugoslavia and the Algerian Civil War. For its part, Russia experienced traumatic economic dislocation and frustration as NATO expanded eastwards – despite assurances given to the contrary when Germany was allowed to reunify in 1990. Yet the international liberal order was still deepened, for example, with the establishment of the World Trade Organisation (WTO) in 1995, the adoption of the Rome Statute of the International Criminal Court in 1998, and the adoption of the UN Sustainable Development Goals and the Paris Climate Agreement in 2015. Moreover, the number of people living in “extreme poverty” (as defined by the World Bank) fell significantly from 2.3 billion in 1990 to 831 million in 2025: respectively 43% and 10% of the global population (Our World in Data).

However, the 21st century has seen this edifice crumble, especially when: the US and its “coalition of the willing” went to war illegally with Iraq in 2003 (after the 9/11 terror attacks on the US in 2001); when Russia formally annexed Crimea (2014), and later invading Ukraine in 2022, thus ending the “Great Peace” in Europe since 1945; and when the Israeli government launched its full-scale war of destruction on Gaza, while deepening the colonisation of the West Bank, after the harrowing Hamas attacks on 7 October 2023. Furthermore, Israeli actions to eliminate Palestinians and their societies have been supported not just by the US, but also by some EU governments and the United Kingdom (UK), either through arms sales and intelligence support or, by and large, through silence. For much of the Global South, the EU’s credibility as a soft power has been significantly tarnished.

The ILO has also been weakened economically, particularly by the 2007-2009 Global Financial Crisis (GFC), which exposed the limits of free-market “Anglo-Saxon” capitalism and financial deregulation. Originating in the US and spreading to Europe and other continents, the GFC significantly diminished the attractiveness of American neoliberalism in Southeast Asia and China. In the US and the UK, the GFC also contributed to sluggish income growth for large segments of society, and found political expression in the election of Donald Trump in 2016 (a few months after Britain’s Brexit referendum to leave the EU). The GFC also revealed fundamental weaknesses in Europe’s Economic and Monetary Union (EMU), expressed most dramatically in Greece's economic collapse.

China also experienced a policy shift during the 2010s under President Xi Jinping’s leadership. On the one hand, Xi has revitalised the Communist Party’s power, including by reasserting Marxism-Leninism in the management of Chinese society, and by redefining the “principal contradiction” of Chinese society at the 19th Party Congress in 2017 as “the contradiction between unbalanced and inadequate development and the people’s ever-growing needs for a better life” (Rudd p 99). On the other hand, China under Xi has become more assertive internationally, seeking to take a lead in global governance, drawing on Xi’s concept of a “community of common destiny for all humankind”, and, if necessary, “to plan for a long-term struggle for the international order” (Rudd p 245).

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The contributions to this book examine how these shifts towards illiberalism and the end of the ILO are affecting the EU. The book is structured into four Parts, the first three of which relate to external relations: i) international cooperation and the changing international order, ii) economic challenges and opportunities in a turbulent world, and iii) the EU and the challenge of upholding human rights. The fourth Part of the book looks at the political challenges within the Union.

The three first Parts of the book examine a host of issues, like: the crumbling of solidarity commitments, such as the US’s withdrawal from the Paris Agreement and the limited support for developing countries during the Covid-19 pandemic; the weakening of international institutions such as the UN and WTO; the visible geopolitical polarisation around conflicts such as the war in Ukraine and the war in Gaza, contributing to structural and ideological fractures in global politics; alternative modes of global governance favoured by authoritarian regimes like China, Russia and Turkey, as well as and the consolidation of an anti-Western bloc involving Russia, Iran, and North Korea; the erosion of liberal values related to human rights and accountability as well as the rejection of international legal norms, and the EU’s own failings to uphold its principles and values, in its migration policy, and its weak support for a two-state solution in Palestine and Israel. The final part of the book examines the political challenges within the Union. Here, several chapters note how democratic processes within the EU are being undermined by policies that de facto exclude minorities, as well as the changing nature of global media, including social media.

Part 1 of the book, **International Cooperation and the Changing International Order**, opens with Jan Wouters posing the question: *Can the European Union Save the International Legal Order?* Drawing on the EU’s responses to the wars in Ukraine and the Middle East, its

engagement with international courts, and its reactions to US unilateralism, the author examines the consistency and effectiveness of the Union's commitment to multilateralism and international law. The analysis concludes that although the EU has shown cohesion in some areas – particularly in sanctioning Russia and supporting legal accountability mechanisms – its overall impact remains limited.

In her chapter, *The European Union and the erosion of liberal peace: navigating peace efforts in an illiberal world*, Elena Conde examines how alternative peacebuilding models advanced by China, Russia, the Gulf States, Türkiye, and the Trump administration undermine the liberal foundations of post-Cold War peace processes, and how these shifts affect the EU's ability to act as a normative and multilateral peace provider. The chapter concludes that the EU's traditional liberal peace model is undergoing a profound transformation. Consequently, the EU has begun to adopt a hybrid peacebuilding approach that blends principled commitments with growing strategic pragmatism.

The following two chapters analyse factors and contexts which undermine the ILO, but may also transform it. In *Hybrid Governance Beyond the Liberal-Illiberal Dichotomy: EU–BRICS in Global Power Shifts*, Francesco Petrone argues that enhancing the EU's strategic room for manoeuvre requires diversifying partnerships beyond the US. One opportunity is building hybrid governance with actors such as the BRICS. The chapter's core findings indicate that global governance is no longer driven by a single normative model but is instead evolving toward hybrid arrangements grounded in co-constructed norms, shared institutional reforms, and pragmatic cooperation. The author further argues that such hybrid governance not only reflects empirical realities but also provides a framework for addressing contemporary collective action challenges, particularly in climate governance and global institutional reform.

Jing-Syuan Wong, in *Deciphering Contestation of the Liberal International Order*, examines four structural dimensions contesting the LIO: i) liberal ambiguity, ii) hierarchical power relations, iii) legitimacy dilemmas, and iv) the rise of alternative governance platforms such as the BRICS. She seeks to explain not merely why the LIO is contested, but how contestation itself forms a dialectical component of order-making. The chapter concludes that the LIO's credibility ultimately hinges on its ability to address the representational deficits perceived by non-Western actors, many of whom regard the current order as both normatively inconsistent and exclusionist.

In the last chapter of this Part, *Resurrection, Reckoning, Reasoning and the Rise of the EU and India in the New Geo-Political Setting*, Shreya Pandey and Dhiraj Mani Pathak investigate the structural, regulatory and political determinants shaping the prospects of the long-negotiated EU–India Free Trade Agreement (finally sealed on 27 January 2026), treating the agreement as both an economic instrument and a normative platform for cooperation between two democratic, diversity-based political entities. Through a detailed assessment of trade volumes, sectoral asymmetries, regulatory frictions, and bargaining positions, the chapter shows that EU-India cooperation remains constrained by incompatible regulatory standards, competing interpretations of sovereignty, and a tendency for rhetoric to outpace substantive policy convergence.

Part 2 of the book, titled **Economic Challenges and Opportunities in a Turbulent World**, outlines the prospects for the European economy to compete and innovate amid global economic reshaping. In the opening chapter, *The EU's Open Strategic Autonomy and the Challenge of Competitiveness in the Era of Geo-Politicised Interdependence*, Eugenia Baroncelli examines how Open Strategic Autonomy has been reshaped by the EU's growing emphasis on competitiveness, economic security, and technological sovereignty. She argues that Open Strategic Autonomy remains largely reactive and constrained, reflecting compromises among Member States, institutional actors, and private-sector stakeholders, rather than being a fully autonomous strategic doctrine.

Qingxiu Bu, in *Industrial Policy in the Global Climate-Trade Nexus*, examines the climate-trade nexus through a comparative assessment of China's dominance in clean-energy technologies, Western reactions (such as the US Inflation Reduction Act and the EU's Green Deal Industrial Plan), and the emerging tensions these policies generate within the multilateral trading system. The analysis focuses on identifying the conditions under which national industrial strategies can foster competitiveness and resilient supply chains without undermining global emissions-reduction efforts. The author argues that only comprehensive multilateral reforms – such as modernising the WTO's subsidy and environmental exceptions regime, revitalising the Environmental Goods Agreement, and establishing formal coordination between the UNFCCC and WTO – can reconcile industrial competitiveness with global climate commitments.

In *Reviving Trade Alliances: The Geopolitical and Economic Significance of the EU-Mercosur Agreement*, Maria C. Latorre and David Suárez-Cuesta pursue two research objectives: first, to determine the economic, sectoral and environmental consequences of the EU-Mercosur Agreement using a Computable General Equilibrium Model; and second, to reassess widespread assumptions about the agreement, particularly threats to European agriculture, risks of environmental degradation and the imbalance of benefits in favour of Mercosur. Their simulations show that both blocs, and especially Mercosur, experience measurable gains in GDP, trade volumes, employment and private consumption. Crucially, the environmental impact appears modest and efficiency-enhancing, with emissions rising proportionally less than output and concentrated primarily in transport and electricity rather than agriculture. These results, therefore, contradict dominant narratives that the agreement would trigger a flood of agricultural products into the EU, endanger the Amazon, or disproportionately harm European farmers. Instead, the most dynamic effects are in manufacturing and services. In January 2026, following strong farmers' demonstrations across the EU, the European Parliament voted to postpone ratification of the agreement, referring it to the European Court of Justice for a legal review that could take up to two years. The European Commission criticised the delay as geopolitically misguided and has indicated it may still provisionally apply the deal's trade provisions in the interim (Bounds).

The next two chapters examine how, since his first presidential term, Donald Trump's policy imperatives have shaped the Union's economic policies and its exercise of soft power. The central aim of *The Promotion of the Green Agenda in the Trump Era: Perspectives on Europe's Role in Agenda Setting with Brazil*, by Ana Paula Tostes and Yasmin Renne, is to assess whether and how the EU has promoted its green agenda and normative commitments during periods of disruption – especially those associated with the Trump presidencies, the

COVID-19 pandemic, and the war in Ukraine. The authors conclude that EU climate diplomacy has demonstrated adaptive capacity rather than linear decline. By integrating environmental objectives into trade and investment frameworks, the EU has partially offset the erosion of multilateral cooperation and maintained influence in a fragmented global order. In this context, Brazil has emerged as a pivotal partner due to its ecological significance and regional leadership.

In *The Economic Challenges to the European Union of “Trumpism”*, Nicholas Sowels studies the impact on the EU of the second Trump administration, focusing on its radical break with the multilateral trading system through aggressive, unilateral tariffs (especially following "Liberation Day" in April 2025), and the ensuing weakening of the dollar. The author argues that the US is seeking to compel its allies, particularly the EU, to share the financial burden of providing global “public goods” such as US military protection and the dollar's international use. This strategy, coupled with erratic policymaking and a disdain for international law, has greatly undermined the ILO and ushered in significant monetary uncertainty and financial volatility. Yet, the EU, weakened by internal divisions, economic underperformance, and dependence on US support regarding Ukraine, finds itself in a difficult position, capable at best of damage limitation in an increasingly unstable global economy dominated by US unpredictability and great-power rivalry.

The third Part of the book, titled **The European Union and the Challenge of Upholding Human Rights**, provides analyses of the EU's credibility in promoting its values of human rights, democracy and the rule of law. By examining the EU's attempts to foster long-standing normative priorities – such as gender equality, the rights of sexual and gender minorities, and the protection of human rights defenders – Hanna Tuominen in her contribution, *The European Union's Challenges in Human Rights Promotion in an Illiberal World*, demonstrates how authoritarian and populist states use institutional membership, discursive counter-strategies, and coalition-building to dilute, reframe, or obstruct liberal human-rights norms. The chapter concludes that sustained illiberal contestation within and beyond the UN Human Rights Council is undermining human rights promotion. This makes it imperative for the EU to reinforce its internal unity and remain firmly committed to multilateralism to prevent authoritarian actors from reshaping the global human rights regime.

In *Upholding the Rights of Refugees: Can the EU Align Security with its Core Values?* Nuria Hernández-García examines the evolution of the Common European Asylum System, the New Pact on Migration and Asylum, and the persistent “implementation gap” between legal commitments and practice. She assesses the extent to which restrictive asylum measures undermine both the normative coherence of the EU's internal legal order and its external legitimacy as a promoter of universal rights. The chapter shows that merging asylum policy with general migration control, combined with far-reaching externalisation measures and persistent non-compliance by Member States, has generated a constitutional crisis that undermines mutual trust, limits the effective protection of fundamental rights, and threatens the Union's capacity to meet its international obligations, especially the principle of non-refoulement.

The central research objective of Bruno Jäntti's *Designed to fail: EU Foreign Policy vis-à-vis Israel's Encroachment on the Occupied Palestinian Territories* is to evaluate whether the

European Union's long-standing policy towards Israel and the Occupied Palestinian Territories contained genuine conflict-resolution potential – prior to 7 October 2023. Drawing on extensive empirical and legal analysis, the author investigates the internal contradictions between the EU's declared objectives – support for Palestinian self-determination and non-recognition of Israeli settlements – and the Union's actual policy instruments, including trade practices, arms exports, as well as political rhetoric that mischaracterises Israel as a consolidated democracy.

Part 4 of the book, **Political Challenges within the European Union**, highlights some of the EU's internal challenges to its democratic model, as well as its political and legal institutions. In *Trustbreakers: How Political Discrimination Shapes Trust in Public Institutions in the European Union*, Ana María Montoya, Natalia Rodríguez, Santiago Pardo and Carlos Toruño draw on original data from the EUROVOICES survey, covering 27 Member States and 110 subnational regions, to develop a systematic empirical account of the causal mechanisms linking political exclusion, affective polarisation and declining institutional trust. Through regression analyses and cross-contextual comparisons, the authors show that political discrimination has a consistently negative and statistically significant impact on citizens' trust in national and local authorities, the judiciary and representative institutions.

The analytical objective of Carlos González-Tormo's chapter *The European Union in the Face of Conspiracy Theories as Hybrid Threats* is to conceptualise conspiracy theories as a distinct category within the broader spectrum of hybrid threats and to examine their destructive effects on democratic governance within the Union. By systematising the relationship between disinformation, misinformation and malinformation, as well as the dynamics of conspiratorial narratives, the author seeks to elucidate how these informational phenomena erode institutional trust, distort public opinion, and destabilise democratic norms.

In *A New Era for the Global Information Sphere: Fostering Information Integrity or Drilling Information Voids?* Naja Bentzen analyses how the second Trump administration's policies are transforming the global information sphere by undermining information integrity through the politicisation of science, pressure on independent media and alignment with illiberal narratives. The author argues that the Union is compelled to assume a more assertive role in safeguarding information integrity through regulation and in cultivating long-term cognitive resilience to defend democracy, both within Europe and internationally. Otherwise, the informational voids created by the retreat of the US risk being filled by authoritarian actors such as China and Russia, thereby weakening global democratic resilience.

The aim of Madalina Botan and Minna Aslama Horowitz's chapter *Assessing the EU's Code of Practice on Disinformation: Platform Responses to Information Disorders* is to evaluate the effectiveness of the Union's Code of Practice on Disinformation, as reinforced by the Digital Services Act, in addressing contemporary information disorders and safeguarding the integrity of democratic institutions in the digital environment. Their empirical inquiry reveals persistent structural deficiencies in online platforms' accountability: limited transparency, inconsistent or superficial implementation of media literacy and user empowerment tools, insufficient access to data for researchers, and fragmented or opaque cooperation with fact-checking organisations.

In the final chapter of this Part, *Domestic Illiberal Challengers within the European Parliament: the Case of EU-China Relations*, Unai Gómez-Hernández examines whether radical right populist parties in the European Parliament explicitly or implicitly support China's more illiberal approach to international relations when EU positions reflect the core tenets of the LIO. The author concludes that the empirical evidence for systematic pro-China alignment is mixed and does not confirm this expectation. Although radical right populist parties often vote alongside mainstream groups, their behaviour is driven by illiberal logics – such as economic nationalism, sovereignty-based reasoning, and scepticism towards multilateralism – rather than support for China. The chapter thus demonstrates that domestic illiberal actors contribute to the internal contestation of the LIO within the EU, even in the absence of consistent convergence with external illiberal powers.

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*Maria C. Latorre is a Full Professor of Applied Economics at Universidad Complutense. She was selected as a Seconded National Expert to the European Commission (Chief Economist Unit, DG Trade, Brussels) and has been a member of its Expert Group on International Trade since 2016.*

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## **Part 1: International Cooperation and the Changing International Order**

## Chapter 1.

### Can the European Union Save the International Legal Order?

Jan Wouters

The international legal order, often also referred to as the “international rules-based order,” is seriously under threat. The evidence is ample: the resurgence of interstate wars, such as Russia’s large-scale invasion of Ukraine in February 2022 and the recent Israel – Iran conflict; the crises afflicting many multilateral organizations, from the World Trade Organization (WTO) and the World Health Organization (WHO) in Geneva to the United Nations (UN) in New York; increased polarization among the permanent members of the Security Council; and a decreasing willingness of states to enter into new treaty obligations in various fields, or even to comply with existing treaty commitments (Wouters 2024). Added to this are the severe blows dealt to the international legal order by President Trump’s second administration, notably through the unilateral imposition of tariffs, trade wars, withdrawal from international institutions and treaties, sanctions against the International Criminal Court (ICC), and threats of economic pressure or even the use of force to achieve certain objectives (Wouters 2025).

Can the European Union (‘EU’ or ‘Union’) save the international legal order? The EU has positioned itself as a steadfast, self-declared defender of “a rules-based global order with multilateralism as its key principle and the United Nations at its core” (High Representative 2016). The Union’s commitment to international law and multilateral cooperation—especially within the framework of the UN—is deeply rooted and is expressed both in numerous policy documents and in its founding Treaties. Yet it may be asked how profound and consistent the EU’s commitment to international law and multilateralism really is, and how effectively it is addressing the above-mentioned challenges to the international legal order. In this short contribution we analyze briefly the EU’s actions in the face of recent wars, of the Trump II administration and the crisis of multilateralism. We will also highlight some recent unilateral actions by the EU and what this means for its status as an international actor.

#### **The EU’s actions in the face of recent wars**

The EU has been described as a “peace project,” but in the face of the threat posed by an aggressive Russia some have called for it become a “war project,” or at least for prioritizing defense and security in the years to come (Leonard 2022; Michel 2024).

In the face of Russia’s large-scale military aggression against Ukraine, the Union has shown a reasonable degree of cohesiveness and action. Two weeks after the start of the invasion the European heads of state and government adopted the “Versailles Declaration” of 10–11 March 2022, which inter alia stated that “Russia and its accomplice, Belarus, bear full responsibility for this war of aggression, and those responsible will be held accountable for their crimes, including for indiscriminate attacks against civilians and civilian infrastructure” (Versailles Declaration 2022). On 20 June 2022, the Council adopted a strong “Declaration by

the European Union and its Member States on Upholding and Promoting International Law, Including the Principles of the United Nations Charter” (Council 2022b).

While the Union has remained consistent in its statements, its impact on the ground has been limited. To this day, more than three years into the war, Russia continues to carry out large-scale military offensives on Ukrainian territory, resulting in widespread destruction and countless casualties. Nevertheless, the EU has taken significant action. Over the past three years, it has adopted no fewer than seventeen unprecedentedly broad and deep “sanctions packages” against Russia (an eighteenth package is currently in preparation). These sanctions add to the measures already imposed by the EU in 2014 following Russia’s annexation of Crimea. They include targeted restrictive measures (individual sanctions), economic sanctions, diplomatic measures, and visa-related measures. The economic sanctions are intended to severely impact Russia’s ability to sustain its military efforts and to stymie its war of aggression. It is, however, disputed how effective they are in reaching this aim, as Russia’s economy has proven to be more resilient than expected and the sanctions are being widely circumvented (Fenton and Kolyander 2025).

Another important line of action has been the coordinated efforts of EU Member States within multilateral organizations, where they have not only launched numerous initiatives to unanimously condemn Russia’s military aggression but also sought to isolate Russia within these organizations (Council 2022a). Such actions have notably given rise to Russia’s expulsion from the Council of Europe and its suspension in the UN Human Rights Council. The exclusion from these two prominent human rights institutions was seen as “important symbolic reaffirmations of the rules-based international order” (Bischoff 2023).

Remarkable as well has been the EU and its Member States’ coordinated actions vis-à-vis the international courts in The Hague. For the first time ever, 26 of the 27 Member States intervened before the International Court of Justice (ICJ), more specifically in the case brought by Ukraine against Russia under the 1948 Genocide Convention. This followed two joint statements of more than 40 States in May and July 2022 (Joint Statement 2022a; Joint Statement 2022b). Interestingly, most EU Member States’ submissions were based on a common template developed by the European External Action Service (EEAS) (Hoffmeister & Wouters, 2025).

The EU has also acted more or less uniformly—though with some caveats—in supporting the investigation by the ICC. In March 2022, 43 States Parties to the Rome Statute of the ICC, including all Member States, requested the ICC Prosecutor to open an investigation into the situation in Ukraine. On 4 March 2022, the Justice and Home Affairs Council requested Eurojust to support investigations by national courts and the ICC into war crimes and crimes against humanity. Eurojust established a Joint Investigation Team (JIT) composed of Ukraine, six EU Member States, the ICC, and Europol. In 2023 it also set up a database for evidence of core international crimes (“Core International Crimes Evidence Database,” CISED). On 8 June 2022, the European Commission announced an allocation of €7.25 million to the ICC to support its investigative capacities. On 2 February 2023 Commission President Ursula von der Leyen announced the setting up of the International Centre for the Prosecution of the Crime of Aggression against Ukraine (ICPA) in The Hague (Commission 2023, Brière 2025).

Meanwhile, the ICC has found itself at the center of a storm, facing an existential threat from new sanctions imposed by the Trump II administration, particularly in response to the arrest warrants against Israeli Prime Minister Benjamin Netanyahu and Defense Minister Yoav Galant. To safeguard its operations, the ICC is looking to the EU, hoping it will activate its so-called Blocking Statute, which for the time being does not seem assured, in spite of expressions of support (Van den Berg & Van Campenhout 2025). European unity was also abruptly disrupted in early April 2025 when Hungarian Prime Minister Viktor Orbán hosted Benjamin Netanyahu for an official visit to Hungary—despite the aforementioned arrest warrant—and announced that Hungary would withdraw from the Rome Statute. This represents a serious blow to the credibility of the Union as a guarantor of the international rules-based order (Ovadek 2025).

A special mention should be made of the work done by the legal services of the European Commission and of the EEAS together with the Council of Europe, Ukraine, and 37 States for the creation of a Special Tribunal for the Crime of Aggression against Ukraine, which is about to be adopted on the basis of an agreement between Ukraine and the Council of Europe (Lviv Statement 2025).

In stark contrast to the unity shown by the EU and its Member States regarding the war in Ukraine, there is deep division over the renewed conflict that has erupted in the Middle East between Israel and Hamas following the brutal and large-scale terrorist attack by Hamas fighters on Israeli territory on 7 October 2023, and over the recent outbreak of hostilities between Israel and Iran. The Union has proven to be deeply split over these conflicts, as reflected, among other things, in divergent voting behavior within the UN General Assembly. Observers have strongly criticized the EU for this: the latter is said to be inconsistent in its approach to respect for international humanitarian law, which undermines its credibility as guarantor of the international legal order (ECDPM 2024). At its meeting of 20 March 2025, the European Council did not get much further than calling for “unimpeded access and sustained distribution of humanitarian assistance at scale into and throughout Gaza” and restating its longstanding firm commitment “to a lasting and sustainable peace based on the two-state solution,” for which it pledged to “continue to work with regional and international partners” (European Council 2025).

### **The EU’s actions in the face of the Trump II administration**

Upon assuming his second term, President Donald Trump has taken a great number of decisions and initiatives which significantly impact upon the international legal order. On his first day in office, he signed several Executive Orders, including orders to withdraw from the WHO, to restructure US foreign aid, and to immediately withdraw from the Paris Agreement and all obligations (including financial) under the UN Framework Convention on Climate Change. Subsequent orders have included withdrawal from the UN Human Rights Council, cessation of all funding to UNRWA, and a review within 180 days of US participation in all international organizations and treaties to which the US is a party, as well as the aforementioned sanctions against the ICC. After announcing on 10 February 2025 that tariffs on steel and aluminum would be raised, President Trump signed an Executive Order on 2 April 2025 (dubbed “Liberation Day”), imposing substantial tariffs on 90 countries, including the EU—though he suspended their application for 90 days on 9 April. Additionally, the

President repeatedly made statements about regaining control over the Panama Canal, the possible annexation of Greenland, and the accession of Canada to the United States, encouraged by US economic pressure.

The Union has not responded comprehensively to these measures and initiatives. For instance, the threats with regard to Greenland, of which President Trump asserted publicly that *“we’re going to get it, one way or another”* in March 2025 (Starcevic 2025), did not trigger any EU reaction. In January various European leaders had individually reacted to Trump’s earlier assertions, including Andrius Kubilius, the European Commissioner for Defence (declaring *“We are ready to defend our member state, Denmark”*) and High Representative Kaja Kallas (stressing *“we are not negotiating on Greenland. We are supporting our member state, Denmark, and its autonomous region”*), but the issue has seemingly never been on the agenda of the institutions (Liboreiro 2025).

On the trade front, Commission President von der Leyen indicated that the EU is prepared to adopt countermeasures but is keeping the door open for negotiations. She also acknowledged that *“the global trading system has serious deficiencies”* and *“agree[d] with President Trump, that others are taking unfair advantage of the current rules,”* expressing her readiness *“to support any efforts to make the global trading system fit for the realities of the global economy”* (Von der Leyen 2025). Apart from this, the EU has accelerated the negotiation of deep and comprehensive trade agreements with other international partners (see, e.g., for Japan, Yoshimatsu 2020), as it did during the first Trump administration.

In the field of security and defense, the actions and words of the new US administration have accelerated efforts toward greater European autonomy, notably with the release of the White Paper *“European Defence - Readiness 2030”* on 19 March 2025 (Commission and High Representative 2025).

### **The EU and the crisis of the multilateral system**

Based on its founding Treaties and longstanding policy choices, the EU has a strong commitment to multilateralism and the UN in particular. The European Council reiterated that commitment at its meeting of 20 March 2025, when it was already clear the UN and the UN family greatly suffered from the unilateral withdrawals and financial cancellations of the Trump II administration: *“The European Union will remain a predictable, reliable, and credible partner and welcomes the opportunity to work together in a changing environment with all its partners, as well as with the United Nations and its agencies in driving forward the internal reform process – the UN80 initiative – to ensure that the United Nations remains effective, cost-efficient and responsive. The European Union is committed to the Pact for the Future, which is a crucial step towards revitalising the United Nations, achieving the Sustainable Development Goals, and reforming the international financial architecture”* (European Council 2025). However, it is clear that the \$60 billion funding gap left by the

termination of USAID funding is not going to be filled by “Team Europe,” i.e. the EU and its Member States collectively (European Parliament 2025).

### **EU unilateral actions**

In spite of the EU’s commitment to multilateralism, recent years have seen a significant development towards more autonomous—i.e., unilateral—action in the EU discourse, as well as in policy and legal documents. A joint communication of 2021 bluntly states that “[t]he EU [...] can best help steer globalization in the right direction by choosing a multilateral approach whenever possible, and acting autonomously where necessary” (European Commission & High Representative 2021). This pursuit of “open strategic autonomy” has only increased with the arrival of the Trump II administration. It is a subject of debate whether all of these autonomous actions “strictly observe” international law, to which the Union is committed pursuant to Article 3(5) of the Treaty on European Union. Indeed, some of the recent EU initiatives in the area of international economic and environmental law have been criticized for not being fully consistent with international law. This applies especially to the new Carbon Border Adjustment Mechanism (CBAM): it is still unclear whether this mechanism is fully compatible with WTO rules and the Paris Climate Agreement. The EU Deforestation Regulation even caused so much controversy that the implementation date was postponed to December 30, 2025, a year later than originally planned. Finally, the increasing “weaponization” of the EU’s trade policy and the recent development of several unilateral trade instruments are walking a fine line regarding their compatibility with international and WTO law (for example, the Anti-Coercion Instrument, the Foreign Subsidies Regulation, and the Enforcement Regulation).

Additionally, the Union has recently adopted several other unilateral instruments to protect its interests or uphold its values regarding what it considers violations of international law committed elsewhere in the world. This includes the EU Magnitsky Act, an instrument to sanction human rights violations and perpetrators, the instrument allowing restrictive measures against cyberattacks threatening the Union or its Member States, and, last but not least, the European Peace Facility. It has been operational since July 2021, with commitments now amounting to €11.1 billion to support Ukraine. Although the Union seeks to avoid violating its international legal obligations, it has been noted that the fact that it is currently developing so many unilateral instruments may damage its credibility in continuing to promote a multilateral rules-based international order (Wouters 2024).

### **Concluding remarks**

This contribution asks whether the EU can save the international legal order from the severe challenges it is currently undergoing, from renewed armed conflicts to the crisis of multilateralism and the actions of the Trump II administration. While the Union has reaffirmed its “steadfast commitment to effective multilateralism and to the rules-based international order with the United Nations at its core” (European Council 2025), it is far from certain whether the aforementioned question can be answered positively. The EU’s record in responding to recent wars is, if anything, not fully convincing. While the Union has kept relative unity in dealing with Russia’s full-fledged military aggression against Ukraine, its

impact on Russia's behavior and the course of the war has been rather limited. In the face of renewed armed violence in the Middle East, the EU and its Member States have shown great divisions, a lack of resolve, and almost no impact on the ground. The Union's lack of a consistent approach to the respect of international humanitarian law undermines its credibility as guarantor of the international legal order, especially in the eyes of the Global South. Apart from this, the EU's response to the attacks of the Trump II administration on international institutions and agreements has been fairly timid, with only a more affirmative stance on trade. Although the Union remains committed to the UN, it is clearly not in a position to fill the important gap left in the field of development by the dismantling of USAID. Last but not least, in recent years, the Union has taken numerous unilateral initiatives and adopted various unilateral instruments of some which have been criticized for not fully complying with international law. If the Union is genuinely committed to saving the international rules-based order, it will need to considerably step up its diplomatic and foreign policy initiatives.

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## Chapter 2.

### The European Union and the Erosion of Liberal Peace: Navigating Peace Efforts in an Illiberal World [1]

Elena Conde

#### Introduction

The liberal international order, established after World War II and strengthened following the Cold War, has been central to peacebuilding and conflict resolution (Lewis, 2022). The European Union (EU), as both a normative and institutional actor, has consistently promoted liberal peace, based on democratic governance, the rule of law, the market economy, and multilateral cooperation. However, this liberal framework now faces major challenges due to global shifts such as rising authoritarianism, populism, geopolitical fragmentation, and growing distrust in multilateralism (Richmond et al., 2011).

The second Trump administration (2025-2029), combined with the increasing global influence of illiberal powers like China, Russia, Türkiye, and Gulf States, threatens the liberal foundations of current peace processes by undermining international legal norms, introducing alternative mediation actors, and altering post-conflict governance principles.

In this context, the EU must reconsider its role in peace processes and how it can continue to promote peace in a world where liberal norms are contested and illiberal powers are gaining influence. This chapter explores the liberal order's foundational role in peacebuilding, the threats posed by illiberal actors, the impact of President Donald Trump's foreign policy, and the EU's involvement and future prospects in peacebuilding.

#### The rules of the liberal order and their impact on peace processes

Peace processes can be defined as structured attempts to resolve radical disagreement between conflict parties (PeaceRep, 2024). With such an ambitious aim, they are complex and multidimensional, involving the cessation of hostilities, negotiation among actors, and long-term strategies for reconciliation and reconstruction.[2] The liberal peace model links democracy, free markets, and civil society to stability, with international institutions supporting transitions. It shaped post-Cold War interventions in places like the Balkans and sub-Saharan Africa, promoting inclusive governance, human rights, and institutional reform. Peace, in this view, means more than ending war—it requires building a democratic, market-oriented order that tackles the root causes of conflict (Parsons and Wilson, 2023). This model, for example, shaped international engagement in Colombia's peace process, supporting the 2016 Agreement with FARC through a focus on transitional justice, reintegration, and rural development—priorities supported by the UN and EU (Regjeringen.no, 2024). Similar strategies were applied in post-conflict Liberia, Sierra Leone, and East Timor, where international actors promoted democratization, the rule of law, and market reforms. These cases illustrate how liberal peacebuilding became the dominant post-Cold War intervention framework.

Despite its strengths, the model has drawn criticism. Scholars highlight its technocratic, top-down approach and tendency to impose Western norms while neglecting local agency (Rampton and Nadarajah, 2017). Moreover, in today's geopolitical context, liberal peacebuilding faces growing challenges from actors advancing alternative models rooted in sovereignty, authoritarianism, or transactional diplomacy.

### **The rise of new illiberal powers and their idea of “peace”**

Since the 2010s, powers such as China, Russia, the Gulf States, and Türkiye have promoted peacebuilding models that differ from the Western liberal paradigm. These alternatives emphasize sovereignty, regime stability and strategic interests over democracy and human rights, often relying on “minilateralism” (Whitfield, 2025). Despite different motivations, they share a focus on bilateralism, authoritarian stabilization, and maintaining existing power structures, challenging liberal peacebuilding (Call and de Coning, 2017).

#### *China: infrastructure-for-peace and sovereignty over rights*

China's model centers on economic engagement and non-interference, known as “developmental authoritarian peace.” Through the Belt and Road Initiative (BRI) launched in 2013, China prioritizes infrastructure over governance reform. In conflict-affected states like South Sudan, China combines UN peacekeeping with oil investments and elite deals, reinforcing the status quo despite violence (International Crisis Group, 2017). In Myanmar, Beijing opposes sanctions and supports bilateral cooperation, protecting the military regime amid the Rohingya crisis (Hossain and Obaidullah, 2025).

#### *Russia: militarized peace and strategic fragmentation*

Russia has adopted a coercive, militarized peace model based on military intervention, elite co-optation, and strategic fragmentation, aiming to preserve influence in post-Soviet regions while undermining Western governance models. This was evident in Syria in the mid-2010s, when Russia ensured President Bashar al-Assad's survival, and sidelining UN-led efforts (Lewis, 2020). In Ukraine, from Crimea's annexation in 2014 to the 2022 full-scale invasion, Russia has used military force, diplomacy, and disinformation to assert dominance, challenging the rules-based international order. Through negotiation efforts like the Minsk agreements, Russia imposed conditions undermining Ukrainian sovereignty, shaping a hierarchical peace aligned with its strategic interests (Soldatenko, 2025). This approach prioritizes authoritarian stability and regime security over democratic inclusion or justice. It excludes civil society and reflects a peace based on domination rather than reconciliation. As of 2025, Russia's continued demands, including recognition of annexations, Ukrainian neutrality, and the lifting Western sanctions, with no concrete ceasefire commitments, show its illiberal peace model prioritizing strategic dominance (Geopolitics, 2025).

#### *The Gulf States: authoritarian stabilization and geopolitical patronage*

The Gulf States, particularly Saudi Arabia and the UAE, pursue authoritarian stabilization through military interventions, financial aid, and infrastructure investments aimed at suppressing democratic movements, countering rivals like Iran and the Muslim Brotherhood,

and strengthening strategic alliances (Ziadah, 2021). After Egypt's 2013 coup, Gulf monarchies have supported President el-Sisi with much aid, reversing Arab Spring gains. Their 2015 intervention in Yemen, initially intended to restore the government, resulted in prolonged conflict and humanitarian crisis.

#### *Türkiye: strategic peace through military and cultural projection*

Türkiye promotes a hybrid peace model combining humanitarian diplomacy, religious and educational outreach, and military engagement. Under President Erdoğan, peace efforts have served to expand Türkiye's influence in North Africa, the Eastern Mediterranean, and the Caucasus (Arco and Moussa, 2024). For example, Turkish support for Azerbaijan in the 2020 Nagorno-Karabakh conflict shifted power balances and sidelined the OSCE-led framework (Avdaliani, 2020). In Libya, Türkiye's 2019 intervention backing the Government of National Accord (GNA) was framed as support for legitimacy but also secured strategic gains, including maritime and energy rights in the Eastern Mediterranean (Yüksel, 2021).

#### *Resource diplomacy and illiberal peace: the Trump administration's challenge to international norms*

Since the start of President Trump's second term, United States (US) foreign policy has embraced a transactional, unilateralist model that sidelines liberal peacebuilding. Peace initiatives are framed as strategic deals, subordinating collective norms to narrow national interests. Thus, his revived bid to acquire Greenland (including annexation threats) ignores Danish sovereignty and indigenous rights, reflecting a resource-driven geopolitics (Chuffart and Johnstone, 2025). This logic is also evident in Ukraine, where US aid is now tied to access to critical minerals like lithium and titanium (Baskaran and Schwartz, 2025). In Gaza, the US has aligned with Israel's militarized approach, backing controversial plans for forced displacement and the conversion of the Strip into a "special economic zone"—proposals that contravene international humanitarian law (Amnistía Internacional, 2025). In the Democratic Republic of Congo (DRC), the US has linked military support to privileged access to cobalt and other minerals, sidelining inclusive reconstruction and reviving neocolonial dynamics (Baskaran, 2025). In short, diplomacy and aid are instrumentalized to secure resources through coercive bilateralism, challenging previous international norms.

#### **The European Union as a liberal peace provider**

In the context of liberal peacebuilding, the EU has emerged as a key normative and operational actor. Through the Common Foreign and Security Policy (CFSP) and a variety of Commission tools (e.g., the Service for Foreign Policy Instruments (FPI), the EU Delegations, the European External Action Service (EEAS), and the Neighborhood, Development and International Cooperation Instrument – Global Europe (NDICI-Global Europe)), the EU takes a comprehensive approach to conflict, as outlined in the Global Strategy for the EU's Foreign and Security Policy (2016). Its engagement ranges from diplomatic mediation to electoral assistance, institution building, and economic support. Examples of the EU's peace-oriented engagement include its pivotal role in the stabilization of the Western Balkans, its participation as coordinator of the Joint Comprehensive Plan of Action (JCPOA) with Iran since 2015, and its continued presence in Common Security and Defence Policy (CSDP)

missions across Africa, the Middle East, and beyond. The EU has toolkit that blends civilian and military means, normative persuasion, and development aid.

Since adopting its 2009 Concept on Mediation, the EU has strengthened its global role in peace mediation—ranging from high-level negotiations to local dialogue support (EEAS 2021). The 2020 Concept and EEAS Guidelines reaffirmed commitments to human rights, gender equality, and sustainable peace. Structures like the EEAS Mediation Support Team (2011) and the Pool of EU Peace Mediators (2020), along with tools such as ERMES, enhance operational capacity (EEAS 2021). These have been used in diverse contexts: as lead mediator in the Serbia-Kosovo dialogue; in supporting Colombia’s 2016 peace deal; in Mozambique’s 2019 agreement implementation; and in Libya, through technical aid following the Berlin Process.

These efforts are framed by the EU’s broader vision of mediation as a strategic foreign policy instrument aligned with its values and long-term interests. By combining institutional capacity, political leverage, and normative influence, the EU has sought not only to mitigate violence but to address the root causes of conflict and contribute to inclusive and lasting peace. Through this integrated approach, the EU has reinforced its credibility as a multilateral and principled peace actor on the global stage.

Yet, the EU’s model of liberal peace is not free from contradictions. Internally, its credibility has been tested by inconsistent responses to major crises, such as the interventions in Libya (2011) and the conflict in Syria (2011-2025), where the Union struggled to articulate a coherent and unified foreign policy. These divisions reflect deeper fractures among Member States, particularly when it comes to migration and asylum policy. The 2015–2016 refugee crisis revealed sharp disagreements over burden-sharing and the application of common European principles. While the EU framed its response within the values of solidarity and human rights, its implementation exposed deep-seated national resistances. Several Central and Eastern European countries, notably Hungary and Poland, openly rejected relocation quotas and framed migration as a civilizational threat—undermining the liberal narrative from within (Guild et al, 2017).

In addition to this, the rise of far-right and populist parties across Europe has further eroded the EU’s internal normative cohesion. These parties have not only influenced domestic policy shifts toward securitized and exclusionary migration measures, but have also gained growing influence in the European Parliament (Green, 2024). These illiberal trends are increasingly tolerated or even normalized within the EU, revealing institutional limitations in enforcing democratic standards among its members.

Externally, the EU’s ability to project influence is often constrained by its limited hard power capabilities and an overreliance on normative discourse in a global environment increasingly shaped by *realpolitik*. Its emphasis on dialogue, multilateralism, and legal frameworks often fails to yield tangible results in conflicts where authoritarian actors or geopolitical competition dominate, such as in Syria, Libya, or the Sahel. In these settings, the EU’s normative agenda risks marginalization or instrumentalization, particularly when actors like Russia, China, or even the US now adopt unilateral or coercive strategies that undermine liberal peace norms (Alcaro and Bargués, 2024).

## **The declining influence of the EU's liberal peace model in a changing geopolitical landscape**

While the EU continues to champion multilateralism, human rights, and inclusive governance, several dynamics reveal the limits of this model (Engelke et al., 2023). Geopolitical marginalization has reduced the EU's influence in key peace processes, such as the US-led negotiations on Ukraine, where decisions have been made without its full involvement. The rise of bilateralism and coercive diplomacy—favored by powers like the US, Russia, Türkiye, and the UAE—further weakens the EU's normative leverage, especially where it lacks hard power or access to critical forums (Genini, 2025). Internally, diverging Member State priorities—particularly on China, the US and Israel—undermine coherence and credibility, complicating unified peace efforts (Vinjamuri, 2025). Even in areas of EU strength, like reconstruction and civilian missions, the impact remains limited in complex settings such as in the Democratic Republic of Congo (DRC).

In response, the EU is cautiously adopting a hybrid peacebuilding model that blends liberal principles with pragmatic, interest-driven adjustments—especially in sectors like critical raw materials—reflecting the growing tension between normative commitments and strategic imperatives. The EU's push for strategic autonomy, especially in green and digital transitions, is evident in the 2024 Critical Raw Materials Act, which promotes supply chain diversification and industrial reshoring (Findeisen and Wernert, 2023). Though framed as sustainable, many partnerships (e.g., with the DRC, Namibia, or Kazakhstan) resemble resource-for-security deals, raising questions about alignment with EU norms. The 2024 Corporate Sustainability Due Diligence Directive (CS3D) mandates human rights and environmental checks across supply chains, but faces political pushback, notably from leaders like Chancellor Merz and President Macron, as the US under Trump lifts similar regulations.

Indeed, the EU's Global Gateway strategy and recent trade deals reflect a geoeconomic conditionality that ties infrastructure and market access to raw material cooperation, often with authoritarian or fragile states—raising concerns about selective value-based diplomacy (Heldt, 2023). The Lobito Corridor, part of this approach, aims to link Angola, Zambia, and the DRC to global markets, but EU efforts have been undercut by US deals offering military aid for mineral access, highlighting limits to the EU's influence and the risk of a new resource scramble. The EU's migration–resource–security partnerships, especially in Africa and the Sahel, now often bypass democratic oversight and risk reinforcing illiberal governance (Human Rights Watch, 2024). Similarly, while promoting liberal peace norms, EU engagement in the Sahel and Eastern Europe increasingly prioritizes security over democratic legitimacy, revealing a growing tension between values and strategic interests (Vasallo Paleologo, 2025).

Finally, the EU's response to the Gaza war has exposed deep normative contradictions. While some Member States (e.g. Spain, Belgium, Ireland) and figures like former High Representative Josep Borrell and current President of the European Council António Costa have voiced criticism of Israel's policies, institutional leadership (especially by Commission President Ursula von der Leyen) has faced strong criticism for perceived alignment with US far-right narratives (e.g. Project Esther [3]) amid massive civilian casualties in Gaza (approx. 53,900 deaths by early 2025, including 17,000 children). Despite Israel's violations of international humanitarian law, a firm EU response has been delayed. This highlights the mediation dilemma: condemning abuses may undermine trust and neutral credibility, yet

silence risks moral complicity. In Gaza, as elsewhere, the EU has struggled to balance legal principles with geopolitical interests, revealing a shift toward a more transactional peacebuilding model (Herberg and Banim, 2024).

## **Conclusion**

The European Union finds itself at a pivotal juncture. While it has not formally abandoned the liberal peace framework that has long guided its external action, evolving geopolitical dynamics have compelled a strategic recalibration. The EU's model—traditionally grounded in multilateralism, the rule of law, human rights, and inclusive governance—is now being reshaped by *realpolitik*, transactionalism, and geoeconomic imperatives. What is emerging is a hybrid peace paradigm that retains liberal rhetoric but is increasingly shaped by the pressures of global competition, resource diplomacy, and rising illiberalism.

These shifts reflect broader transformations within the international system. The liberal international order no longer enjoys uncontested authority, as alternative governance models promoted by authoritarian powers—such as China and Russia—emphasize regime security, infrastructural development, and state sovereignty over political reform. Simultaneously, within the EU and among its transatlantic allies, populism and skepticism toward multilateralism are straining the internal coherence of liberal internationalism. As a result, the EU's normative agenda is challenged both externally and from within.

These tensions are especially visible in peacebuilding and mediation. The EU continues to promote liberal principles through its CSDP missions, the NDICI–Global Europe instrument, conditional aid, and support for multilateralism. However, it also pursues bilateral partnerships with states like Namibia, Kazakhstan, or Tunisia, often motivated by urgent concerns—such as migration control or access to critical raw materials—rather than democratic objectives. This pragmatism underscores a growing tension between normative commitments and strategic necessity.

The EU's limited presence in areas like the DRC's Lobito Corridor (compared with more transactional US deals) exposes the fragility of its normative strategy. Regulatory initiatives like the Critical Raw Materials Act or the Corporate Sustainability Due Diligence Directive reflect ethical ambition, yet internal disagreements and external competition complicate implementation. The Gaza conflict further reveals these contradictions and EU policy dilemmas: while some EU Member States advocate neutrality to preserve the Union's credibility as a mediator, others argue that the severity of violations demands a clear stance, and that silence in the face of atrocity undermines normative legitimacy.

In this context, several imperatives emerge. First, the EU must maintain a capacity for traditional diplomacy, particularly as alternative models—such as those advanced by the Trump administration—prove destabilizing. Second, peacebuilding must be linked more clearly to EU security interests: conflicts in regions like the Sahel or Middle East now have direct consequences for Europe. Third, a shift toward discreet, behind-the-scenes engagement may be more effective than highly visible declarations.

Crucially, the EU must avoid compromising its normative foundations in order to compete with value-free actors. Instead, it should reconcile principled engagement with pragmatic flexibility. This entails reassessing internal legal instruments—such as terrorist listings—that may obstruct mediation, and embracing flexible coalitions when full consensus is unattainable. Strengthening internal mediation capacities, including linguistic and cultural competence, is also essential. Where direct involvement is not feasible, the EU can still support alternative mediators and regional organizations through strategic funding and political backing.

In sum, the liberal peace model is undergoing a complex transformation. The EU still possesses substantial normative capital and diplomatic experience. However, unless it addresses the contradictions within its external action, its liberal discourse risks becoming symbolic. Strategic adaptation anchored in principle is essential. Whether the EU can navigate this evolving landscape will shape not only its role as a global actor but also the future of liberal peacebuilding in a contested world.

## Endnotes

[1] This article was finished the 17th June 2025. It is a deliverable of the FEI-EU-25-12 VULNERA (VULNERability and International Law in a Changing World) program.

[2] The term peace “processes” is normally reserved for situations where two parties are already engaged at the table, eventually with a mediator: for example, the Madrid Conference on the Middle East process in 1991, bringing together Israel and the Palestine Liberation Organization (PLO) for the first time. In contrast, peacebuilding refers to what comes after a peace process has succeeded.

[3] Project Esther is a US initiative launched by The Heritage Foundation in October 2024 to label and dismantle pro-Palestinian activism by portraying it as part of a “ Hamas Support Network,” including on campuses, in progressive groups, and in Congress.

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## Chapter 3.

### Hybrid Governance Beyond the Liberal-Illiberal Dichotomy: EU–BRICS in Global Power Shifts

Francesco Petrone

#### Introduction

The European Union (EU) has traditionally positioned itself as a champion of liberal values, multilateralism, and a rules-based global governance system – often grounded in strict regulatory frameworks. In a certain sense, until various crises began to threaten the “European dream” (Rifkin 2004), the EU integration process stood as a sort of model for the rest of the world. The crises in more recent times that have undermined its foundations are numerous, including: the rise of populist and Eurosceptic movements, decision-making fragmentation among member states, the recent Covid-19 pandemic, and recurring economic crises. In short, there are a series of threats today that are seriously challenging the very survival of the EU.

Moreover, the emergence of the BRICS (Brazil, Russia, India, China, and South Africa) as a geopolitical bloc has created new scenarios on the international chessboard. In particular, the BRICS challenge the Western-centric (i.e., European and Anglo-Saxon) orientation of international institutions, while also raising several issues for the global governance system (BRIC 2009). Furthermore, the BRICS’ global governance vision, though diverse in national characteristics, shares common principles such as respect for sovereignty, non-interference, multilateralism, and institutional flexibility. These principles stand in contrast to the EU’s emphasis on normative conditionality and rule-based governance. Rather than forming a coherent alternative, the BRICS promote a pluralist vision of governance rooted in South–South cooperation and developmental autonomy (Petrone 2025).

However, although often portrayed as a clash between opposing governance models (Hooijmaaijers and Keukeleire 2014), EU–BRICS dynamics should not be framed as inherently rival or antagonistic. Instead, they should be understood and approached as a process of hybridization, in which overlapping and competing norms interact to shape global governance structures. This approach is especially relevant today: global challenges require common ground, yet diverging worldviews must still find shared solutions to address them effectively.

This article compares the EU and the BRICS as two distinct yet increasingly interconnected actors within the shifting landscape of global governance. The EU, historically aligned with the US and shaped by its post–World War II transatlantic identity, is now facing a deepening rift with Washington. These tensions not only weaken the transatlantic partnership but also cast doubt on the EU’s ability to uphold and project its own vision of global governance. At the same time, the current situation suggests that the Western-centric order the EU once embraced – anchored in a close alliance with the US – is now working against it, as recent ‘America First’ policies undermine the EU’s resilience and its ability to face current and future global challenges (Greubel, Kuiper and Maurice 2025). In contrast, the BRICS represent a

coalition of emerging powers actively working to reform global governance structures. Their efforts are driven by a shared critique of an outdated and Western-centric international order, which they seek to make more inclusive and representative.

Against this backdrop, the article explores how interaction between the EU and the BRICS could contribute to reshaping global governance through hybridization – understood as the blending of different institutional logics and normative approaches. In a global context marked by uncertainty and institutional stagnation (Hale, Held, and Young 2013), the return of Donald Trump to the White House further complicates the international landscape. Renewed trade tensions, such as tariffs targeting both the EU and BRICS countries (Shakil 2025), underscore the urgency of building new, alternative partnerships. These evolving dynamics call for innovative forms of cooperation better suited to the realities of a multipolar and rapidly changing world.

### **Theoretical framework: hybridization, multiplexity, and global IR as key concepts for post-Western global governance**

Some scholars speak of a new phase of hybridization (Kutlay and Öniş 2020), meaning that the current international order is being reshaped through a process of normative hybridization, in which norms of different origins – liberal, statist, authoritarian, nationalist-populist – coexist, interact, and often clash. At the same time, in recent years, a new concept has emerged within international studies: the idea of a “multiplex world order,” coined by Amitav Acharya (2017). This refers to a global order in which multiple narratives, economic approaches, and political visions coexist, overlap, and generate competing networks of power and influence. More precisely, Acharya argues that the emerging world is not multipolar, but multiplex – characterized by multiple modernities, where Western liberal modernity, with its models of economic development and governance, is just one of several options. In this context, the multiplex world is defined by interconnections and interdependencies, not by a single global order – liberal or otherwise – but by a complex web of overlapping or competing international orders and globalisms (Acharya 2017).

In any case, what is increasingly clear is that a single Western-centric vision of world order no longer prevails. This vision, which dominated the post-World War II era and is generally referred to as the Liberal International Order, is now undergoing a profound transformation. The emerging global order of the future will necessarily need to incorporate this growing plurality of perspectives. Since this phenomenon is recent and essentially shakes the international system to its core, emerging powers are often portrayed as a challenge or threat to the established order. Yet this is not entirely accurate (Chan and Hu 2025). In reality, it seems more appropriate to say that the Western world is not yet ready to embrace this “longue durée” process, as Fernand Braudel (1949) would define it – i.e. a transition that will bring significant, radical and lasting transformative effects.

Traditional IR theories often frame EU–BRICS relations as a clash between liberal and illiberal governance. In contrast, post-Western and Global South scholarship emphasizes hybrid governance, where Western and non-Western norms intersect. This offers a more effective lens to understand how both actors may co-shape global norms and institutions. As we will see in the studies examined below, hybrid governance is emerging as both a theoretical and

practical response to the crisis of the liberal-universalist model. Rather than promoting uniform or hierarchical approaches, it reflects a dynamic process of normative co-production among diverse actors – states, international organizations, civil societies, and epistemic communities – with differing worldviews and priorities.

Among the key thinkers within this post-Western perspective is the aforementioned Amitav Acharya, a leading voice behind the Global International Relations (Global IR) paradigm (Acharya 2014). According to Acharya, international institutions and norms are not simply exports of Western models, but rather the result of a co-constructive logic between the “center” and the “peripheries” of the international system. A central concept in his analysis is “norm localization”, through which global norms are reinterpreted and adapted in local contexts, generating forms of governance that combine liberal elements with indigenous normative visions. A notable example of this could be China’s promotion of “ecological civilization” (*shengtai wenming*), a holistic view of environmental sustainability rooted in Confucian and Taoist values, which contrasts with the Western conception based on technocracy and green growth.

This perspective is echoed by Bhupinder Chimni (Anghie and Chimni 2003), one of the leading figures of the TWAIL (Third World Approaches to International Law) movement. Chimni critiques the structurally unequal nature of international law and global institutions, which, he argues, are the legacy of a postcolonial order that has perpetuated power asymmetries between the Global North and South. He proposes a postcolonial and pluralistic approach, where the normative contributions of the Global South are not only welcomed but recognized as co-foundational to the international system. For Chimni, a truly hybrid global governance must be contextual, multi-level, and oriented toward global justice – breaking away from the impersonal technocracy of dominant institutions and embracing alternative practices rooted in local realities.

For her part, Shirin Rai (2008) expands the discourse on hybrid governance by introducing a critical gender dimension. Her proposal emphasizes how global governance processes are not only Westernized but also deeply masculinized and technocratic. Rai highlights the importance of rethinking global governance from historically marginalized experiences, promoting participatory and inclusive practices that value knowledge produced by women, local communities, and social movements from the Global South.

Finally, recent publications (Cooper and Rewizorski 2025) have analyzed how the Global South is influencing global governance, not only through the BRICS but also through the growing role of middle powers. More specifically, by analyzing the Global South’s response to key events such as Russia’s invasion of Ukraine, the COVID-19 pandemic, and the 2008 financial crisis, these scholars have shown how the Global South offers an alternative interpretation of the international order. In this sense, the continuity of the current governance system – dominated by Western values and institutions – is being questioned, and a multipolar, post-Western vision is being advanced. Through new alliances, the Global South demands greater agency and promotes a more inclusive transformation, recognizing the fluidity of identities and the need for broader epistemic dialogue in the field of International Relations.

These perspectives converge in proposing a vision of global governance no longer as a unilateral imposition of normative standards, but as a plural, dialogical space open to encounters among different traditions, cultures, and worldviews. Hybrid governance thus becomes not only a strategy to adapt to the challenges of global complexity, but also a political project aimed at epistemic justice and the construction of a more equitable and representative international order.

### **Hybrid governance in practice: toward a convergence between the EU and the BRICS?**

A binary (EU–BRICS) lens, on global governance overlooks its complexity and evolving nature, limiting holistic and epistemically just understandings (Sousa Santos de, 2014). This potential process of hybridization can be observed in various contexts. This article thus explores potential hybridization processes through selected examples, focusing on global institutions – such as the United Nations (UN) and the International Monetary Fund (IMF) – and on climate-related governance.

The realm of global institutional reform, including changes to the UN and the IMF, also represents a potential arena for hybridization. The BRICS have consistently advocated for greater inclusivity and representation, calling for reforms such as the expansion of the UN Security Council and a more equitable redistribution of voting power within the IMF (Petroni 2021). While cautious in some respects, the EU has demonstrated openness to procedural reforms that enhance the role of regional and sub-regional organizations, including the African Union and ASEAN (European External Action Service 2020; Ki-moon 2014). Thus, in this area, there is potential for convergence toward more representative governance models. Hybridization, therefore, becomes a key process for understanding current transformations and for building more effective and inclusive global institutions. For the EU, this implies the need to preserve its normative identity while remaining open to alternative perspectives. Recognizing and integrating visions emerging from the BRICS and the broader Global South can enhance not only the legitimacy of global institutions but also their capacity to address complex challenges such as sustainable development, climate change, and multilateral reform. Furthermore, the evolving interaction between the EU and the BRICS suggests that 21st-century governance will not result from the imposition of one model over another, but rather from the co-construction of hybrid frameworks capable of reflecting the diversity of a multiplex world.

Similar dynamics can be observed in the field of climate governance. A prime example is the creation of the New Development Bank (NDB), founded by the BRICS in 2015. Dedicated to financing sustainable development projects, the NDB represents a significant opportunity for the EU to develop partnerships and joint initiatives in the area of climate policy. The NDB incorporates selected Western standards – such as transparency and sustainability metrics – and prioritizes South–South cooperation, local ownership, and non-conditionality, thereby embodying a hybrid institutional logic (New Development Bank 2025). This approach reflects a distinct vision of development and international assistance – one rooted in solidarity and the autonomy of recipient countries. As such, it offers the EU a strategic opportunity to engage with the NDB in support of sustainable development in the Global South.

In this regard, China's initiative through the South–South Climate Cooperation Fund is particularly noteworthy. Launched to provide technical and financial assistance to developing countries, this fund promotes a model based on voluntary technology transfers, tailored support, and principles of solidarity (South–South Climate Cooperation Fund, 2025). While this approach differs from the European Union's Recovery and Resilience Facility (RRF) – an instrument designed to support EU member states in implementing climate and digital transitions through a combination of grants and loans – the two mechanisms represent complementary logics of governance. Should the RRF be extended or made permanent beyond its current 2026 end date, and should it be reoriented specifically toward climate projects and opened to cooperation with external partners, it could become an effective tool for implementing joint initiatives with other green financing instruments, such as the South–South Cooperation Fund. Their pragmatic interaction could foster new opportunities for cooperation in areas such as co-financing, technology transfer, and joint pilot programs. This convergence reflects a shared objective: to foster resilience, reduce environmental vulnerabilities, and promote inclusive development – while also safeguarding prosperity, social cohesion, and democratic values (Recovery and Resilience Facility 2025). In sum, such interaction illustrates the potential of a more flexible, pluralistic, and multi-level approach to environmental governance.

Despite their differing approaches, the EU and BRICS share a fundamental interest in addressing climate change while ensuring economic growth and energy security. A hybrid governance perspective suggests that rather than promoting its own model, the EU could engage constructively with BRICS-led initiatives through pragmatic cooperative mechanisms. Climate governance could thus become a dynamic space for EU–BRICS cooperation. While the EU has traditionally positioned itself as a normative leader in global climate negotiations, BRICS countries – particularly China and India – have promoted alternative governance models grounded in principles such as equity, common but differentiated responsibilities (CBDR), and sustainable development (Hussein 2024).

From a hybrid governance perspective, the interaction between EU and BRICS climate strategies offers an opportunity to foster a more inclusive and pluralistic system of global climate governance. One promising avenue lies in co-financing partnerships and knowledge sharing. This could include increasing high-level meetings, fostering academic collaboration, and launching joint initiatives. For instance, the EU could align elements of its Green Deal funding mechanisms with the BRICS' South–South cooperation efforts, co-financing sustainable infrastructure projects in the Global South. Furthermore, stronger engagement with the NDB could facilitate joint investments in green technologies, circular economies, and climate resilience strategies that align with both EU climate priorities and BRICS development goals. Such engagement could also serve as a strategic step toward strengthening the EU's role in global governance. At a time when the EU's leadership position appears weakened and its influence in international affairs uncertain, building closer ties with countries of the Global South may offer a renewed path forward. This shift would not only diversify the EU's partnerships – especially in light of growing tensions with its traditional ally, the United States – but also position the EU as a more inclusive and responsive actor in addressing today's global challenges.

In this context, multilateral institutions such as the United Nations are under increasing pressure. On the one hand, they remain central spaces of global legitimacy; on the other, they are still perceived by many as embodiments of Western universalism – a vision now widely contested. This tension contributes to the growing fragmentation of global governance while simultaneously opening a window of opportunity to rethink the international normative architecture along more inclusive and pluralistic lines.

## Conclusions

The international order is undergoing transformation. This historical moment could be described as a phase of “interregnum” – a transition toward a new and different order that has yet to fully materialize. In this time of global uncertainty – marked, however, by urgent challenges that demand swift and decisive responses – it would be wise to seek points of convergence.

At the same time, the world has become *de facto* multipolar: there is no longer a single hegemonic center of power, as was the case during the “unipolar moment” (Krauthammer 2002) when the US and its European partners shaped the rules of globalization through the support of Bretton Woods institutions (IMF, World Bank, and WTO).

Therefore, convergence must now be found within a broader and more inclusive context, no longer limited to a select group of countries. The rise of the BRICS exemplifies this transformation. Moreover, the group is expanding to new members through the so-called BRICS Plus strategy, reflecting a different vision – a holistic approach to international issues. As previously mentioned, the BRICS offer an alternative perspective to traditional global governance, including that promoted by the EU. Indeed, the EU advocates for a rules-based global governance model, firmly committed to multilateralism, human rights, environmental sustainability, and the central role of traditional international institutions such as the UN and the IMF. Its vision reflects liberal values and a normative approach to the international order.

The BRICS, for their part, support a more multipolar and inclusive model of global governance – one that better reflects the current balance of power and gives greater voice to the Global South. They criticize the Western-dominated international order and call for reform of global institutions to enhance the representation of emerging economies. At the same time, they promote the principles of sovereignty, non-interference, and diversity of development models (De Bruyn and Keukeleire 2017).

This different vision of global governance has often been interpreted as a direct opposition between a liberal model (the EU) and an illiberal one (the BRICS). However, this dichotomy only obstructs a true understanding of global mechanisms and, more importantly, prevents effective responses to pressing global issues. Therefore, there is a need to build hybrid governance as a means of finding common ground despite differing visions. In essence, it is increasingly necessary to move beyond dichotomies and instead identify shared mechanisms in strategic areas.

The results of the analysis here suggest that, rather than reinforcing rigid liberal norms, the EU could adopt a more flexible and pragmatic approach. Engagement with the governance

models promoted by the BRICS does not necessarily imply compromising core values – it represents an opportunity to contribute to the construction of new institutional pathways.

The EU's ability to strategically adapt to emerging multilateral frameworks will determine the extent of its continued influence in global governance. More broadly, this adaptability could strengthen the EU's resilience in the face of current and future challenges.

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## Chapter 4. Deciphering Contestation of the Liberal International Order

Jing-Syuan Wong

### Introduction

Following the Brexit referendum and the election of Donald Trump in 2016, lamentations over the decline of the Liberal International Order (LIO) became increasingly vocal. With the most recent Russian invasion of Ukraine in 2022, and the gradually closer alignment between the leaders of Russia, China, and North Korea, it is tempting to link the decline of LIO with the rise of alternative models of global governance. In other words, exogenous factors have been spotlighted as obvious reasons behind the contestation of LIO. Less attention, however, has been paid to the endogenous factors of such contestation, pointed out notably by the special forum on *Contestation in a World of Liberal Orders* (2024) led by Goddard et al., and the special issue *Challenges to the Liberal International Order: International Organization at 75* (2021) edited by Lake, Martin, and Risse. Building on these works, this chapter aims to decipher the endogenous factors contributing to and shaping the contestation of the LIO.

The contribution stems from the theoretical assumption that the LIO, like any other order, experiences a constant dialectical process characterised by contestation, reconstruction, and transformation. There has, therefore, never been a single and coherent LIO as such, but contested norms and customary practices fostered by American leadership instead.

In such *dialectical ordering processes* (Hofmann 2024), several principles may be developed by different actors with various visions of the world. According to Zürn (2024) and Hofmann (2024), as none of the principles dominate the others permanently, such dynamic forms are “entangled and simultaneous (re)ordering processes within and across organisations that contest and contradict one another” (Hofmann 2024, 2). In this view, *contestation and dialogue are the norms rather than exception in the ordering processes*. In other words, contestation characterises the ordering processes by actors with various and sometimes competing visions. In such a process, contestation does not necessarily weaken the norms. On the contrary, with rounds of negotiations and repeated practices, the legitimacy of orders can be consolidated because change actually shows that they can stand the test of contestation (Lavenex 2024).

Based therefore on the assumption of dialectical change, this chapter deciphers the four most important aspects of the endogenous contestation of the LIO: I) inherent “liberal” ambiguity; II) the power relations that the LIO is embedded in; III) the input and output legitimacy of the LIO; and IV) the rise of the BRICS+ and the struggle for recognition. The chapter then goes on to analyse the connection between these four aspects of contestation and the question of representation in power relationships.

### 1 Inherent “liberal” ambiguity

According to Lake, Martin, and Risse (2021), the adjective “liberal” is the most controversial subject in LIO. This is largely due to its multiple meanings and interpretations. The principles

and practices characterised as “liberal” contradict one another at times, further exacerbating the term’s ambiguity and contestation.

“At its (philosophical and normative) core, ‘liberal’ connotes a belief in the universal equality of individuals and posits freedom as well as individual and collective self-determination as the highest human aspirations” (Lake, Martin, and Risse 2021: 229). Liberalism has taken on the *political* forms of representative democracy, the rule of law, and the respect for human rights. It also has *economic* subcomponents such as “neoliberalism”, as identified in Susan Strange’s *The Retreat of the State* (1996), and *Embedded Liberalism* (Ruggie 1982), that latter being originally constructed by the Bretton Woods Institutions (Lake, Martin, and Risse 2021). Gradually from the 1970s, trade and rising inflation brought down the Bretton Woods monetary system, leading further to the increased liberalisation of the movement of goods, services, people, and then capital, trends that were the basis for globalisation – the economic expression of *The End of History*, as posited by Francis Fukuyama (1992).

In fact, as Strange had noted, there is an inherent tension between state sovereignty and free capital movement, while Clift and Woll (2013) rightly point out that there exists an intrinsic paradox in state interventions as they pertain to territorial units while the capital flows have become global. Concomitant to the expansion of international capital flows that accelerated after the first oil shock (1973-1974), a paradigm shift began in the 1970s, away from the Keynesianism and welfare policies of the post-World War II era that had characterised the “Fordist” model of standardised production and consumption. In its place, a “Schumpeterian neoliberal framework” (Jessop 1993) began to emerge, based on supply-side policies and the rise of tertiary activities and the knowledge economy. While many of these trends have been common to the advanced capitalist societies, ultimately leading to the inequalities and political polarisations we see today, countries nevertheless chose different paths to restructure their states (Streeck 2003) in the face globalisation and post-industrialisation. In doing so, state-market-society relations were reconfigured, but different national paths did lead to long-term policy legacies (Boyer 2005).

With domestic deregulation, international trade liberalisation and technological advancement, the competition for labour, capital, and goods rose dramatically. Coupled with the aging populations and rising wages, supply chains shifted from national economies to the global networks, pursuing a logic of complementary specialisation (Boyer 2005) and comparative advantage, while specifically exploiting cheap labour and loose labour protection schemes outside the advanced capitalist economies (Rudra 2002) to maximise profits. Broadly speaking, the competitive internationalisation and financialisation of the growth regime gradually became the norm (Boyer 2005), in turn paving the way to growth based on “overstimulation and overconsumption by debt-financing, which ultimately proved unsustainable” (Hemerijck 2013: 338). The accumulated contradictions of this model were then revealed violently by the Global Financial Crisis and Great Recession (2007- 2008).

In parallel, the structural adjustment programs promoted by the International Monetary Fund (IMF) and the World Bank (WB) in the 1980s in developing countries – especially in Latin America and Africa – contributed to a “lost decade” of growth in these continents; while the Asian crisis of 1997 revealed the weaknesses of over-celebrating of liberalisation of trade and especially free capital movement. According to Chang (2002), forcing developing

countries to open their markets and deregulate their economies in the name of efficiency (via a package of policies often referred to as the “Washington Consensus”) only kicked away their development ladder.

Meanwhile in the advanced capitalist economies, neoliberal policies exacerbated socioeconomic inequalities and political grievance, especially as politicians – both conservative and social democrat - abandoned unskilled lower and middle classes. This has led (in part) to right-winged populism and contestation of the LIO, which has been intrinsically associated with the neoliberal agenda and the “retreat” of the state.

## 2 Inherent power relations

One of the most important insights from Lake, Martin, and Risse (2021) is that “*international orders are not neutral* but embody a set of material, ideational, and normative interests congealed into institutions and practices” (p. 247). Non-Western states after independence, for their part, found themselves in a world with orders and institutions already established in their absence. Moreover, they were expected to give up some of their newly gained sovereignty to be part of the world order, more or less backed up by American power. This explains to some degree why they have always seen the LIO as an imperialist construct aiming to safeguard Western interests. Moreover, drawing on Porter (2018), Alaranta (2022) argues that “the American hegemon never shied away from using coercion against those who did not submit to its arrangements, nor did the liberal edifice obstruct the US in its support for all kinds of undemocratic, anti-liberal regimes and leaders whose domestic success it considered vital for the US national strategy” (p. 21).

However, while American leadership was indeed crucial in the establishment of the multilateral framework for dialogue such as the United Nations (UN), all relevant actors have co-constructed the international legal regime. For Lake, Martin, and Risse (2021), “it is a historical myth that the most intrusive and distinctive parts of the LIO have all been introduced by Western democracies, let alone by US hegemony” (p. 233-234). They provide examples of the role of Latin American states in drafting the 1948 Universal Declaration of Human Rights and the “invention” of the term “Responsibility to Protect” by political authorities in sub-Saharan Africa to illustrate this point (ibid.). Similarly, the United Nations Convention on the Law of the Sea (UNCLOS) came into being thanks to the diplomatic efforts of Indonesia, the largest archipelagic state in the world, among others.

Realistically speaking, any attempts aiming to foster the justice and legitimacy of LIO can at best be partial. With the rise – or re-emergence depending on one’s perspectives – of powers like China with their own agendas and concepts of international cooperation, the blatant violations of international laws by Russia and Israel, and the waning of the United States following its military retreats from Afghanistan and Iraq (the latter war also being outside international law), both *traditional* and *new* actors are calling for a new global social contract for different reasons (Dijkstra et al. 2025). For the former, this requires reform, as the LIO is failing to deliver on the aspirations of global peace, stability, and justice. For the latter (the new actors), a renewed global social contract requires reconstruction, given the representative deficiency of international organisations – still dominated by the West. In the words of Türkiye’s President Erdoğan’s, for example, “the world is bigger than five” with

regards to the privileges of veto power enjoyed by the five permanent members of the UN Security Council (UNSC). However, the parties in both groups are highly heterogeneous: among the traditional actors, the United States under President Trump is taking an increasingly nationalist and hostile approach to global institutions, and as we shall see below, while the new actors also have diverging objectives. This makes decision-making increasingly difficult.

### **3 The dilemma of legitimacy: inclusion (input) vs. performance (output)**

Heinkelmann-Wild, Kruck, and Zangl (2024) convincingly illustrate that there is a trade-off between inclusion and (hegemonic) control. They argue that there is an intrinsic trade-off between the lack of legitimacy due to exclusion of actors on the one hand, and the loss of effective control due to the inclusion of numerous and diverse actors, on the other. In both cases, the “performance” of an organisation can be called into question, where performance refers to the institutional capacity to reach a general consensus among members.

The institutional paralysis at the World Trade Organisation (WTO), starting with the Doha Round of trade negotiations since 2001, is a clear example of this dilemma. While its performance could have been expected to increase with the inclusion of major emerging countries such as China (in 2001) as well as Brazil and India (both in 1995), the three have distinct positions given their specific development models. For example, due to China’s exponential capacity of mass-production with economies of scale, it essentially favours free trade, thus diverging from the preferences of the other emerging and developing countries. At the same time, Hopewell (2016) argues that the rise in importance of Brazil, India, and China in the WTO was not only due to their market size, but also to their institutional power in forming coalitions of countries (mainly from the Global South), and sharing the same grievances against the domination of advanced capitalist countries in rulemaking. In particular, realising how these countries legitimise neoliberal orthodoxy in the name of economic efficiency to gain market access in emerging countries, India and Brazil formed a coalition of emerging/developing countries to defend their interests in the Doha Round and beyond.

In contrast to inclusion, the United States has more recently begun unpicking the ILO by withdrawing from key international organisations such as the UN Human Rights Council (Galbraith 2018), the Paris Agreement on climate change mitigation, and UNESCO, while also blocking of the WTO’s disputes settlement process. These too are clear manifestations of contestation. President Trump’s “Liberation Day” tariffs (announced on April 2, 2025) moreover flagrantly violate the principles of multilateral trade arrangements (notably the Most-Favoured Nation principle), thus further undermining, if not totally repudiating, US commitments to the WTO. As a result, the WTO risks being increasingly sidelined in the future developments of international trade, especially as China has been creating its own institutional infrastructure to support international trade and investment, through the Belt and Road Initiative launched in 2013, and its growing involvement with the BRICS+ group of countries.

#### **4 The rise of BRICS+ and the struggle for recognition**

In 2001, Jim O’Neill, then head of global economic research at Goldman Sachs, coined the term “BRIC” to describe the rapid economic development of Brazil, Russia, India, and China in terms of GDP growth rates, GDP per capita, and population size (Stuenkel 2015: 1). With the Global Financial Crisis and Great Recession (2007- 2008) that hit the advanced capitalist economies hard, the continued growth of emerging economies gradually captured the public attention beyond the financial world. In 2010, South Africa joined the BRIC, turning it into BRICS. According to Stuenkel (2015), this “fundamentally altered the nature of the BRICS group and gave it a more global structure” (p. 41).

The expansion of BRICS has gathered pace since, as Egypt, Ethiopia, Iran, and the United Arab Emirates (UAE) joined in 2024, while Indonesia became the tenth member of “BRICS+” in 2025 (BRICS 2025). Yet with enlargement, the dilemma of legitimacy discussed above has become gradually visible. While BRICS+ member states appear to be united by the struggle for recognition in delegitimizing the LIO, they have yet to articulate a clear framework for a new world order (Stuenkel 2015). Furthermore, due to varying levels of development and different sets of interests, BRICS+ countries often have divergent preferences in the architecture of the new global governance, as we already saw above concerning the Doha Round. India’s reservations about de-dollarisation (Ministry of External Affairs, Government of India 2024) stand in sharp contrast to those of Russia and China, for example. For their part, China and Russia have competing objectives, seeking to challenge the LIO on the one hand, yet supporting the United Nations framework, given their privilege of being permanent members of the UNSC.

The rise of BRICS+ and its contestation of the LIO has attracted wide attention. However, their attempts at delegitimizing LIO reflect more of their struggle for recognition than a concrete proposal of a paradigm shift in global governance. As hierarchy is inherent to all social relations, the questions of recognition and representation persist, to which we now turn.

#### **Representation in a power relationship**

Apart from their respective explanatory powers, the four aspects of endogenous contestation of the LIO also relate to one another. Among the four, the question of representation in a hierarchical global social structure conditioned by power appears to be the underlying cause of contestation.

Stemming from the theoretical assumption of this article, contestation is the normal dynamic process of any order. What is unique about the LIO is its claimed and perceived merits on representation, inclusion, and procedural legitimacy. Yet “precisely because it puts such emphasis on politics being based on notions of equality, rights, and rationality, the LIO is seen as hypocritical by those who are discontented with it” (Adler-Nissen and Zarakol 2021: 615). Their resentment is compounded by the dilemma between seeking inclusion and the hegemonic control of the LIO discussed above. The negative perception of LIO in the Global South stems in its sense of exclusion in rulemaking, which appears dominated by Western powers.

Drawing from insights of Lake, Martin, and Risse (2021), “orders are clubs that include as well as exclude” (p. 246), the excluded may join the order in search of symbolic capital, as well as material benefits for fear of being left out. For post-colonial states, after independence, they found themselves in a world with orders already constructed and negotiated in their absence. Moreover, they were expected to give up some of their newly gained sovereignty to be part of the LIO led largely by the US (especially from the 1990s onwards). This representational deficiency then undermined the legitimacy of such an order. Thus, from the beginning, these countries tended to perceive the LIO as an imperialist construct aiming to safeguard Western interests, at times at the expense of others.

The elephant in the room is the historical legacy of power dynamics and status hierarchy inherent in all social relations. With the repeated inconsistencies between discourse and actions associated with LIO, questions of legitimacy and representation become painfully visible, leading to greater tensions among actors. With the stagnation of progress in representation reflecting the dynamic transformation of the distribution of power, the “peripheral” states’ aspirations gradually turned into disappointment and disillusionment. At the same time, with the emergence of groups representing alternative visions of global governance (such as BRICS+), the “core” states feel their previously privileged position threatened and thus resent such transformation. As such, “the LIO is today being challenged from within and without in unprecedented ways” (Lake, Martin, and Risse 2021: 235-236).

The lack of representation in international organisations is both institutional (as in the UNSC) and perceived. “Although resentment toward Western domination is not new, what is novel is that current international challengers have in many ways been major beneficiaries of the LIO” (Adler-Nissen and Zarakol 2021: 624). While UNSC is indeed a historical legacy from WWII and highly hierarchical, other UN institutions and international laws have been co-constructed by states. Beyond the examples provided in Section II above, there are also nuanced ways to transform the functionality of the UN. For example, how a Chinese presidency at the UN Human Rights Council focuses more on socioeconomic rights over civil and political ones. And in doing so, it transforms the scope, conditions, and meaning of the protection of human rights (Larkin 2022). Indeed, power and representation can be defined and operationalised in various ways. Synthesising the above, the LIO is in constant evolution characterised by contestation and the negotiation of power.

## **Conclusion**

This chapter has engaged with the four most prominent endogenous factors contributing to and shaping the contestation of the LIO. It stems from the theoretical assumption that an order is a constant dialectical process, such that contestation is part of the very process of its reconstruction and transformation. In deciphering the contestation of the LIO, the text contributes to the understanding of the “liberal” ambiguity, inherent power relations that the LIO is embedded in, the input and output legitimacy of the LIO, as well as the rise of BRICS+ and the struggle for recognition. It has further analysed the ways in which these aspects are related, by highlighting the dynamic roles of representation and power in the permanent reconstruction of the LIO. Contestation over LIO is thus likely to stay as long as the order exists.

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## Chapter 5.

### Resurrection, reckoning, reasoning and the rise of the EU and India in the new geo-political setting

Shreya Pandey and Dhiraj Mani Pathak

#### Introduction

Realist scholars always cast a pall of gloom whenever they surmise about the past, present and future of international relations. Nothing is supposed to function like clockwork. There is a palpable fear as everyone seeks to ensure their survival in an extremely hostile atmosphere. Neo-liberals, by contrast, take a more sanguine view of what goes on in the international system, yet concur with the realists that the structure of the international system portends hostility and by no means assures that cooperation and coexistence shall rule the roost. The liberals who espouse complex interdependence, in fact, also state that it would be an act of prudence to “realise its limitations” (Nye, 1990, p. 241). The conceptual foundations of neo-realism and neo-liberalism reveal that they incorporate common “assumptions on anarchy, state rationality and institutional roles in easing tensions in the anarchic system” (Alhammedi, 2022; Nye, 1988). Thus, the utility and significance of both theories have been highlighted by scholars in numerous discussions on the subjects of “global security and institutional cooperation” (Hellmann & Wolf, 1993, p. 3).

Present-day scholars of institutional liberalism have transcended the thought of their predecessors who had absolute faith in idealism. They accept that institutions enhance and facilitate cooperation, “but they do not claim that such institutions can by themselves guarantee a qualitative transformation of international relations, from a ‘jungle’ to a ‘zoo’. Powerful states will not be easily constrained” (Jackson & Sørensen, 2013, p. 249). Theoretical pluralism is the order of the day as it enables in-depth examination of “compatible yet distinct causal mechanisms from major paradigms” which explain international affairs in a more holistic manner than any other single theory (Sil & Katzenstein, 2010, p. 48).

The EU and India established diplomatic relations way back in 1963 and have exhibited a very high degree of willingness to cooperate on various fronts throughout the different phases of the partnership, barring a few episodes of rancour, which have been resolved amicably. This is indeed a very critical moment in history, increasingly dominated by Sino-American rivalry, where a rethink and recalibration of EU-India relations in all possible metrics is necessitated in order to continue being relevant in the global international economic and political universe. This paper therefore seeks to examine the various fronts on which the EU-India partnership can be significantly enhanced by means of greater involvement and precise interventions with special reference to the on-going EU-India Free Trade Agreement (FTA) negotiations, which shall prove to be mutually beneficial for both partners and lead to the creation of a sturdy EU-India partnership.

## **Current EU-India trade volumes**

The EU–India relationship decidedly prioritises the economic dimension. Merchandise and services together form a dense, mutually reinforcing trade and investment link. In 2023, the EU–India goods trade stood at about €124 billion, while trade in services reached €59.7 billion, producing a combined bilateral total of roughly €183.7 billion — a recovery that follows the pandemic dip and underscores how services have become a decisive growth vector (European Commission, 2025).

A surge in trade in services has been fast-paced, especially in the period 2020-2023 when service flows nearly doubled (from about €30.4 billion to €59.7 billion), driven largely by digital, IT and business-services exports from India and rising European demand for knowledge-intensive inputs (European Commission, 2025). Scholarly analysis finds that the prospective EU–India FTA is therefore a services-centred bargain — modest tariff gains on goods are likely to be eclipsed by regulatory and market-access gains in finance, telecoms and professional services (Nordås, 2023), while country-level studies emphasise both opportunity and adjustment costs for incumbents on each side (Dash, 2024).

Investment ties deepen the story. EU firms hold a substantial FDI stock in India (around €140.1 billion in 2023), signalling that trade is embedded in production networks, services delivery and long-term commercial presence rather than one-off shipments (European Commission, 2025). Taken together, these patterns explain why negotiators stress a comprehensive pact — one that locks in rules for digital trade, mutual recognition of qualifications and regulatory cooperation so that bilateral trade evolves from episodic peaks into predictable and durable integration.

## **Meeting mid-way for the resolution of contentious issues**

The European Union has called on India to completely do away with the imposition of tariffs on car imports to seal the trade deal, which has not seen the light of day for years. India has conceded considerable ground, unlike its previous stance on such issues. India, which imposes a tariff of over 100%, has agreed to initiate a gradual decline in the tariff to 10%. The EU's aggressive bargaining with India has come to the fore in the light of US demands upon India to eliminate import duties on cars, including electric vehicles. The European beneficiaries of this significant step would include Volkswagen, Mercedes-Benz and BMW, much to the chagrin of Indian automobile manufacturers who are pushing for retaining at least a 30% tariff and a freeze on tariff reductions on electric vehicles for the next four years, as Tata Motors and Mahindra & Mahindra claim that they want to reap the benefits in this sector where they have put in massive investments (Times of India, TOI Business Desk, 2025).

A lot of issues still need to be resolved in order to lay to rest all the bickering that accompanies every round of negotiations for finalising the EU-India FTA. Steel, aluminium and cement making their way from India to the EU will be slapped with tariffs of 20–35% under the Carbon Border Adjustment Mechanism (CBAM), despite the EU-India FTA. The EU is also known to impose restrictions on remote online service delivery, which defeats the

very purpose of digital trade, as Indian companies are compelled to bear extra costs and comply with additional legal rules, unlike entities from Japan and South Korea.

India is being forced to comply with GDPR despite having enacted its own Digital Personal Data Protection Act, 2023. India has also put forth the demand for easier business visas as well as recognition of professional qualifications through Mutual Recognition Agreements (MRAs) for its professionals, while the EU has demanded access to India's banking, legal, accountancy, auditing and financial services sectors. The EU is also demanding that India open up its government procurement market, although the former's own procurement market denies access to non-EU firms. India wishes to adhere to the Model Bilateral Investment Treaty (BIT) it has drafted, while the EU wants to expand the concessions above and beyond those mentioned in the framework. The EU is also insisting that India observe provisions going much further than the WTO's Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement.

Moreover, the EU wants a safe and unhindered passage for products like Champagne, Roquefort cheese and Prosciutto di Parma, which should be given immediate Geographical Indications protection in India without undergoing the established procedure of standard verification — unlike Basmati rice, Darjeeling tea and Alphonso mangoes, which are expected to go through mandatory checks in the EU (The Economic Times, 2025).

The normative power of the EU's regulatory framework is indeed an integral part of the EU's institutional identity and foreign policy orientation. However, this normative ambition frequently encounters resistance from partner countries such as India, which do not necessarily share the EU's interest-led motivations or embrace its multilateral norm-diffusion strategies through trade agreements (Orbie & Khorana, 2015). Although the EU and India are democracies and espouse ostensibly similar values, their bilateral relations have historically remained "high on rhetoric and low on substance" (as extensively documented by the European Union Council on India Cooperation White Paper, 2023, and reinforced by recent policy analyses), with persistent divergences in regulatory frameworks, intellectual property protection regimes, and sustainability standards continuing to impede deeper economic integration (European Commission, 2024; Bruegel, 2025). These structural constraints reflect not merely technical incompatibilities but fundamental differences in how each actor conceptualises sovereignty, development priorities, and the legitimacy of externally imposed regulatory standards, particularly evident in negotiations surrounding trade barriers, tariff structures, government procurement, and climate-related mechanisms such as the Carbon Border Adjustment Mechanism (European Commission & High Representative, 2025).

The EU needs to realise that the West alone should under no circumstances assume itself to be the sole custodian of liberal values, as there are "some powerful, homegrown, and even ancient traditions of liberalism in the Global South". Countries like India "reclaim" and "amplify" their own discourse on liberalism as witnessed during events such as the Voice of the Global South Summit held a couple of years ago (Kurzdorfer & Narliker, 2023). EU officials are of the view that India seems to be "EU's most difficult strategic partner" as her approach towards decision-making and negotiations is dictated by the concept of strategic autonomy which "makes India unwilling to yield and adapt its positions where compromise may still be possible" (Naukowe, Artykuly & Jaskolska, 2024). Differences in worldviews and normative

orientation make it difficult to adhere to pragmatism. Nevertheless, whatever tangible potential for cooperation exists must be addressed within these parameters in order to achieve a deeper partnership (Cacicedo, 2024).

### **The adoption of a pragmatic approach**

Prime Minister Narendra Modi and the European Commission President Ursula von der Leyen committed themselves during a summit held in India on 27-28 February 2025 to finally conclude the long-drawn negotiations for the EU-India FTA, which began way back in 2007 (Ministry of External Affairs, 2025). In fact, the negotiations have taken centre stage on account of the unprecedented, wayward and impulsive actions taken by the United States under the stewardship of Donald Trump (Da Lage, 2025).

Buoyed by the finalisation of the UK-India Free Trade Agreement, India wants to cash in and repeat this successful drill with the European Union (Jagota, 2025). In the light of these developments, the eleventh round of EU-India FTA talks took place in May 2025. Several chapters were successfully closed and the talks were geared towards better market access and strengthening diverse supply chains in both regions. The Union Minister of Commerce and Industry, Piyush Goyal, hailed the latest EU-India FTA negotiations as “highly productive” and said it helped reshape the strategic direction of the India-EU relationship (Ministry of External Affairs, 2025).

The Indian Commerce and Industry Ministry has decided to fast-track the EU-India FTA talks and hold them on a monthly basis (Mishra, 2025). India is perceived to be, perhaps rightly so, extremely protectionist when it comes to negotiating a trade deal. Yet the change in the Indian approach seems more than palpable as it endeavours to “expand its global economic footprint” via implementation of its 2023 Foreign Trade Policy (Bomassi & Nixon, 2025).

Talks between the EU and India resumed only in 2022 after a long gap of eight years due to a deadlock over market access in 2013. However, taking into account the tough road ahead, the eleventh round of EU-India FTA talks has been concluded, wherein the EU has sought significant tariff reductions. India is expecting that its export competitiveness to the EU is most likely to increase following finalisation of the EU-India FTA (Times of India, TOI Business Desk, 2025).

A total of 23 policy areas is being covered as part of the EU-India FTA negotiations, and a phased strategy has been adopted in line with India’s previous trade pacts with Australia and ongoing discussions with the United States. Speaking on the utility of this strategy, Commerce Secretary Sunil Barthwal stated: “If some of the issues which may not be very core to the trade, maybe taking some more time, then it is better to focus on core trade issues. So, we say that first things first... We are also discussing with the EU what can be the early harvest of the first tranche, where we can do faster” (Business Standard, 2025). The fourteenth round of negotiations on the EU-India FTA took place in the first week of November 2025 wherein “key outstanding issues were reviewed for positive resolution” and it was resolved to expedite and hasten the endeavour towards arriving at “a balance trade agreement” by the end of this year (Financial Express, 2025).

The EU-India relations are clearly at a juncture that exhibits urgency on the part of both sides to tie the loose ends owing to the changing global economic and geopolitical landscape.

### **The way forward**

It is indeed an established fact that the EU and India are “unions of diversity” and share common values like democracy, rule of law, and human rights (Seconded European Standardisation Expert in India, 2025). The EU motto of “United in Diversity” represents “the legal and political balancing act between the uniform application of EU law and respect for member states’ peculiarities” (Thym, 2025), which leads to convergence of cultural values across the EU (2019), leading in turn to “unity and multicultural coexistence” (Basaraba, 2023). Unity in Diversity in India refers to “unity without uniformity” and “diversity without fragmentation” (Singh, 2015, pp. 62–84). The recent methods adopted to study and comprehend diversity in India include the application of “measurable indices (e.g., religious, linguistic, caste diversity) to track inclusion and development disparities and highlighting diversity management” (Biswas, 2022). The EU and India thus share some similar foundations which have been built “upon recognition and institutional management of immense internal diversity, reflected in their federal structures, constitutional protection of minority rights, and democratic accommodation of difference” (Dan & Maxim, 2016). Therefore, there is no rhyme or reason whatsoever for the relationship not to blossom and bloom.

The mid-year report on the *World Economic Situation and Prospects (WESP) 2025*, released by the United Nations, states in no uncertain terms that the Indian economy stands out when compared to other global players and will see a growth of 6.3% in the current fiscal year despite the dark clouds looming over the world economy (Business Today Desk, 2025). Thus, an alliance of the EU and India is certainly well-matched. The partnership holds a lot of promise if both sides focus on learning from each other and manoeuvring their mutual equation for accruing gains both separately and jointly.

It is also common knowledge that the economic angle is the real force driving the EU-India partnership (Vanleeuw, 2025). The EU and India can certainly nurture their relationship in all other global fora, despite the fact that the impetus of the relationship is provided by the economic dimension. Both the EU and India find themselves surrounded by hostility and war-like situations. The European Commission President is known to have stated, in the context of the Russia–Ukraine war, that she shall seek help from the Indian Prime Minister Narendra Modi as she intends to intensify the campaign for enforcing sanctions on Russia (Sen & Srivastava, 2025).

India, however, is restrained in its views and actions because Russia is one of the most reliable, largest and key suppliers of crude oil and weapons to India. Besides, India claims that it gives credence only to sanctions imposed by the United Nations. However, the External Affairs Minister did say that India’s trade with Russia stands at around USD 12–13 billion, which “is at a very small level in comparison to European countries” (Asian News International, 2022).

India hosted the G20 Summit in 2023 and accomplished the insurmountable task of coming up with the *G20 New Delhi Leaders' Declaration*, which was agreed upon unanimously by all the protagonists of the Russia–Ukraine conflict, including the United States, the EU and Russia. They resolved that “all states must refrain from the threat or use of force to seek territorial acquisition against the territorial integrity and sovereignty or political independence of any state” (Ministry of External Affairs, 2023, G20 New Delhi Leaders' Declaration, S. 3.2).

In a statement by the High Representative on behalf of the European Union on 8 May 2025, it was declared that the EU and its member states “unequivocally condemn the heinous terrorist attack in Pahalgam, Jammu and Kashmir on 22 April [2025] and the murder of innocent civilians. Terrorism can never be justified... every state has the duty and the right lawfully to protect its citizens from acts of terror” (European Council, 2025, May 8, Official Statement). Thus, the EU condoned the Indian response to terrorism unleashed by Pakistan. It is important that the “strategic” element of the partnership is activated and that the two sides adhere to fine balancing and avoid unnecessary conflict and hostility.

Strategic Partnerships “do not demand commitments to a partner’s disputes with other countries, and grant both partners the flexibility to continue political engagement and economic cooperation with their adversary” (Chaulia, 2024, p.135).

Furthermore, the EU looks upon India as a conduit for cultivating better relations with the Global South as well as with the Indo-Pacific, the Middle East and Africa, by means of counter-balancing a largely dominant and overpowering China (Panda, 2025). Ursula von der Leyen is known to have stated during her visit to India in February 2025 that: “This world is fraught with danger. But I believe this modern version of great-power competition is an opportunity for Europe and India to reimagine their partnership” (Le Corre, 2025, April 1).

## **Conclusions**

Cooperation does exist between the EU and India. However, a significant upgrade in bilateral and multilateral engagement could be to the advantage of both, in a world increasingly dominated by the Sino-American rivalry. The EU and India should seize this opportunity and occupy the void created by the withdrawal of the active engagement of the United States on many fronts. Research and development in defence is another area where the EU and India should do their best to excel.

India and the EU’s interests and priorities are aligned despite the absence of geographical proximity. The Indo-Pacific is the new arena where the involvement of all significant international actors can be witnessed. Working in unison will not only be mutually beneficial, but it will also enable the EU and India to gain greater recognition as weighty, responsible and formidable stakeholders in the region.

It is high time that the “clean image” of the EU and India—derived from their normative foundations of European liberal democracy and India's non-aligned, Gandhian principles—is sought to be transformed into a “proactive” image in the international arena. Both realise

that they have to be "vocal" and "visible" to remain relevant, as "non-involvement" and "neutrality" are no longer accorded an exalted status.

The EU and India could aim to set up effective mechanisms for problem-solving and for the purpose of setting and achieving mutually beneficial milestones and goals. They must utilise their creativity and innovativeness to accelerate each other's progress in all possible domains.

An alliance between like-minded partners situated on different continents can be utilised in myriad ways in the unpredictable world order of today. However, while India and the EU share certain concerns in the present geopolitical outlook, the lack of proximity and hard economic differences make moving forward difficult – for good reasons.

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## **Part 2: Economic Challenges and Opportunities in a Turbulent World**

## Chapter 6.

### The EU's Open Strategic Autonomy and the challenge of competitiveness in the era of geo-politicized interdependence

Eugenia Baroncelli

#### Introduction

A long-time champion of economic openness, the European Union (EU or Union) has adapted to an increasingly geopoliticized world, reorienting its support for multilateral liberalization towards greater self-reliance. Drawing on the old notion of “strategic autonomy,” which has re-emerged in the debate on EU security since 2013, the EU's Open Strategic Autonomy policy concept (OSA) has guided the redefinition of the EU's trade policy in the 2020s (Commission 2021), embodying Brussels's middle-of-the-road approach to achieving economic security and fostering technological sovereignty. OSA reasserts Brussels' past commitments to multilateralism, qualifying them in the new global context. Filtered through internal dynamics, it regroups EU and Member States' responses to external challenges from the international system.

This chapter examines the redefinition operated by the EU through the OSA policy concept, and its enhancement via the competitiveness discourse. While the EU “pendulum” has now oscillated towards autonomy, and away from openness, Brussels has in truth embarked on a path of “reluctant geopoliticization” (Herranz-Surallés et al. 2024). Except for select measures, the chapter argues, OSA mercantilism remains primarily reactive and defensive, with the Union's calls to competitiveness serving as a rhetorical bridge to cement the consensus between its liberalizing and autonomist “souls”. Second, the chapter contends that the timing and shape of this change has been premised on the convergence of three main components: a Franco-German consensus (1); a compromise between the European Commission's Directorate Generals (DGs) most pro-autonomy (DG GROW, DG CNECT, DG DIGIT) and the most hands-off, market-oriented DGs (DG TRADE, DG COMP, DG ECFIN) (2); and widespread support from citizens and the private sector (3). The chapter concludes by examining the potential of the “OSA-cum-Competitiveness EU model” to navigate the challenges of geopoliticized interdependence.

#### **Rebalancing openness through strategic autonomy: the EU's approach to defensive mercantilism**

Early on, OSA substantiated Brussels' defensive reaction to global, geopoliticized protectionism, particularly against allegedly unfair Chinese competition. Since 2018, new OSA tools have been introduced to catch up with “Trump I” measures and to mitigate the impact of the US-China trade war. During Covid-19 in 2020, and since the 2022 Ukraine War, OSA instruments have become *the* EU response to critical shortages. More recently, since the 2023 Gaza War and the 2025 “Trump II” trade shocks, OSA has been upgraded as the EU's main strategy to ensure economic sovereignty vis-à-vis both friends and foes.

As the EU's "adaptive response to a changing external power and ideological environment," OSA also features "a panoply of policy instruments" not always compatible with WTO norms and regulations (Baroncelli and Ülgen 2024). Its origins are due to two opposing tendencies, that have co-existed in EU institutions: a neo-mercantilist protectionist soul, mostly endorsed by DG Internal Market (GROW) and by the EU Council, broadly, on the one hand, and a neo-liberal free-market soul, championed by DG Trade together with a consistent portion of the European Commission (EC), on the other (Gehrke 2022; Schmitz and Seidl 2023). The result is a peculiar mix of "postliberal welfare," in response to calls for renewed embeddedness (i.e. state and EU regulation of markets), an EU tech-green industrial policy course, and a "strategic yet mainly defensive mercantilist approach to trade policy" (Baroncelli and Ülgen 2024).

OSA measures can be regrouped under two main rubrics: i) "new tools" supporting EU entrepreneurs in high-tech (EU Chips Act) and clean tech (CBAM – Carbon Border Adjustment Measure, CRMA – Critical Raw Materials Act, and NZIA – Net-Zero Industry Act), and ii) more "traditional" trade and industrial policy tools (the EU FDI-Screening Mechanism, FDI-SM, the New Export Control Regime, Foreign Subsidies Regulation or FSR, the Single Market Emergency Instrument -SMEI, and the Anti-Coercion Instrument (ACI) with its associated Enforcement Regulation). Based on original research and recent literature on specific instruments (Baroncelli and Ülgen 2024), a typology of these OSA measures is given here, with two main dimensions: i) their innovative potential, relative to similar tools adopted by other countries; and ii) their defensive vs offensive propensity, relative to existing trade policy standards.

Albeit criticized by the BRICS as EU green protectionism, the CBAM has given Brussels world primacy in the adoption of a "polluter import fee" vis-à-vis both China and the US. An innovative "carbon border tax," CBAM mandates carbon emissions notifications by exporters to the EU in 6 carbon-intensive sectors, leveling the playing field for EU producers. To date, Brussels' leadership through CBAM has stimulated competitive approximation (by China), gradual adjustment (by the US, pre-Trump II), and several diplomatic openings towards joint schemes (Canada, UK, Türkiye).

Through selectively protectionist measures in trade and targeted investment for 17 critical raw materials (minimum targets for domestic extraction, processing and recycling), the CRMA appears by contrast to be a reactive EU move, to reduce dependency from China's dominant position as a rare-earths supplier, and regain centrality in the design and fabrication segments vis-à-vis the US. Aiming to produce domestically at least 40% of the technology to reach carbon neutrality or "net-zero CO2 emissions" by 2030, the NZIA is also essentially a response to the pre-existing "green" US IRA (Inflation Reduction Act) components, and the established Chinese primacy in select clean tech segments. Followership is reflected also in the EU Chips Act, a digital tool with significant implications for decarbonization efforts, which aims to double the EU's share in global semiconductor markets by 2030. In truth, however, the Chips Act replicates a reshoring akin to that pursued by the US Chips and Science Act (under the Trump I & II, and Biden Administrations). The EU Chips Act is substantially smaller in size (€43bn) compared to its foreign counterparts (\$52bn without private funds envisaged by the US, the \$150bn forecast by China until 2025, or the \$450bn budgeted by South Korea from private funds until 2030, Baroncelli and Ülgen 2024).

The remaining OSA trade and industrial policy tools have a mostly defensive nature, with the potential exception of the ACI-cum-Enforcement Mechanism. Through its ambitious FDI-SM, Brussels has Europeanized the governance of FDI inflows, screening investments infringing national security and public order. While innovative, and potentially offensive on some counts (Bauerle Danzman and Meunier 2024), the FDI-SM originated from the EU's will to reduce technology leakages from rising Chinese FDI, yet blocked only 3% of screened investments in 2022. In addition, fragmentation patterns have emerged between technologically advanced states (such as France, Germany and Italy) eager to reduce Chinese high tech FDI, and laggards (such as Greece, Cyprus and Portugal) benefitting from Chinese FDI inflows in mature sectors. The New Export Control Regime is similarly defensive, and has enhanced restriction on EU exports incorporating dual-use technologies aimed primarily at China and Russia. A necessary coordination mechanism on export controls in the critical area of semi-conductors, the Regime follows similar US pre-existing restrictions, and is essentially a catch-up response. Proudly labeled as a "state of emergency regulation for the 21<sup>st</sup> century" (Eller in Allenbach-Ammann 2022), the SMEI is a supply chain crisis management mechanism replicating similar domestic regulations (with the US Defense Production Act of 1950 as its main template). Mandatory stockpiling are also envisaged to deal with critical shortages/severe disruptions, and extended powers have been attributed to the Commission, with the Council deciding criticality levels using qualified majority voting (QMV). The SMEI is less ambitious than similar tools elsewhere, and its effectiveness has been questioned on grounds of high bureaucratic costs and lack of Commission's expertise. The FSR in turn externalizes the EU *acquis* on state aid, extending the application of EU regulations on public subsidies to foreign entities directly or indirectly financing foreign companies operating in the EU and with EU firms, above specific turnover levels. A reactive move against distortionary subsidies from non-market economies, the FSR is in essence a competition policy tool addressed to foreign counterparts. While far-reaching, it is defensive in nature and has responded mainly to the US' IRA. Critics have noted the burdensome reporting required by EU firms, casting doubt on the Commission's expertise to review notifications.

Finally, defined by some as the EU "secret weapon" or "big bazooka" (Dyos 2025), the ACI-cum-EU Revised Trade Enforcement Regulation is a defensive tool, at the intersection between trade and security policy. It allows counter-measures by the EU in case of non-compliance by an alleged third-party infringer, pending a pro-EU adjudication by the WTO Appellate Body, yet it includes services and intellectual property rights (IPRs), that are currently not covered under WTO regulations. Infringement occurs under "economic coercion," unilaterally defined by the Commission as "[a] situation where a third party attempts to pressure the EU or a MS into making a particular choice by applying or threatening to apply measures affecting trade or investment" interfering with the legitimate sovereign choices of the EU or a MS (EC 2024). Originally a reactive tool, ACI should protect Member States from future coercion, particularly following China's economic targeting of Lithuania, when it welcomed the opening of a Taiwanese diplomatic mission in 2021. Relative to EU-US relations, the ACI is an insurance mechanism against the US' excessive reliance on Sec.301 of 1974 US Trade Act (Trump I) and the shift to national security concerns under 1977 IEEPA (Trump II). Following the surge in the stop-go cycles of punitive tariffs threatened by Trump II in 2025, the EU has referred to ACI as a potential response tool (Politico 2025). As

for any deterrence instrument, ACI's effect is greatest when it is not used, entailing an escalation risk in case of pre-emptive or even preventive use under minimally frictional scenarios (Baroncelli and Ülgen 2024; Olsen and Schmuker 2024). The ACI has never been used to date, and rests on complex multi-stage procedures that require close coordination between the Commission and the Council, and last resort "dialogue" between the Commission and the party in question.

Overall OSA features a set of mercantilist yet mostly defensive tools, with the potential exception of ACI, if used to respond to minor frictions and in areas outside the WTO purview. Similarly, in green-high tech sectors, OSA indicates EU followership and catching up with other players, with the notable exception of the CBAM, which signaled potential innovative leadership by the EU, to advance an original and substantially progressive approach to greening trade and investment.

### **Competitiveness, industrial policy and trade protection**

For some, the "open" qualifier in OSA most owes to the (liberal portions of the) Commission (Juncos and Vanhoonacker 2024). However, since the advent of the Second Von Der Leyen Commission, the 2025 Competitiveness Compass and Clean Industrial Deal have further qualified OSA, combining its defensive mercantilism with a more assertive industrial policy approach.

While the Commission has always been a vocal supporter of EU competitiveness, historically the EU's industrial policy has been subordinated to the EU's competition policy. The former falls in the remit of Council and Parliament mandates, and is regulated through EU and MS shared competence, with decisions taken through the co-decision procedure. The latter is based on exclusive EU competence and allows a greater margin of maneuver by the Commission over MS. Past EEC industrial policy responses to the 1980s neo-protectionist wave, and up until the mid-2010s, this subordination resulted largely in the EU's preference for guaranteeing a level playing field (competition) among different national systems within the EU, instead of a more interventionist approach in support of EU (industrial) champions.

The global economic crisis of 2008, followed by the Eurozone crisis in 2011, however, prompted MS and EU institutions to rethink their responses to increasingly disruptive shocks. The Lisbon Treaty (2009) provided for EU-relevant industrial policy decisions to be taken via the co-decision procedure by the Parliament and the Council. Decisions are now adopted through Council QMV, and Council unanimity has been limited to select issue-areas and circumstances (taxation, state aid ex Article 107(3)(b) TFEU, specific cases of FDI screening and, specifically, strategic autonomy). Subsequently, transnational efforts by the Friends of Industry (FoI) group have advocated the need for the Union to "put industry at the heart of European decision-making": the "China shock" (Autor et al 2013), Brexit (2016) and the unprecedented U-turn of the US during the first mandate of President Donald Trump put further pressure to redefine the EU trade and industrial policy approaches.

The emergence of a Franco-German consensus has been crucial in this process. While France has traditionally leaned towards autonomy and sovereignty, favoring internal (national, EU) support to growth and competitiveness, Germany has mostly championed openness and

integration in world markets to enhance the competitiveness of domestic and EU industries. Overall, the game changer in this process has been Germany, which shifted towards tighter integration of the EU industrial policy when a row of Chinese acquisitions culminated in the takeover of Kuka, a major German robotics company in 2016 (Germann 2022, 3). Between 2016 and 2018, the major employer federations (BDI in Germany and MEDEF in France) aligned with French and German policymakers, backed moreover by public opinions (Di Carlo and Schmitz 2023, 2076-2077). Since January 2025, the second Trump administration has inaugurated a never-before-seen series of stop-and-go cycles of threatened political realignments, protectionism and escape routes through collusion offers. Coupled with existing and new geopolitical crises (wars in the Middle East, protracted war in Ukraine), these uncertainties have contributed to the emergence of an EU-wide consensus over pursuing more assertive trade and industrial policies, under the banner of competitiveness, with drastic simplification, targeted support to innovative EU partnerships and protection from unfair foreign competition at their cores, as indicated in the Draghi Report of 2024, the Competitiveness Compass (2025), and the Clean Industrial Deal (2025).

### **From the Green Deal to the Competitiveness Compass: the return of economic security**

While often chosen to brand European industrial policy endeavors, the notion of competitiveness has featured prominently in the development community during the 2000s, reorienting the discourse about stimulating domestic productivity to facilitate the integration of emerging countries in world markets. Tributary to 500-plus years of history (Reinert 1995), (EU) competitiveness is at the crossroads of domestic (industrial) policy and foreign (trade) policy, and has been employed alternatively as a synonym for growth-productivity and/or as an equivalent of trade performance (revealed comparative advantage, market shares, Hughes 1993, 1). According to the OECD, a competitive system should be able to meet the test of foreign competition and improve domestic welfare at the same time: i.e. sell domestic products and services at a profit “under open market conditions” while also “maintaining and expanding [national] real income” (OECD 1992, 237; quoted in Reinert 1995, 25).

Compared to previous EU initiatives, the recent EU revamping of competitiveness seeks alternative paths to support internal productivity, while adapting to unprecedented levels of interdependence that are also weaponized along geopolitical divides. Such a mix puts multiple responsibilities on the EU and its MS. Outright openness is questioned, but market integration cannot be reversed altogether, if not at a very high cost for private and public agents. The resilience of EU citizens has also been tested severely since the 2008 crisis, with notable impacts on domestic political stability, and a shift away from centrist parties, in favor of extremism and Euroscepticism. OSA supply-side measures must now be balanced by EU support to concerned workers and consumers (far more numerous now compared to 2010s green-conscious voters and 'globalization losers'), to ensure cohesion through redistribution to disadvantaged groups and MS. As Western democracies are facing a political “solvency gap” with their constituencies (Trubowitz and Burgoon 2023), in an era of geopoliticized interdependence, the EU and MS are simultaneously struggling to reconcile the domestic social protection built up during the long postwar boom (1950s-1970s) with a liberal, internationalist foreign policy approach, which now seems both anachronistic and counterproductive.

In the mid-2020s, Brussels trade and industrial responses are prioritizing competitive, rather than cooperative approaches, emphasizing innovative growth, productivity and secure supplies, to strengthen the EU’s internal cohesion vis-à-vis external counterparts. A comparison between the EU Green Deal (2019) and the EU Competitiveness Compass (2025) reveals a major shift in wording and use of concepts.[1] This *prima facie* evidence is based on arguably the “greenest” among the EU recent endeavors, on the one hand, and the most supply-targeted of Brussels’ responses to the 2025 global downturn, on the other hand, so caution and contextualization are advised. The Competitiveness Compass, however, also substantiates Brussels’ most recent attempt at shortening the gap between its domestic and foreign economic policies through the concept of competitiveness, to facilitate the green transition and competitive re-shoring. While in its 2019 blueprint for a green deal the Commission mentioned competitiveness a mere 7 times (in a text of 24 pages), the new Compass includes 118 mentions (in a 27-page text). Innovation (66) and security (46) are the next most referred-to concepts, compared to the 2019 Green Deal. Other semantic areas have experienced a clear resurgence in use, particularly those gravitating around the supply side of the economic cycle (compared to consumption), growth, and simplification (see Table 1).

**Table 1. From Sustainability to Competitiveness: Comparing the Commission’s word choice and frequencies in the EU Green Deal and Competitiveness Compass**

	Competitiveness Compass		Green Deal		Change
	29.01.2025		11.12.2019		2019-2025
	Freq	Freq/p	Freq	Freq/p	Variation
Competitiveness	118	4.4	7	0.3	111
Innovation	66	2.4	27	1.1	39
Security	46	1.7	8	0.3	38
Simplification	37	1.4	3	0.1	34
Critical + name (sector, good, service)	20	0.7	1	0	19
Strategic	57	2.1	42	1.8	15
Growth	37	1.4	15	0.6	22
Supply	23	0.9	8	0.3	15
Products-Production-Productivity	48	1.8	35	1.5	13
Sustainability - sustainable	23	0.9	86	3.6	-63
International	6	0.2	22	0.9	-16
Consumer- consumption	1	0	17	0.7	-16
Development	0	0	18	0.8	-18
Multilateral	1	0	4	0.2	-3

Author’s calculations based on EC (2019) and (2025). Word frequencies (Freq) and frequencies per page (Freq/p) refer to each term and composite signifiers, see Note 1.

References to multilateralism are virtually non-existent in the 2025 Compass, which mentions “multilateral partnerships” once, and includes “cooperation” only with respect to intra-EU deals, while the Green Deal called for “multilateral cooperation” and cooperation with external partners at several junctures. The Compass mentions “development” only with reference to EU-specific projects, and never qualifies it as “sustainable” or puts it in the context of multilateral endeavors. This is revealing: while the EU has been among the most vocal and resilient supporters of the UN Agenda 2030 and SDGs through the adoption of its Green Deal, the tone of the 2025 Compass indicates a clear semantic detour from that previous course. Calls for protection recur in both Commission’s Communications, yet with very different meanings. While the 19 mentions of protection in the Green Deal refer to citizens’ protection and nature conservation, the 14 mentions in the Competitiveness Compass are relative to trade, industrial and labor protection. True, the Compass contains numerous references to workers’ rights and social protection, yet the dimension is primarily social and economic, not environmental.

The 2025 Compass shows that Brussels’ response to the current geopolitical tensions lies mainly in economic fixes, immediately targeted at supply, yet also close to the needs of workers. The notion of sustainability is now being filtered through an EU lens (what is feasible within the Union), as opposed to a global one (an inter-generational compact under the aegis of the UN), and prioritizes socio-economic objectives over environmental concerns.

## **Conclusion**

In the new global context, dense economic ties coexist with market segmentation along geopoliticized lines. As an incremental compromise between the different “souls” of the EU, OSA has been Brussels’ response to this peculiar mix. As argued here, catch-up measures and defensive mercantilism have mostly informed both green-high tech and traditional trade-industrial policy OSA measures. Two notable exceptions stand out – the CBAM and the ACI-cum-Trade Enforcement Mechanism – which reveal the potential for the EU’s incipient leadership in greening trade regulations, and in setting deterrence standards, with potential offensive implications, in the face of economic coercion.

Situated at the intersection between industrial and trade policy, competitiveness features prominently in the new EU economic policy agenda, and serves as a conceptual bridge between both the OSA autonomy-openness balance, and the consumer-supplier divide within Member States’ electorates. Such rebalancing in favor of EU productivity and innovation also includes redistribution, to ensure cohesion among MS and citizens, that have remained at the center of the second von der Leyen Commission’s economic strategy. Multilateralism and global environmental sustainability are the envelopes that stand to lose the most from this new course. While ensuring against both allies and adversaries, the new competitiveness course risks impairing the EU’s potential to become a global leader in green and clean technologies. In light of the “dirty growth” policy course endorsed by the US under the second Trump administration, such missed opportunities appear further disappointing, as China would become the only pole of attraction for emerging market countries in implementing the clean industrial transition. In other words, if the EU’s recipe for competitiveness compresses the green envelope too much for the sake of industrial

productivity, the consequences will reduce the EU's very ability to negotiate meaningful partnerships with countries outside the transatlantic compact.

## Endnotes

1. Additional details on word frequency and collocation text analyses performed for this chapter are not reported here due to space constraints, but are available upon request.

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## Chapter 7.

### Industrial policy in the global climate-trade nexus

Qingxiu Bu

#### Introduction

The convergence of economic, geopolitical, and environmental imperatives has elevated industrial policy as a pivotal instrument for advancing clean energy transitions. Climate change, an existential threat, demands urgent action, with renewable energy technologies serving as the cornerstone for achieving net-zero emissions by mid-century. However, competing national priorities, particularly among the United States (US), China, and the EU, are creating complex trade-offs between fostering domestic industrial growth and ensuring global decarbonisation (Fang, 2025). China's dominance in solar energy, electric vehicles (EVs), and batteries, collectively termed as the "New Three", has significantly lowered the costs of clean technologies, benefiting global markets but raising concerns about overcapacity and market distortions. In response, Western policies such as the US Inflation Reduction Act (IRA 2022) and the EU's Carbon Border Adjustment Mechanism (CBAM) aim to enhance domestic resilience and competitiveness, but risk fragmenting the global trading system through protectionist measures (Rasool, Reinsch and Denamiel, 2024).

This chapter explores how industrial policy can be designed to drive decarbonisation while aligning with international trade rules and climate commitments. It argues that a reformed multilateral framework, integrating climate and trade objectives, is essential to harmonise national strategies, prevent trade wars, and ensure a just and equitable global energy transition. The analysis is structured as follows: it first examines China's role in the climate-trade nexus, then evaluates Western responses through the lens of US and EU policies, assesses the compatibility of these policies with World Trade Organisation (WTO) rules, explores geopolitical and economic dynamics, and concludes with recommendations for a cooperative multilateral approach.

#### China's role in the climate-trade nexus: the "New Three" and global decarbonisation

China's industrial policy, notably through initiatives like "Made in China 2025," has positioned the nation as a global leader in clean energy technologies, particularly in the "New Three." China controls over 80% of global solar panel manufacturing capacity and dominates the processing of critical minerals essential for battery production (Garnaut, 2024). This dominance is underpinned by substantial state subsidies, which accounted for 1.73% of China's GDP in 2019, enabling economies of scale that have significantly reduced the costs of clean technologies (Webster, 2023). For instance, the global price of solar modules has decreased by nearly 80% since 2010, largely due to Chinese production efficiencies (McBride, 2024).

While these advancements have accelerated global decarbonisation by making renewable technologies more affordable, they have also led to overcapacity. Excess production has resulted in low-cost exports, which Western nations, particularly the US and EU, accuse of

distorting markets and undermining domestic industries (Pearson, 2019). China's approach raises a critical question: does its industrial strategy generate positive spillovers for global decarbonisation, or does it exploit gaps in global trade governance to secure economic dominance? The answer lies in balancing the benefits of affordable clean technologies with the need to diversify supply chains to reduce dependency and enhance resilience.

Indeed, China's affordable clean technologies have been instrumental in supporting energy transitions in developing countries, where cost barriers often hinder renewable energy adoption. For instance, low-cost Chinese solar panels have enabled countries in Sub-Saharan Africa to expand off-grid solar systems, improving energy access for millions (Baskaran and Coste, 2024). A similar process has unfolded in the electric vehicle (EV) sector, where Chinese manufacturers have become highly competitive, posing a threat to producers in the US and Europe. In response, both regions have imposed substantial tariffs on Chinese EVs, up to 100% in the United States and up to 38.1% in the European Union, respectively (Kennedy, 2024).

The state-driven nature of China's industrial policy has therefore raised strong concerns about unfair competition, prompting calls in the West for "de-risking" supply chains to reduce reliance on Chinese exports (Lincicome, 2021). Over-reliance on China also poses economic and geopolitical risks, as disruptions in its supply chains could jeopardise global access to critical technologies. Excluding China entirely, nevertheless, would slow the global clean energy transition by increasing costs and limiting access to affordable technologies. A balanced approach is needed, one that leverages China's contributions to decarbonisation while addressing market distortions through international cooperation. This requires transparent trade practices and multilateral agreements that ensure fair competition without sacrificing climate goals.

### **Western responses: the US Inflation Reduction Act (IRA 2022) and the EU's industrial policies**

The US Inflation Reduction Act (enacted by the Biden administration in 2022) represents a landmark industrial policy allocating up to \$1 trillion by 2032 to subsidise domestic clean energy production, including the New Three (Muro, 2023). The IRA includes local content requirements, such as mandating that a significant portion of EV components be sourced domestically, and imposes tariffs, like the duties on Chinese EVs, to protect US industries. While the Trump administration has attempted to undermine key IRA programmes through funding freezes and rollbacks, it has not repealed or legally dismantled the IRA, at least, a full repeal is highly unlikely especially given the IRA's embedded economic and political support base. Courts have begun reinstating paused funding, and, after all, overall repeal would require Congressional approval. These measures under the IRA 2022 aim to foster economic resilience and create domestic jobs but risk violating WTO rules on non-discrimination, potentially inviting trade disputes (Mehling and Ritz, 2023). While the IRA has spurred investments in US clean energy manufacturing, its protectionist elements could increase the cost of decarbonisation by limiting access to affordable imports (Leonelli, 2025). For instance, excluding low-cost Chinese batteries may raise EV prices, slowing consumer adoption. Moreover, the IRA's subsidies could trigger a global subsidy race, as other nations

respond with similar measures, potentially fragmenting clean technology markets and undermining global climate efforts (Clausing and Wolfram, 2023).

The European Union's response to the climate-trade nexus is embodied in its Green Deal Industrial Plan (GDIP) and Net-Zero Industry Act (NZIA), which aim to meet 40% of the EU's net-zero technology needs by 2030 (Leonelli and Clora, 2024). Complementing these efforts, the Carbon Border Adjustment Mechanism (CBAM), introduced in 2023, imposes tariffs on carbon-intensive imports to align trade with the EU's climate goals (Perdana, Vielle, and Oliveira, 2023). By pricing carbon emissions embedded in imports, CBAM seeks to level the playing field for European producers subject to stringent environmental regulations. While innovative, CBAM and NZIA face challenges (WTO, 2025). CBAM's carbon tariffs may violate WTO rules by discriminating against imports from countries with less stringent climate policies, prompting legal scrutiny (GATT Article III:4). The EU's strategy prioritising emissions pricing over protectionist tariffs differs from the US approach, yet it still adds to global trade tensions. Its heavy reliance on subsidies under the Green Deal Industrial Plan (GDIP) risks trade distortions and retaliatory measures from China (Bickenbach and Dohse, 2024).

### **Geopolitical and economic dynamics**

It is prudent for all stakeholders to strike a balance between lawfully protecting their domestic industries and advancing the broader public good of global climate governance. A positive sign is that, rather than pursuing wholesale economic decoupling, policymakers are prioritising supply chain diversification through strategies such as friend-shoring.

#### *1 De-risking and Friend-shoring*

The West's "friend-shoring" strategy seeks to diversify supply chains by relocating production to allied nations, reducing reliance on China (Cha, 2023). Initiatives like the Partnership for Global Infrastructure and Investment (PGII) of the Group of Seven (G7) and the EU's Global Gateway support this shift by financing clean energy projects in partner countries. However, complete decoupling from China is neither feasible nor desirable, given its integral role in global supply chains. For instance, China processes over 90% of the world's lithium and cobalt, critical for EV batteries (Doe and Smith, 2024). Disrupting these supply chains could lead to shortages and price spikes, slowing the global energy transition. A de-risking strategy that prioritises diversified sourcing and greater transparency presents a more balanced alternative. By strengthening supply chain resilience without isolating China, it helps preserve affordability while addressing both economic and geopolitical vulnerabilities. Collaborative mechanisms, such as joint technology development and international standard-setting, can further ease tensions and support sustainable growth.

#### *2 Protectionism vis-à-vis global Cooperation*

The protectionist measures adopted by the US and EU, driven by concerns over China's dominance in clean energy markets, risk undermining global climate goals (Mazzocco, 2024). Tariffs and local content requirements increase the cost of clean technologies, particularly in developing countries where affordability is critical. For example, US tariffs on Chinese solar panels have raised installation costs, slowing renewable energy deployment in emerging

markets (Abrahams, 2025). While China's overcapacity improves affordability, it also distorts global markets and exacerbates trade tensions by leading to the dumping of subsidised goods. A zero-sum approach, exemplified by escalating U.S.-China tariffs, could lead to a "race to the bottom" raising trade barriers as national interests supersede global welfare (Kamin and Kysar, 2023). This dynamic threatens to fragment clean technology markets, delay decarbonisation, and exacerbate geopolitical rivalries.

A cooperative, multilateral approach, prioritising collective agreements over unilateral actions, is crucial to balancing economic resilience with global climate objectives. To this end, limiting trade-distortive measures such as excessive tariffs and restrictive local content requirements is imperative to preserve the affordability and accessibility of clean technologies, especially for developing countries. The WTO urges reviewing and rebalancing such tariffs to make clean technologies more affordable and accessible, thereby advancing the green transition (Sutton, Hill, Moezinia and O'Brien, 2025). Striking this balance will not only promote international cooperation but also accelerate the widespread deployment of sustainable energy solutions worldwide.

## **Toward a multilateral framework: integrating climate and trade policies**

### *1 Challenges to WTO Rules*

Both the EU and US tariffs on electric vehicles (EVs), along with similar surcharges on clean energy imports, have triggered significant trade tensions, even as the WTO continues to advocate for tariff reform and climate-sensitive trade policies. In August 2024, China filed a WTO complaint against the EU's provisional anti-subsidy tariffs on Chinese EVs, arguing that the measures violate WTO rules, pose risks to fairness, and could undermine global climate cooperation (WTO, 2024).

The WTO's Agreement on Subsidies and Countervailing Measures (ASCM) restricts subsidies that cause adverse effects on trade, such as those tied to local content requirements (ASCM Art. 2). Both the IRA's provisions and the EU's subsidies under the GDIP may violate these rules, as evidenced by China's 2023 WTO complaint against the IRA (China, 2024). The ASCM, designed primarily to address economic distortions, lacks provisions explicitly recognizing climate-focused subsidies as legitimate tools for addressing environmental market failures (Shadikhodjaev, 2021). The WTO's General Agreement on Tariffs and Trade (GATT) Article XX provides limited exemptions for measures protecting human, animal, or plant life, but its scope is insufficient to accommodate modern climate policies (Trachtman, 2017). This misalignment between trade rules and climate objectives creates a governance gap that fuels dispute and undermines global cooperation.

### *2 Reform WTO Rules to Support Climate Objectives*

Achieving coherence between trade rules and climate goals requires meaningful reform of the WTO. The ASCM urgently requires modernisation to explicitly accommodate climate-related exemptions. Recognising subsidies aimed at correcting environmental market failures as legitimate policy tools will enhance the WTO's relevance in the context of the global climate agenda. In particular, expanding Article XX to encompass green sourcing

requirements and facilitating tariff reductions on clean technologies will improve affordability and promote broader adoption of sustainable innovations. The targeted revision of GATT Article XX to expressly include climate exceptions would provide a legal basis for measures like carbon border adjustments and environmentally focused subsidies, provided they are implemented in a non-discriminatory and proportionate manner. Meanwhile, expanding carve-outs in the ASCM for subsidies addressing environmental market failures could reduce trade barriers for clean technologies (Leonelli and Clora, 2024). Furthermore, a revitalised Environmental Goods Agreement (EGA), stalled since 2016, would facilitate tariff-free trade in green goods, fostering global access to clean energy technologies (Young and Clough, 2023). Such reforms would require consensus among WTO members, a challenging but necessary step to harmonise trade and climate goals.

Given the dysfunction within the WTO dispute settlement system, it may be more pragmatic to pursue bilateral negotiations among major powers. In this context, China and the EU have deepened their climate cooperation as the US retreats from global leadership. Through joint dialogues, they have focused on equitable access to green technologies, clean energy deployment, and easing trade tensions over EVs. They reaffirmed their commitment to a just energy transition, pledging to expand affordable, high-quality green tech and strengthen energy security through mechanisms such as the EU–China Energy Cooperation Platform (ECECP) and China–EU Energy Investment Platform (CEEI). A potential price undertaking is also under discussion to replace provisional tariffs on Chinese EVs with a minimum-price scheme (Taylor, 2025). This evolving partnership not only fills a climate governance gap but also signals growing EU–China alignment ahead of COP30, despite ongoing EU concerns over reliance on Chinese solar technologies and critical minerals.

### **Facilitating multilateral initiatives**

Incorporating climate provisions within regional trade agreements, such as the Regional Comprehensive Economic Partnership (RCEP) between China, Japan, the Asean countries, Australia and New Zealand) and the African Continental Free Trade Area (AfCFTA), will be instrumental in facilitating technology transfer and mobilising financial resources for decarbonisation in emerging economies. This approach ensures a more just and equitable transition by enabling developing countries to actively participate in the global energy transformation. Harmonising trade and climate policies necessitates the integration of climate-related provisions into major trade agreements, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the RCEP, and the AfCFTA (Kuhlmann and Agutu, 2020). These agreements should reduce tariffs on green goods and align with the Paris Agreement’s nationally determined contributions (NDCs) to ensure coherence between trade and climate commitments (Rajamani, 2024).

In addition, an establishment of a formal dialogue platform between the United Nations Framework Convention on Climate Change (UNFCCC) and the WTO would enhance policy coherence by aligning trade and climate frameworks. The joint forum could facilitate dialogue, ensuring that subsidies and trade policies support global decarbonisation without distorting markets (Pauw, Castro, Pickering and Bhasin, 2019). Such cooperation is essential to promote transparency, fairness, and predictability within the evolving green economy.

China's role as a major supplier of clean technologies makes its participation in such frameworks critical. A UNFCCC-WTO forum should serve as a venue for sustained engagement among major economies and encourage active participation from China in international standards-setting processes. However, China must commit to transparency in its subsidy programs and adhere to sustainability standards to build trust among trading partners. For instance, collaborative initiatives, such as the U.S.-China Science and Technology Agreement (STA), can promote data sharing and joint research, reducing geopolitical frictions and advancing climate innovation (Gilbert and Mallapaty, 2024).

To reconcile global trade governance with climate imperatives and promote sustainable economic development effectively, a comprehensive and multifaceted strategy is essential. Multilateralism offers a more effective path than protectionism for addressing the global climate crisis, enabling coordinated action, equitable technology access, and resilient clean energy supply chains. The WTO's Structured Discussions on Trade and Environmental Sustainability (TESSD), launched in 2020, provides a platform to prioritise climate-focused trade policies (WTO, 2021). The US and EU must lead negotiations for a renewed Environmental Goods Agreement (EGA), incorporating provisions for clean energy technologies and critical minerals. China, as a key stakeholder, should engage as a responsible global partner, aligning its industrial policies with international standards. Regional initiatives, such as the Asia-Pacific Economic Cooperation (APEC) forum, can complement WTO efforts by promoting green trade corridors and technology transfers. Similarly, the G7 and G20 can drive consensus on climate-trade integration, leveraging their economic influence to set global standards. These multilateral efforts must prioritise the needs of developing countries, ensuring equitable access to clean technologies and financing for decarbonization.

## **Conclusion**

Industrial policy is a vital driver of the global clean energy transition but poses challenges to the multilateral trading system. China's dominance in key clean technologies advances decarbonisation yet intensifies trade tensions, while US and EU policies risk fostering protectionism. A reformed WTO that integrates climate and trade objectives is essential to balance economic resilience with global decarbonisation goals. Through cooperative multilateral frameworks grounded in transparency and inclusivity, nations can harness industrial policy to enable a just, equitable, and sustainable transition to net-zero emissions without fracturing global trade.

These approaches carry important implications for policymakers aiming to align trade and climate agendas within a framework of sustainable economic growth. Reforming WTO rules to explicitly recognise climate-related subsidies and permit tariff reductions will provide legal clarity for proactive industrial strategies, reducing trade conflicts. Establishing a UNFCCC-WTO forum could strengthen governance coherence by facilitating dialogue among major economies and mitigating fragmented policy approaches. Furthermore, prioritising de-risking over decoupling is critical to maintaining resilient global supply chains, ensuring stable access to essential clean technologies and avoiding price volatility. Incorporating climate provisions into regional trade agreements will direct technology transfer and financing to developing countries, supporting equitable participation in the energy transition. Simultaneously,

limiting trade-distortive measures, such as excessive tariffs and local content rules, will preserve affordability and accessibility of clean technologies worldwide. Collectively, these measures underscore the urgent need for integrated, multilateral policies that align trade governance with environmental imperatives. Policymakers must collaborate to craft mechanisms that protect domestic economic interests while advancing global sustainability.

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## **Chapter 8.**

### **Reviving trade alliances: the geopolitical and economic significance of the EU-Mercosur Agreement**

**Maria C. Latorre and David Suárez-Cuesta**

#### **Introduction: setting the stage of the EU-Mercosur Agreement**

In today's uncertain international landscape, ensuring good trade relations becomes even more necessary. The European Union (EU) presents itself to the world as a reliable and predictable partner. In this context, the EU-Mercosur Agreement is once again on the table. What is the economic impact of the Agreement? Are there risks for the Spanish and European economies? What do economic estimates dictate in light of environmental concerns and the interests of Europe's farmers?

The EU-Mercosur Agreement has an important strategic and economic potential within the global economy for several reasons. First, current barriers, especially tariffs in the Mercosur countries (Brazil, Argentina, Paraguay, and Uruguay), are so high that their reduction would significantly boost trade relations. Second, the Agreement creates a relationship that goes far beyond tariffs and other trade regulations in a vast region. In this sense, it follows the path of EU agreements that cover many areas beyond trade. Finally, the Agreement provides geopolitical advantages through which the EU can strengthen its political and cultural ties in the region.

In this paper we offer an analysis of a controversial agreement. We delve into the uniqueness of this trade agreement and present its key effects for all signatories, as well as for the global economy. Our ex-ante estimates are primarily based on a Computable General Equilibrium Model (CGE). Our multi-sector, multi-factor and multi-region CGE model of the global economy (Latorre, Yonezawa, and Olekseyuk, 2021) extends previous models (Latorre and Yonezawa, 2018; Latorre, Olekseyuk, and Yonezawa, 2019, 2020). In particular, it extends the work of Balistreri, Hillberry, and Rutherford (2011), which pioneered the incorporation of Melitz's (2003) model into a CGE model. Our model thus incorporates Melitz's (2003) effects on exporters' productivity. We also add the presence of multinational firms operating in monopolistic competition following Krugman (1980), and the environmental effects on the global economy. Furthermore, we explain why other models fail to quantify certain aspects of this agreement, undervaluing its positive effects. Our simulations are derived from the texts negotiated under the agreement, which we have carefully analysed.

The results provide evidence that counter several popular misconceptions, such the view that this is a "cows for cars" agreement, which raises environmental hazards, or that it will lead to a flood of agricultural products from Mercosur, that will be harmful to European farmers.

## **The uniqueness of the EU-Mercosur Agreement**

On 6 December 2024, the European Union (EU) and the four founding members of Mercosur (Argentina, Brazil, Paraguay, and Uruguay) reached a new political agreement. Although the EU already has numerous trade agreements with Latin America, this one stands out for its scale, as the four Mercosur countries constitute the world's fifth-largest economy and account for a population of more than 270 million. As China continues to increase its influence in the region, the EU will be the first major trading partner to formalize an agreement with Mercosur, which neither the US nor China have, granting preferential access to EU countries.

The agreement provides transparency and avoids the opaque import and export licensing procedures that underlie the significant costs and barriers for companies trading with the Mercosur countries. Considering only tariff reductions, the agreement represents a saving of approximately €3.6 billion for European companies, a sum that is four times more than the gains for EU industry under the EU-Japan Free Trade Agreement (JEFTA) and six times more than those obtained from the Comprehensive Economic and Trade Agreement with Canada (CETA) (Ghiotto and Echaide, 2020, p. 22).

## **Evaluating the economic outcomes of the Agreement**

Our model (Latorre, Yonezawa, and Olekseyuk, 2020) extends, as already mentioned, the innovative work of Balistreri, Hillberry, and Rutherford (2011). We also include the presence of multinationals in the service sectors in a climate of monopolistic competition following Krugman (1980). This methodology allows us to offer a wide range of results at both the macro and microeconomic levels, derived within the coherent and robust framework of a single general equilibrium model.

For the modelling we have introduced further extensions by incorporating the presence of unemployment (following previous work by Latorre, Yonezawa, and Zhou, 2018), as well as frictions in labour mobility. Regarding the analysis of environmental sustainability, we offer quantitative results of the impact of the treaty on CO<sub>2</sub> emissions, calculated endogenously, responding to fossil fuel consumption linked to the production of different sectors and to private consumption. To quantify them, we consider the detail offered by the model's input-output framework.

The CGE model disaggregates the global economy for the regions of Spain, the Rest of the EU (EU26), Brazil, Argentina, Paraguay, Uruguay, and the Rest of the World. We model the impact of four important elements of the agreement: 1) tariffs and quotas; 2) non-tariff trade measures; 3) non-tariff measures on foreign direct investment (FDI) in services; and 4) public procurement.

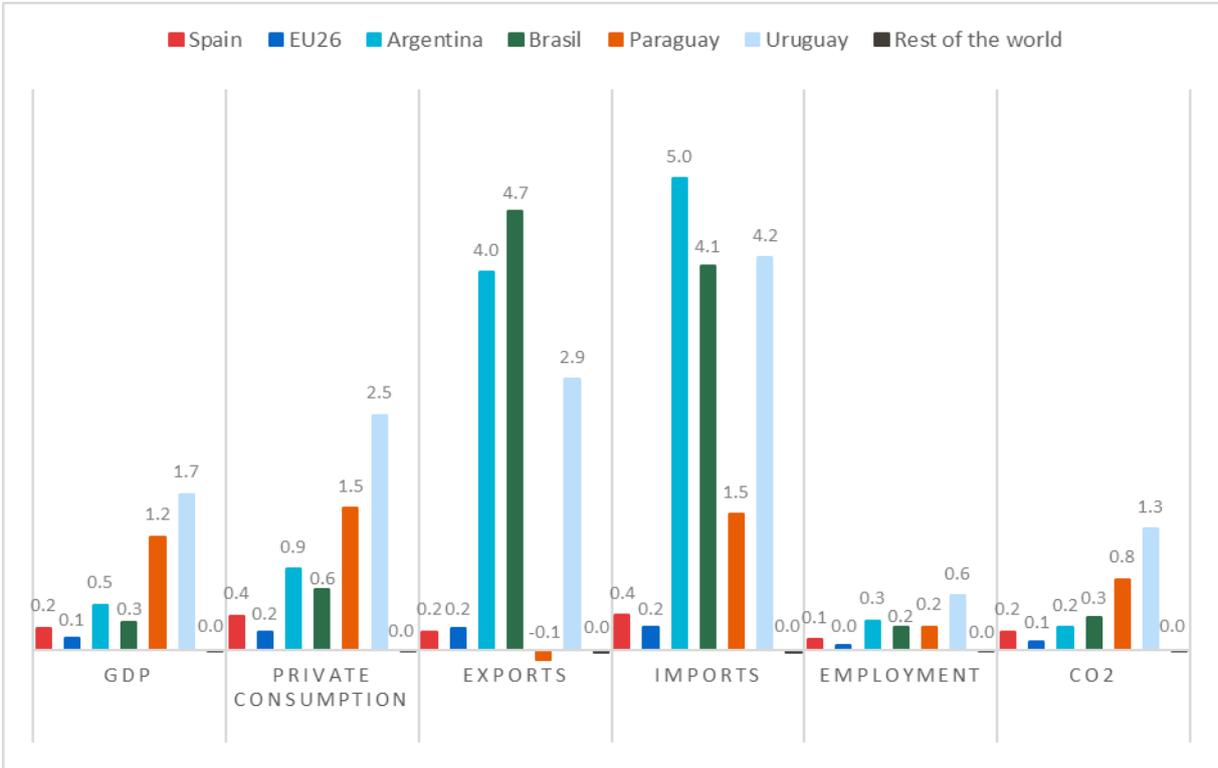
The original goods trade data from the GTAP database (Aguiar et al., 2019) have been replaced by the average trade between Spain and the EU-26 and the four Mercosur countries for the period 2017-2019, based on data from the International Trade Centre (2020a). Furthermore, the Most Favoured Nation tariffs are also based on the latest available year, 2019 (International Trade Centre, 2020b): these tariff rates take into account, among other

aspects, Paraguay's withdrawal from the Generalized Scheme of Preferences. Additionally, our simulations incorporate negotiated quota and tariff reductions as listed in Annex 1 of the Trade in Goods chapter of the Agreement. A total of 9,132 8-digit Combined Nomenclature (CN) codes have been added to 31 goods sectors in our model on the European Union side, while 9,933 8-digit “Nomenclatura Común del Mercosur” (NCM) codes have been converted to the same sectors on the Mercosur side.

The modelling of multinationals focuses on the service sectors because it is in these sectors where the mode of provision of foreign goods via multinationals (Mode 3 of service provision) is especially important. Data on the weight of multinationals in the different sectors come from Eurostat (2019), TISMOS (WTO, 2020), and the *Financial Times* (2020) “fDiMarkets.” Our simulations of openness to the provision of services through exports or FDI, as well as those of public procurement, are based on the chapters and annexes of the negotiated agreement, which reflect, for example, which sectors are liberalized and which are not, and contain indications on the degree of liberalization ambition.

Figure 1 shows the impact of the EU-Mercosur agreement on the main macroeconomic variables in Spain, the rest of the EU (the EU26, i.e. EU27 without Spain), Argentina, Brazil, Paraguay, Uruguay and the rest of the world, once all the components of the agreement that we quantify in this paper have been implemented. Specifically, the variables we present are GDP, private consumption (change in equivalent consumption), aggregate exports and imports, employment and CO<sub>2</sub> emissions.

**Figure 1. Impact of the EU-Mercosur Agreement on Key Macroeconomic Variables by Region/Country at the End of the Implementation Period (% Change from Initial Levels)**



Source: Latorre, Yonezawa y Olekseyuk (2021)

The estimated impact would be that identified for the year 16 (i.e. fifteen years after the agreement comes into force), when the agreed tariff liberalisation process will be completed and the tariff regime for the future will therefore be fixed. Figure 1 shows that the gains for Spain are significant and greater than for the rest of the EU. However, the Mercosur countries should benefit most from the Agreement when compared to the EU as a whole. The increases recorded are produced solely by the forces that the EU-Mercosur agreement would set in motion, *ceteris paribus*. In the real world, the agreement will interact with many other factors, such as the impact of other fiscal, monetary and trade policies, etc., which could push GDP and other variables in the regions towards growth or contraction.

In the long term, the agreement will have a positive impact on the economic well-being of both the EU (and Spain in particular) and the Mercosur countries. This impact is reflected in increases in GDP, private consumption and employment, as well as in trade. All the macroeconomic variables in Figure 1 show an upward trend for the signatories to the agreement.

At the same time, the EU-Mercosur agreement has sparked debate about its potential environmental impact. However, in Mercosur, Spain and EU26, the treaty generates efficiency in terms of CO<sub>2</sub> emissions. In other words, the economic growth driven by the agreement is less CO<sub>2</sub>-intensive than before the agreement.

Climate policies, at least in the EU, are imposing serious obligations that affect production and consumption patterns. In our estimates, we do not analyse the effects of these climate policies. What we have estimated is the initial distribution of CO<sub>2</sub> emissions among different regions and sectors, as well as the regional and sectoral contribution to the emissions generated by the agreement. By year 16, the agreement generates a small increase (0.14%) in CO<sub>2</sub> emissions from the EU-Mercosur region, while the GDP of the EU-Mercosur region increases by 0.17%. The same is true for the global economy, whose GDP increases by 0.03% with the agreement, with emissions increasing by 0.01%.

This is largely due to the fact that, as shown in Figure 1, economic activity should shift from the Rest of the World as a whole to the EU-Mercosur region. As the Rest of the World is much more emissions-intensive than the EU-Mercosur region, there is a slight improvement in the global emissions/GDP ratio for the world. As expected, given its higher GDP, the European part of the agreement contributes most to the emissions resulting from it in the EU-Mercosur region. The combined contributions of Spain and the EU account for 59.92% of the increase in total emissions within the EU-Mercosur region, while Brazil and the rest of the Mercosur countries represent respectively 29.41% and 11.07% of the emissions increase. Most of the extra emissions (50.09%) come from service sectors, particularly electricity and transport, whereas agriculture only represents 3.97% of the growth in emissions generated by the agreement, and manufacturing 14.12%. The remainder of the new emissions (to make up 100%), corresponds to private consumption (31.81%), which is the second most significant source of emissions in Spain and the rest of the EU. Thus, 31.81% of the increase in emissions under the agreement (compared to 2016 levels) is explained by private consumption, mainly due to demand for fossil fuels for cars by citizens of the EU-Mercosur region, as well as for gas used in heating and cooking.

These results should not be overlooked because the alarm about sustainability focuses on agriculture and, in particular, beef. It is true that we have not included other greenhouse gases (like methane from cattle) in our analysis, and these are particularly significant in the agricultural sector. However, our analysis shows that, in terms of CO<sub>2</sub> emissions, the sectors that need to be targeted are mainly transport and electricity, as well as the fuels we use in our cars.

To explore this point further, we have also analysed total EU imports, i.e. combined imports for the EU26 and Spain, in the 16th year of the agreement. Most of Mercosur's contribution to EU imports is concentrated in manufacturing, which represents 59.62% of total imports from Mercosur. This is followed by services (25.42%), which considerably exceed agricultural products (14.96%). The livestock sector in our model is broader than beef, as it includes cattle, sheep, goats and other livestock, as well as their corresponding manufacturing products. This sector would represent around 3.75% of EU imports from Mercosur in year 16.

In 2016, more than half of the EU imports in this sector (67.41%) came from within the EU itself. Mercosur represented 12.66% of total imports in 2016, of which, 4.55% came from Brazil and the highest percentage, 8.12%, from the other members (4.84% from Argentina, 0.36% from Paraguay, and 2.92% from Uruguay, totalling 8.12%). Looking at total exports from the Mercosur region to the EU (still considering Spain and the EU26 together), most exports in the livestock sector represent 6.97% of total exports in Argentina, 1.87% in Brazil, 4.55% in Paraguay and 17.28% in Uruguay. Therefore, we can largely dismiss the risk to the Amazon, given the low level of beef production in Brazil. Furthermore, the type of beef demanded by Europeans comes from other areas of Brazil, and not the Amazon, as it is not beef raised in tropical areas.

Other parts of the food sector dominate total contributions (11.80%) of Mercosur exports to the EU. But these are closely followed by another sector that may come as a surprise, namely business services, which represented 11.43% of total EU imports from Mercosur in 2016. In fact, business services represent a significant share of Mercosur's exports, not only from Brazil (11.80%) and Argentina (11.33%), but also from Paraguay (6.83%) and Uruguay (8.72%): these figures corresponding to the total exports of each Mercosur member to the EU.

The Agreement will favour employment and wages in agricultural sectors such as olive oil, dairy products and wine in the EU. In the latter two, production is also expected to increase. On the other hand, crops such as fruit and sectors such as pork and beef could experience moderate declines in production, with beef being the most affected, with an estimated reduction of 1% in Spain and 1.2% in the rest of the EU.

To protect European livestock farming, the agreement defines a maximum limit for imports of beef and poultry from Mercosur of 1.6% and 1.4% of EU consumption levels. This means that once this limit is reached, any additional imports will remain subject to the current high tariffs and restrictions, thus preventing any significant deviation from the current situation. In addition, the agreement includes mechanisms allowing the EU to temporarily suspend tariff preferences if an increase in imports causes or threatens to cause serious damage to European agricultural producers.

## Conclusions

The EU-Mercosur Agreement has taken on an important role given the current geopolitical instability. In international trade, it is therefore even more important to have reliable allies. In this sense, the EU represents one of the largest markets and one with the greatest regulatory stability worldwide.

Our results show that both regions will benefit from the Agreement, although it is the Mercosur countries that should experience the greatest gains. While the European Union has numerous trade agreements in Central and South America, this agreement is, in terms of population and tariff savings, the largest that both regions have signed to date.

Thanks to this agreement, both regions "win". All parties benefit, but the positive impact will be most visible in Latin America. Although agricultural exports hold out positive prospects for the Mercosur countries, the gains will be much greater for exports of manufactured goods and some services. It is estimated that beef, for example, will account for around 3.75% of Mercosur imports by the EU, while in the case of manufacturing and services, once the agreement is implemented, these sectors should account for 59.6% and 25.4%, respectively. Although the beef sector generates considerable debate, it is only one of many agricultural activities. However, the total emissions generated by the agricultural sector (as a whole) linked to the EU-Mercosur Agreement do not exceed 3.75% of the total extra emission due to the Agreement. Although this study does not include emissions of gases other than CO<sub>2</sub> (such as methane from livestock) our results indicate that the treaty encourages greater activity in sectors that are less intensive in CO<sub>2</sub> emissions, in addition to having a positive impact on growth and employment.

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## Chapter 9.

### **The Promotion of the Green Agenda in the Trump Era: Perspectives on Europe's Role in Agenda Setting with Brazil**

**Ana Paula Tostes and Yasmin Renne**

After World War II, the liberal international order shaped global cooperation and democratic values, with the European Union (EU) serving as both its product and promoter (Featherstone & Radaelli, 2003; Börzel, 2003). Since the end of the global financial crisis (GFC) in 2007-2008, however, this order has faced deepening predicaments, including rising populism, weakened democratic norms, and fragmentation within member states.

Applying the concept of “critical junctures” (Pierson, 2000; Collier & Munck, 2024), our analysis identifies three disruptive periods that have affected international cooperation and contributed to the decline of multilateralism. By referencing these sources, we establish a solid theoretical foundation and situate our work within current debates, demonstrating how such disruptions have driven the rise of extreme right ideologies and hindered international governance.

This policy paper then explores the EU and its member states’ evolving climate diplomacy amid global instability, especially during times of low cooperation and efforts to diversify partnerships. Recent events—including the COVID-19 pandemic, the war in Ukraine, and leadership shifts like Donald Trump’s return to the U.S. presidency—have strained alliances and underscored the need for adaptable strategies in climate action and economic relations.

Geopolitical and economic disruptions have reshaped the EU’s external climate agenda, particularly in relation to South American nations like Brazil. Heightened competition, protectionism, and realigned alliances have prompted the EU to adjust its foreign policy and seek new avenues to uphold key elements of the liberal order. As supply chains and global power dynamics shift, the EU’s engagement with South America is becoming both strategic and necessary.

To lead in climate diplomacy, the EU is increasingly integrating environmental goals into its trade and development policies, exemplified by sustainability clauses in the EU-Mercosur agreements that link market access to commitments on deforestation and emissions reductions. These measures aim to encourage partner countries to align with international climate standards. Policy developments in Brazil, with its Amazon biome, regional influence, and the policy shift following President Lula da Silva’s re-election in 2022, underscore the importance of this approach. Embedding sustainability requirements advances the EU’s climate objectives and reinforces liberal norms amid uncertainty.

Using a case-based approach, this paper focuses on Brazil and examines two main areas of EU-Brazil relations to evaluate European climate diplomacy's scope and trajectory:

*1 Values-based strategic cooperation:* this refers to the EU's efforts to align its policies and politics with collaborative efforts grounded in shared principles such as democracy, human

rights, and environmental protection—exemplified by the EU-Mercosur trade and investment negotiations in South America.[1]

*2 European green investments:* these encompass financial contributions and initiatives aimed at promoting sustainable development and environmental conservation in Brazil, particularly through mechanisms such as the Amazon Fund and related bilateral initiatives.

By analysing these domains of EU-Brazil relations, we aim to clarify how the EU navigates geopolitical fragmentation to sustain its climate commitments and maintain influence in Latin America. In doing so, we also consider the broader implications for the EU's normative power and the future of multilateral environmental governance. We will continue this step-by-step analytical approach in subsequent sections, by referencing additional specific programs and case studies, such as bilateral funding mechanisms and sustainability clauses in trade deals, in order to assess the EU's ability to maintain a clear and tangible trajectory as a normative power and support the future of multilateral environmental governance.

### **Methodological note**

We frame our analysis using the concept of critical junctures (Pierson 2000, 2004; Collier & Munck 2024), understood as moments of heightened uncertainty that allow for the strategic reconfiguration of policy and international alignments. We identify three recent junctures: i) the first Trump presidency (2017–2021), ii) the COVID-19 pandemic and the war in Ukraine (2020–2023), and iii) the second Trump presidency, which began in January 2025. These events have disrupted existing cooperation channels and prompted the recalibration of the EU's climate leadership strategy. More recently, we have also seen a rapprochement of the EU and Latin America, marked by the relaunch of the bi-regional dialogues by the European Union – Latin America and Caribbean (EU-LAC) Foundation, progress on the EU-Mercosur Agreement, and the introduction of a targeted Investment Agenda for LAC under the Global Gateway Strategy (European Commission, 2023).

A qualitative case study approach enables in-depth exploration of complex diplomatic interactions and contextual factors that are not easily captured through quantitative methods, providing nuanced insights into the evolving EU-Brazil relationship. This method is particularly suitable for analysing EU-Brazil green diplomacy because it enables us to closely examine the interplay between political discourse, institutional arrangements, and investment flows, while also addressing challenges such as limited generalizability and potential subjectivity through the triangulation of multiple data sources and perspectives.

The case of EU-Brazil relations was selected based on its strategic significance for EU foreign policy along three dimensions: i) Brazil's leadership within Mercosur and central role in the EU-Mercosur trade agreement; ii) the ecological relevance of the Amazon biome; and iii) the recent political shift toward environmental re-engagement under the new left-wing administration of President Lula. Among Latin American countries, Brazil's unique combinations of influence, environmental assets, and recent political shifts make it an especially revealing context for studying the intersection of climate diplomacy and foreign policy realignment. Brazil thus offers a critical case for observing how the EU operationalises its climate diplomacy in a high-stakes, geopolitically sensitive context.

Our investigation continues to connect the theoretical framework of critical junctures to specific policy developments, providing a coherent analytical structure that links theory to practice. We examine how the EU, leading member states (including Germany and France), as well as Norway (not an EU member), have interacted with Brazil through values-based trade diplomacy and environmental funding, such as the Amazon Fund. Particular attention is given to shifts in political discourse, institutional arrangements, and investment flows that reflect the evolving alignment of climate goals and foreign policy interests.

### **The EU climate diplomacy under strain**

The EU positions itself as a normative power and a global leader in environmental governance, with sustainability at the core of its policies. The European Green Deal (2019) sets a target of achieving climate neutrality by 2050, thereby strengthening the EU's international role through cooperation and binding commitments. Subsequently, the Global Gateway (GG) strategy, launched in July 2021, aims to invest over €300 billion in sustainable infrastructure and climate adaptation in developing countries, offering an alternative to China's Belt and Road Initiative (European Commission, 2021). Simultaneously, the EU has emphasised its commitment to aligning trade and development policies with environmental goals, reinforcing a values-based approach that distinguishes it from its geopolitical competitors.

The war in Ukraine has accelerated the EU's energy security concerns and expanded the GG's focus on Latin America, with a particular emphasis on Brazil, due to its economic strength and significance for climate efforts. These changes reflect the EU's shift from general development finance to targeted regional partnerships, using the GG Investment Agenda (GGIA) to promote renewable energy and resilience. For the EU, this means diversifying energy and supply chains, while partner countries, such as Brazil, benefit from financing and "climate collaboration", when we consider the Amazon Fund for example.

More recently, the EU has designated a donation of €20 million to the Amazon Fund – a mechanism created to raise donations for non-reimbursable investments in efforts to prevent, monitor and combat deforestation, as well as to promote the preservation and sustainable land-use in the Amazon. The agreement, formalized in November 2025 during the COP30, is a cooperative effort to fight deforestation and protect the region's biodiversity, and it is part of a broader partnership that also includes other energy transition and digital economy projects in Brazil (COP30, 2025).

Overall, the EU's climate diplomacy leverages strategic initiatives and regional adaptations to maintain climate commitments and influence global standards amid intensifying competition and geopolitical disruption. The European Commission's REPowerEU plan is one example (European Commission, 2025). Launched in 2022, it aims to increase renewable energy production in Europe. This pursuit of increased renewable energy production in Europe has led to a search for diversified partnerships and investments in developing countries, with Brazil as a key one.

## **Brazil as a strategic partner in EU green diplomacy**

Brazil is vital to the EU's climate strategy, being South America's largest economy and home to most of the Amazon rainforest. The EU-Mercosur agreement, delayed due to concerns over Brazil's environmental policies under President Jair Bolsonaro's government, gained new momentum after Luiz Inácio Lula da Silva's election and renewed climate commitments. Improved governance and reduced deforestation reopened talks, while shifting global politics have made closer EU-Mercosur ties more attractive. This section explores how EU-Brazil relations have evolved in two critical domains: 1) values-based trade cooperation through the EU-Mercosur agreement, and 2) environmental investment via initiatives such as the Amazon Fund. These cases illustrate how the EU adapts its green diplomacy in response to shifting domestic and international contexts.

### *1. The EU-Mercosur Agreement and norm-based trade diplomacy*

The EU-Mercosur agreement, first proposed in the 1990s, reached a breakthrough in 2019 amid growing tensions in global trade and the weakening of multilateral institutions. However, the agreement's ratification stalled shortly thereafter, primarily due to concerns about environmental governance in Brazil under President Jair Bolsonaro. Widespread deforestation in the Amazon, coupled with Bolsonaro's dismantling of key climate institutions, led countries like France to oppose the deal, citing violations of environmental and human rights standards. The opposition to the ratification of the EU-Mercosur Agreement was manifested by President Emmanuel Macron and the declaration of the Presidency was approved by France's National Assembly in November 2024 by a large majority (Le Monde, 2024).

The political landscape shifted dramatically with the re-election of President Luiz Inácio Lula da Silva in 2022. Lula's administration, in contrast to his predecessor, has signalled a renewed commitment to climate protection, institutional rebuilding, and the reactivation of Brazil's international environmental diplomacy. The appointment of Marina Silva — a globally respected environmentalist— as Minister for the Environment further reinforced these commitments. Under Lula's administration, deforestation dropped by over 30% in the Amazon biome and by approximately 26% in the Cerrado biome in the first months of his administration, according to data from PRODES — the system that integrates the Brazilian Biomes Monitoring Program (BiomassBR) of the National Institute for Space Research (INPE). This marked a clear reversal of Bolsonaro-era policies (Ministério do Meio Ambiente e Mudança do Clima, 2024).

These developments reopened space for EU-Mercosur negotiations. While European concerns about agriculture and trade protections persist—particularly in France, where, for instance, French farmers have expressed worries about increased competition from Mercosur countries, fearing it could undermine local agricultural standards and livelihoods—growing geopolitical uncertainty following the election of Donald Trump to a second term has softened resistance. The renewed US administration's approach to international trade and climate policy has prompted the EU to reconsider its strategic alliances, making closer

ties with Mercosur increasingly attractive in the current global context (Malmström, 2025; Nolte & Tostes, 2025).

Recent statements by French parliamentarians (Corlin, 2025) suggest a more pragmatic stance, driven by the need to diversify economic partnerships and counterbalance US unilateralism. Brazil’s environmental turnaround has helped remove one of the significant obstacles to ratification, positioning the agreement as a key opportunity for green-oriented trade diplomacy.

*2. The Amazon Fund and European environmental investment*

Created in 2008 under Lula’s first administration, the Amazon Fund finances efforts to prevent deforestation and promote sustainable development in the biome. Supported by international donors, primarily Norway and Germany, the Fund became a flagship mechanism for climate cooperation and biodiversity protection. However, during the Bolsonaro Presidency, the Fund was effectively suspended: environmental oversight bodies were dismantled, and accusations of mismanagement were used to block new contributions, severely undermining Brazil’s forest governance.

**Table 1. Donations by country and internalised values**

Donor	Donation Value (Contract Currency)	Value of resources internalized by Amazon Fund /BNDES or estimated (in BRL Reais – R\$)
Norway	NOK 8,269,496,000.00	R\$ 3,469,251,818.36
	+	
	USD 50,000,000.00	
Germany	EUR 89,920,000.00	R\$ 387,859,396.00
United States of America	USD 53,472,000.00	R\$ 291,382,003.20
United Kingdom	GBP 80,000,000.00	R\$ 283,960,570.49
Denmark	DKK 150,000,000.00	R\$ 43,445,177.83
Ireland	EUR 5,000,000.00	R\$ 31,529,500.00
Switzerland	CHF 5,000,000.00	R\$ 28,130,000.00
Petrobras	R\$ 17,285,079.13	R\$ 17,285,079.13
Japan	JPY 411,000,000.00	R\$ 14,943,000.00

Source: [Fundo Amazônia 2025](#)

The reactivation of the Fund under Lula’s third administration was a result of the relaunch of mechanisms to control deforestation and financial oversight through the Brazilian National Development Bank (BNDES), enabling the Fund’s governance to meet international transparency standards.

New multilateral initiatives have also emerged. The Green Coalition, comprising the Inter-American Development Bank (IDB), BNDES, and Brazil’s Ministry of Planning, aims to mobilise between \$10 billion and \$ 20 billion in sustainable investment across the Amazon region

between 2024 and 2030 (Inter-American Development Bank, 2023). This cooperation reflects a growing recognition of the Amazon as a global public good and Brazil as a crucial partner in achieving climate goals, as approximately 60% of Brazilian territory is covered by the Amazon biome (see Ministério do Meio Ambiente e Mudança do Clima, 2021).

The EU's consistency in pursuing policies in these two domains—trade and environmental diplomacy—illustrates the adaptive nature of the EU's engagement in international cooperation and search for influence in a fragmented world order. Brazil's domestic political changes have created a window of opportunity for renewed cooperation, while the international multilateral order is at risk. For the EU, deepening engagement with Brazil reinforces both strategic interests (such as access to the regional market and access to critical raw materials, to reduce energy dependencies on Russia, while supporting the energy transition in the region) and normative goals (such as deforestation reduction and biodiversity preservation).

As geopolitical volatility has increased with the Trump administration announcing a nationalist policy of increasing import tariffs in April 2025, Brazil is likely to remain a cornerstone of Europe's climate diplomacy. The EU-Mercosur Agreement thus becomes an even more viable option, as it guarantees a reduction of around 91% in tariffs on EU exports to Mercosur over 15 years, including for automobiles; and the elimination of approximately 92% of tariffs on Mercosur exports to the EU within a period of up to 10 years. Depending on goods categories, these reductions could reach 100% (see Siscomex, 2021; Reuters, 2024).

### **Preliminary considerations on strategic priorities for EU-Brazil Green Diplomacy**

Brazil has returned to the centre stage of international climate governance, via the reactivation of the Amazon Fund, deforestation reductions, and the climate leadership sought by the country by hosting the COP30 in Belém (in the middle of the Amazon), in November 2025. These shifts have created a renewed window for meaningful EU-Brazil cooperation. In parallel, the EU has responded to global turbulence by reaffirming its climate leadership through initiatives such as the European Green Deal, the Global Gateway, and the EU Deforestation Regulation (EUDR 2023/1115), which will come fully into force on January 1, 2027, requiring companies (European and foreign companies that export to the EU) to prove that their products do not cause deforestation.

However, the political window may be short-lived. Brazil faces presidential elections in 2026, and Lula's approval ratings have been weakened by domestic economic constraints. The uncertainty surrounding a potential far-right resurgence—akin to Bolsonaro's climate obstructionism—could once again undermine environmental cooperation and disrupt the momentum for finalising the Agreement between the two blocs. For the EU, finalising the agreement and deepening climate partnerships before Brazil's next elections is not only strategically important but urgent. For Brazil, the agreement could serve as a protective measure against Donald Trump's attempts to use import tariffs as a political threat and a tool of influence warfare.

To safeguard and advance EU-Brazil climate cooperation, three priorities demand immediate attention: 1) finalising trade and climate agreements while political conditions remain favourable; 2) institutionalising green cooperation to withstand electoral cycles; and 3) deepening EU member state engagement with concrete, well-funded action. These steps are urgent given Brazil's 2026 presidential election, the risk of political reversal, and intensifying global competition for climate leadership.

*Recommendation 1: finalise agreements while political conditions are favourable*

Accelerating negotiations on trade and climate frameworks with Brazil before the 2026 elections is critical. Political shifts have previously undermined environmental agreements, as seen when the EU–Mercosur pact stalled under President Bolsonaro due to weakened climate commitments and a surge in deforestation. A similar reversal remains possible if political winds change. This entails prioritising the conclusion of the EU-Mercosur and climate partnership agreements by mid-2026, and mobilising high-level EU diplomatic missions to maintain momentum and resolve outstanding disagreements, especially regarding deforestation-linked imports.

*Recommendation 2: institutionalize green cooperation beyond political cycles*

Embedding climate collaboration in legally binding, transparent frameworks ensures continuity regardless of electoral outcomes. The Amazon Fund's recent success—deforestation in Brazil dropped by 32.4% in 2024 following its reactivation under President Lula—demonstrates the impact of sustained, multi-donor support. To this end, long-term funding mechanisms through the Amazon Fund, BNDES, and the Green Coalition, needs to be expanded, to help ensure all agreements include legal safeguards and independent oversight. Moreover, joint monitoring systems for deforestation and emissions need to be institutionalised, making data publicly available to reinforce accountability. Finally, the IDB's 2024-2027 strategic partnership with Brazil should be highlighted as a model for resilient cooperation, given its funding of large-scale renewable energy projects in the Amazon.

*Recommendation 3: enhance EU Member State engagement and coherence*

For the EU's climate diplomacy to succeed, Member States must move beyond rhetoric and align trade, climate, and geopolitical interests. France's recent softening of its opposition to the Mercosur deal—prompted by concerns over U.S. protectionism—signals a window of opportunity for unified engagement. Concerning Brazil, this entails adopting a proactive, well-funded strategy supporting Brazil's institutional capacity and respecting its development priorities. Coherence across EU policies, preventing contradictions between trade, climate, and foreign policy objectives, is also important. Finally, there is scope to provide technical assistance to Brazil's legislative and enforcement bodies to sustain deforestation controls, especially as domestic opposition challenges environmental regulation.

*Recommendation 4: strengthening the role of development banks*

In addition, development banks like BNDES and the IDB are essential for channelling climate investments, coordinating governance, and supporting local priorities. Their effectiveness is

illustrated by BNDES's co-financing of the "Amazon Sustainable Landscapes" project, which has restored over 1.5 million hectares of degraded land since 2019. Such success calls for: i) more joint EU–Brazil development bank initiatives focused on renewable energy, forest conservation, and sustainable agriculture; ii) enhanced governance standards and transparency in project selection and implementation; iii) supporting the exchange of knowledge between EU and Brazilian banks to accelerate green finance innovation.

Overall, there is a time-sensitive opportunity in place. The EU and Brazil have a narrow window to solidify their climate partnership and set new global standards. Decisive, coordinated action is essential to pre-empt political reversals and maximise the impact of recent environmental gains. This urgency should be consistently emphasised in future policy briefs, executive summaries, or research to guide high-level decision-making.

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## **Endnotes**

[1] Although EU institutions claim a long tradition of value promotion, the concept was more explicitly incorporated with the Treaty of Lisbon (Article 2). It established the rights to human dignity, democracy, equality, the rule of law and respect for human rights as core values of the Union, both within it and in its external relations. Furthermore, the Charter of Fundamental Rights reiterated this general framework for values and principles of the EU, which is mirrored in different policy areas, including the Common Commercial Policy and values-based clauses on EU trade agreements. (European Union, n.d.; European Council, n.d.)

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## Chapter 10.

### The Economic Challenges to the European Union of “Trumpism”

Nicholas Sowels

#### Introduction

The hostility displayed by President Trump towards the European Union (EU), including as an economic organisation, is longstanding. During his first term, he qualified the EU as “a foe on trade” (BBC 2018a). However, the second Trump administration (Trump II), which began in January 2025, has been far more assertive in seeking to change economic relations with the EU.

This chapter does not directly look at the political onslaught by Trump II against the liberal international order, or the internal politics of the EU, which deepen with each passing month.[1] Instead, it seeks to provide an overview of Trump II’s break with open trade and the multilateral system, while aiming to spread the burden of paying for US defence protection and the dollar as “global public goods”, including via dollar depreciation. The chapter ends by looking at the increasing monetary uncertainties and potential financial volatilities caused by Trump II and how these may undermine the global economy.

#### The Trump administration’s breaks with the multilateral trading system

The first Trump administration (Trump I, 2017-21) already implemented a series of protectionist policies, which broke with the free-trade tradition of the US Republican Party. For example, it imposed tariffs on products like steel and aluminium; it embarked on a trade war with China, beginning with \$50 billion in tariffs on Chinese imports in March 2018, though the two countries signed a “phase one” economic and trade agreement in January 2020 (just before Covid); it renegotiated the North American Free Trade Agreement (NAFTA), leading to the US-Mexico-Canada Free Trade Agreement (USMCA); and Trump I blocked reappointments to the Appellate Body of the World Trade Organisation (WTO), making it inoperable (Lu & FASH455).[1] Concerning the EU, it triggered some tit-for-tat tariffs with the EU in 2020 over the perennial issue of EU subsidies to Airbus (ibid), having previously reached an agreement whereby the US would not put tariffs on cars, while European Commission President Jean-Claude Juncker pledged the EU would import more soybeans and liquid natural gas (LNG) (BBC 2018b).

#### i) 2 April 2025: Trump’s “Liberation Day” tariff shock

This piecemeal approach to undermining the multilateral trading system has given way to much broader actions by Trump II, most spectacularly on 2 April 2025 – Trump’s “Liberation Day” – when he brandished a chart of high “reciprocal tariffs” he intended to impose on US trade partners. Top of the list, although not with the highest tariff rates, were China and the EU. To the astonishment of most trade economists, the chart stated that the EU imposed a 39% tariff on US products, which his administration intended to counter with a 20% tariff. In contrast to the normal practice of evaluating tariffs as the percentage payment imposed

when goods enter a country on an *ad valorem* basis, Trump's figures calculated tariffs by dividing the deficit the US has with a country (exports less imports) by the sum of US imports from the country in question. For the EU, the US deficit (in 2024) was \$235.571 billion, with US imports from the EU totalling \$605.76 billion, yielding a supposed tariff rate of 38.8%, rounded to 39%. What Trump then called "polite reciprocity" meant US tariffs would be half this level, rounded to 20%. To justify its methodology, the administration claimed its calculations reflected the impact of non-tariff barriers on trade, like VAT (Jiménez 2025).

The "Liberation Day" announcement was followed by months of economic and political drama. Immediately after his speech, the US stock market plunged, and there was also a sell-off of US government bonds, traditionally the safe-haven of investors across the planet (Inman and Jolly 2025). After a week, the ensuing panic pushed the White House to announce a 90-day pause for negotiations about the new tariffs to be imposed. This led to a sharp stock market rebound, but worries linger over US government bonds, see below (Arnold et al 2025).

## **ii) Trump's tariff war with China and his deal with the EU**

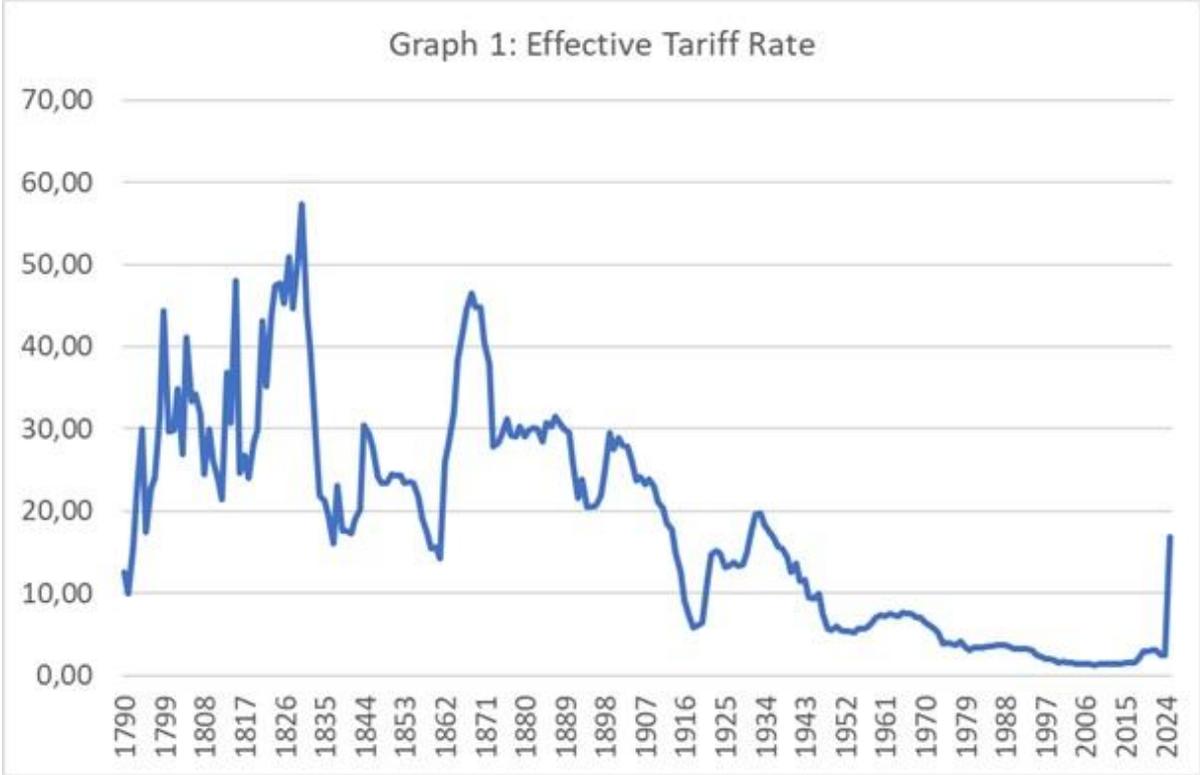
The most significant aspect of the "reciprocal" tariff announcement was the escalation of tariffs between China and the US. This began in early February 2025 but accelerated spectacularly, in a tit-for-tat process after Liberation Day, with the US raising its tariff on Chinese goods to 145% on 9 April, followed by China hiking its general tariff rate to 125%. While the US lowered its overall tariffs to 47% at the end of October, following the imposition of export controls by China on rare earths, which are essential to industries across the world, the trade war between the world's two largest economies is far from resolved (Dunham 2025).

For the EU, a provisional end to trade negotiations with the US was reached in late July 2025, when it agreed to a 15% *non-reciprocal*, general tariff for most EU exports to the US, including cars, pharmaceuticals, and semiconductors. This was accompanied by "Zero for zero" tariffs on several strategic sectors like aircraft (and components), certain chemicals and generics, semiconductor equipment, some agricultural products, natural resources and raw materials (Mateos y Lago 2025). While this tariff is far higher than before, the deal (which also includes EU commitments to buy American gas and make investments in the US) had the advantage of ending (provisionally?) the intense uncertainty over trade prospects for EU firms (ibid), although the deal has been criticised in Europe, as caving in to US pressure. This weakness of the EU has several causes, including: the poorer economic position of the EU today with respect to the US (and China); the difficulty of 27 countries pushing back collectively against such a large trade partner; and, notably, the dependency of the EU on the US in supporting Ukraine's defence in the war against Russia (Swanson and Smialek, 2025).

## **iii) The broader picture and Trump's attack on the principles of the World Trade Organisation**

Looking at the broader picture, the Trump administration's assault on the liberal international order in trade is hard to understate. Graph 1 displays historical data calculated by The Budget Lab (TBL) at Yale University (in early 2025) of the US's "effective tariff rate":

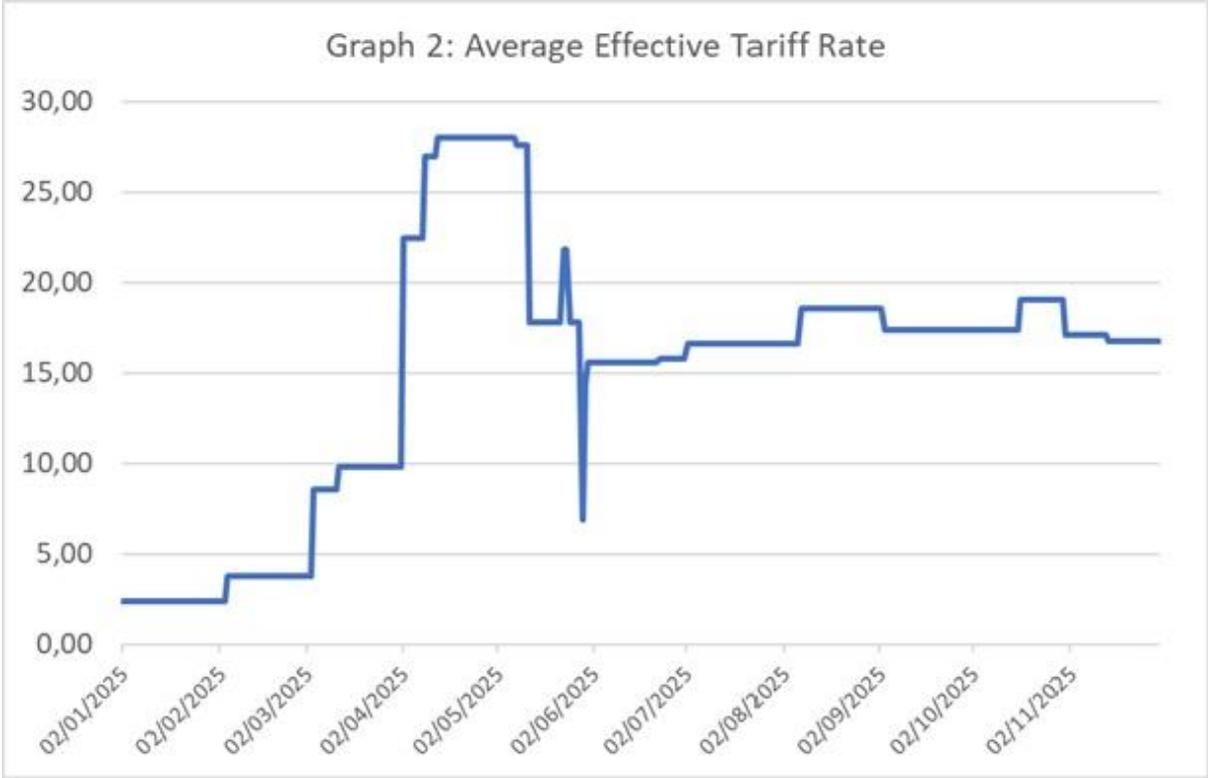
i.e. the average import tariff weighted by the composition of imports. During the 19<sup>th</sup> century, the US industrialised behind trade barriers. By contrast, tariffs declined for most of the 20<sup>th</sup> century, especially after World War II. The impact of the Trump presidencies is thus striking: during Trump I, the effective tariff rate doubled from around 1.5% to nearly 3%. Yet this pales into insignificance with Trump II, when the average effective tariff rate rose from 2.4% at the start of 2025 to 16.8% at the end of November 2025: the OECD and others indicate 14% at year's end. It is truly in a new era.



Moreover, as Graph 2 shows, there were wild gyrations throughout 2025, as tariffs were on-again-off-again in the months following Liberation Day. For leading trade economist and Nobel prize winner Paul Krugman, “the uncertainty, the constantly changing tariffs [...seem] likely to have a chilling effect on business” (Wolf 2025). This holds not just for the US, but also its trade partners, and given the unpredictability of Trump’s behaviour, further changes cannot be ruled out: for example, if the Supreme Court invalidates Trump’s use of the International Emergency Economic Powers Act (IEEPA) of 1977 to implement tariffs, and he has to resort to other means.

These tariff shocks have been aggravated by personalised actions that have undermined the US’s position in the international trading system. Instead of applying a blanket tariff on all imports, say of 10%, which would have been compatible with the principle of non-discrimination of the WTO, the Trump administration has acted unilaterally and arbitrarily. Aside from China, the 40% tariff hike on Brazil following the jailing of former President Jair Bolsonaro stands out as particularly capricious. Furthermore, the Trump family is using tariff policies for its own benefit. In late November 2025, a delegation of Swiss executives succeeded in bringing down US tariffs on Switzerland from 39% to 15%, after giving Trump “a

specially engraved gold bar and a Rolex clock” (Ruehl 2025). Spectacularly, Vietnam got its “reciprocal tariff” reduced from 46% to 20% when its government provided land for the construction of a luxury golf course backed by the Trump family (Ratcliffe 2025).



Source: ibid.

**The repositioning of the dollar in the global economy**

Trump II is also having a significant impact on the dollar, with possibly major consequences for its role in the world economy and the global financial system. These factors could constitute big changes in how the liberal order has functioned since World War II, although the timeframe is likely to be considerably longer. A few factors at play are presented here.

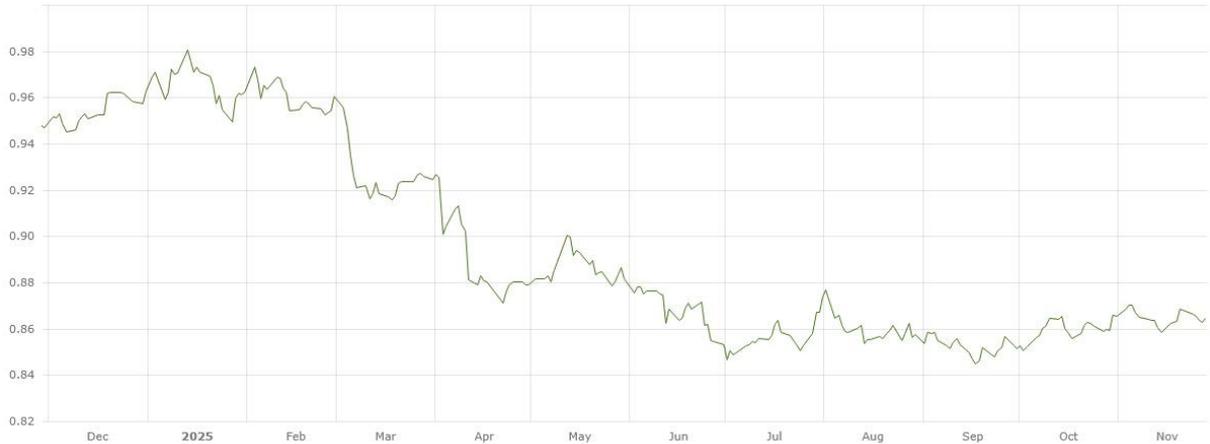
**i) The search for a weaker dollar**

In the immediate wake of Liberation Day, the dollar fell as US financial markets dropped rapidly. Graph 3 shows the fall of the dollar from about €0.96 to €0.86 in the first half of 2025 (i.e. around 10%), before stabilising. For European exporters, this makes trading with the US (and countries with dollar pegs) even more difficult.

This fall in the dollar is paradoxical, although it does correspond to the aims of the Trump administration, which is pursuing an inherently contradictory policy of wanting a weaker dollar, but also wanting to ensure that the dollar remains the world’s reserve currency. Conventional economic theory suggests that tariffs, if trade partners do not retaliate, should lead to a dollar appreciation, as declining imports mean fewer dollars flow out of the US for purchases in foreign currencies. Moreover, if the US Federal Reserve maintains a tighter

monetary policy to offset the inflationary effects of higher import prices, it should draw in foreign investment in dollar assets (Miran 2024, The Budget Lab, January 2025). Yet, the chaos surrounding Liberation Day produced the opposite effect, as global investors lost confidence in US markets, pushing down the dollar.

**Graph 3: The dollar-euro exchange rate from late 2024 until end November 2025**



Source: **European Central Bank**, [https://www.ecb.europa.eu/stats/policy\\_and\\_exchange\\_rates/euro\\_reference\\_exchange\\_rates/html/eurofxref-graph-usd.en.html](https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/eurofxref-graph-usd.en.html)

A weaker dollar, however, fits in with the Trump administration’s strategy, set out in late 2024, in a policy paper by Steven Miran (who first became Trump’s Chair of the Council of Economic Advisors in March 2025, before Trump appointed him to the Board of the Fed in September 2025). Miran’s paper states that “the deep unhappiness [of the US] with the prevailing economic order is rooted in persistent overvaluation of the dollar and asymmetric trade conditions”. Miran notably returns to the analysis of the Belgian-American economist Robert Triffin, who, in the 1960s, argued that “the reserve asset producer must run persistent current account deficits as the flip side of exporting reserve assets” (Miran 2024, p 5). Miran goes on to argue that as the rest of the world grows relative to the US, pressures rise for the US current account deficit increase, and inflict ever-greater “pain” on US industries exposed to trade. “Eventually (in theory), a Triffin ‘tipping point’ is reached at which such deficits grow large enough to induce credit risk in the reserve asset” (ibid).

**ii) Making others share the burden of global public goods**

On 7 April 2025, during the chaotic week after Liberation Day, Stephen Miran gave a speech proposing ways that the US’s trade problems could be tackled. He began by asserting that the US had been providing the world with two “global public goods” (i.e. services provided freely to global society): i) a “security umbrella which has created the greatest era of peace mankind has ever known”, and ii) “the dollar and Treasury securities, reserve assets which make possible the global trading and financial system which has supported the greatest era of prosperity mankind has ever known” (Miran 2025). He acknowledged that while the international demand for dollar assets had held down US borrowing rates, it also “kept currency markets distorted” and severely punished US firms and workers. Moreover, he

pointed out that foreign countries and financial institutions, especially China (the US's "biggest adversary") could buy US "assets to manipulate their own currency and keep their exports cheap" (Miran 2025).

To remedy this situation, Miran emphasised that "the best outcome is one in which America continues to create global peace and prosperity and remains the reserve provider, and other countries not only participate in reaping the benefits, but they also participate in bearing the costs". Such burden sharing could take many forms, and other countries could: i) accept US tariffs without retaliating, to provide revenue for the US to finance these public goods; ii) they could stop unfair and harmful trading practices and buy more from America; iii) they could boost defence spending and procurement from the US, to help create American jobs; iv) they could invest and install factories in the US; or v) they could simply write cheques to the US Treasury to finance the global public goods (ibid).

More generally, Miran made the point that the conventional position of economists on free trade does not take into account the way in which the US trade deficit has not been self-correcting over the last five decades. In contrast to the orthodox theory that market disequilibria return to balance as prices change (in this case by currency devaluation), global trade is based on a structural imbalance (the US deficit) as the dollar has essentially remained an overvalued currency. This argument has been disputed: for example, renowned economic historian Barry Eichengreen places the responsibility for US deficits mainly on the mismatch between US savings and investment due to other factors (Eichengreen 2025). But, the issue of imbalances merits attention, especially as globalisation since the 1980s has relied much on US demand, with the US acting as the world's "buyer of last resort". Indeed, for left-wing economist Yanis Varoufakis, global growth has for long been based on a "global surplus recycling mechanism" (GSRM), whereby the US sucks in imports from the rest of the world, paid for by money the US can print, which other countries then send back to the US by acquiring in financial assets, real estate and non-strategic business. The winners of this "Dark Deal" are global elites in the US, *and in* China (as well as Germany etc.), while the losers are the immiserated workers across the globe (Varoufakis 2023, p145-56).

Arguably, a more cooperative and predictable effort by the US to address global trade imbalances could perhaps help (have helped) achieve burden-sharing with its partners, and possibly even a so-called "Mar-a-Lago accord": a negotiated exchange rate realignment, and perhaps even an agreement between the US and foreign governments to reschedule payments on US bond held by foreign governments (Miran 2024). As it is, Trump's hostility to former allies, his unpredictability, and above all his flouting of the law – at home and abroad – have made a mutually-beneficial negotiation all but impossible.

### **The new era of financial market volatility and monetary instability**

Instead, the international community and global financial markets are trapped in a profound state of doubt and anxiety about future developments in Washington. To be sure, global growth has remained resilient: figures by the OECD in December 2025 project a slowdown in growth from 3.2% in 2025 to 2.9%. Similarly, it has been argued that after the turmoil of spring 2025, the dollar and the US have regained their status as a safe haven – at least for now (Kamin 2025). Yet, the OECD (among others) also points to numerous fragilities in the

global economy, including: the risks of further tariff rises, export controls on rare earths, disappointing returns on AI investments and high asset values, highly leveraged non-bank financial intermediaries, interconnections between the latter and traditional finance, cryptocurrency volatility, etc. (OECD 2025, p. 11). There are also concerns about US public finances: the General government financial balance is forecast to remain at 7.5% in 2026, with debt reaching 125% (ibid, p277).

At the same time, the rising economic power of China, along with growing dissatisfaction across the world about the centrality of the dollar to global trade and the financial system are encouraging the search for alternative payment systems and stores of value. These multiple forces were reflected most visibly by surging gold (and silver) prices in 2025, as central banks and investors have been buying bullion: in September 2025, world gold stocks overtook the value of euros (McGeever), with a kind of remonetisation of gold taking place. And yet, as widely noted, there is as yet no real alternative to the dollar as a global currency. In *nominal* dollar terms, the US is still the world's largest economy, accounting for 26% of world GDP in 2025, compared to 16.5% for China, and 14.7% for the EU.[3] Its financial markets, and the all-important government bond market, are still far bigger and deeper than other markets, especially as European national debts remain fragmented, while China has not made the renminbi freely convertible. The dollar remains the only true "vehicle currency" for international trade, and it still accounts for nearly 60 per cent of foreign exchange reserves (Rogoff 2025, p. 4; Kamin 2025). Significantly, it was gold – and not euros – which became the second-largest reserve asset in mid-2025, as the dollar fell (McGeever 2025).

What the future holds for the dollar as the anchor of world trade and the global financial system is therefore uncertain. On the one hand, the US economy continues to show many strengths, in size, open access and in technological prowess. On the other hand, the Trump administration is not merely seeking better burden sharing in the provision of military protection and the dollar as two global public goods. Instead, it is smashing up the pillars of international law and multilateral institutions at breakneck speed, perhaps ushering in a period of global monetary instability. Numerous commentators (including Eichengreen) have pointed out that the world may be entering an age akin to the 1920s and 1930s, when the British pound was no longer the world's reserve currency and the dollar had not yet become one. This argument draws on Charles Kindleberger's seminal analysis of the Great Depression, which he argued was compounded by the way there was no hegemonic economic power capable of: "(a) maintaining a relatively open market for distress goods; (b) providing counter-cyclical long-term lending; and (c) discounting in crisis" (Kindleberger 1973, p 292). Of particular concern is the impact of a future financial crisis. The US authorities, notably the Federal Reserve, were key to preventing the global financial system from collapsing during the Global Financial Crisis (2007-2008) and the Covid pandemic (2020-2021). Trump's disdain for multilateralism and his chaotic, partisan handling of the pandemic do not augur well for how his administration would react to a new financial crisis. Under Trump, the US – at best – would surely extract a high price for any effort to stabilise a crisis.

## Conclusion

As 2025 has shown, Europe is not in a strong position to deal with US political and economic threats, in particular as long as it is dependent on US support for Ukraine. The EU's lack of military power, its limited cohesion, poor public finances (especially in Italy and France, as well as in the United Kingdom), as well as its weak technological and economic performance compared to the US (and China) mean that it will at best be able to pursue a policy of damage limitation in an increasingly turbulent global economy. At worst, it will fall prey to what is already being called "The Scramble for Europe", whereby the US, China and Russia carve up Europe in much the same way as Europe carved up Africa in the late 19<sup>th</sup> century (Rachman 2025).

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## Endnotes

[1] Various generative AI tools were used for brainstorming, document location and proofreading in preparing this text. The words are all mine.

[2] For an excellent and detailed "Timeline of Trade Policy in the Trump Administration (2017-2021)", see the webpage of *FASH455 Global Apparel & Textile Trade and Sourcing*, by Dr Sheng Lu at the University of Delaware, <https://shenglufashion.com/timeline-of-trade-policy-in-the-trump-administration/>

[3] The percentage shares of the US and China have been calculated using the Wikipedia entry, *List of countries by GDP*, based on data retrieved from the IMF in October 2025. The EU figure comes from Eurostat, News Articles, 26 March 2025: the links are respectively [https://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_GDP\\_\(nominal\)](https://en.wikipedia.org/wiki/List_of_countries_by_GDP_(nominal)) and <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/wdn-20250326-1>

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### **Part 3: The European Union and the Challenge of Upholding Human Rights**

## Chapter 11.

### The European Union's challenges in human rights promotion in an illiberal world

Hanna Tuominen

The European Union (EU) is committed to promoting the global human rights system as the cornerstone of its external policies. The EU also supports multilateral institutions, especially the United Nations (UN) and its bodies and representatives (EEAS 2024). However, this multilateral order and its norms are challenged by authoritarian, illiberal and populist opponents. The contention polarises the UN system as several illiberal states, often led by China and Russia, increasingly contest and reframe existing human rights norms. Consequently, the global rise of illiberalism undermines the legitimacy of human rights and erodes existing norms and institutions (Frick 2021). This complicates the EU's human rights advocacy and influences its ambitions and instruments.

This chapter addresses the challenges the EU faces in the Human Rights Council (HRC), the key UN body for the protection and promotion of human rights. The key outputs of the HRC include non-binding resolutions, government statements and reports. The resolutions develop norms and can call for investigations or create a mechanism. Importantly, the adopted resolutions represent the position of the HRC members (or the majority of them) on human rights issues or situations. States are responsible for implementing the resolutions, and hence, they are effective for pressuring states to act.

Several illiberal states seek membership in the Council to keep their records out of the spotlight, undermine state-specific scrutiny and decelerate or even block the development of human rights or democracy-related norms. Instead, they frame human rights in authoritarian-friendly and competitive ways by using methods of persuasion, co-optation, coercion, deception and repression of critical voices. This diminishes the effectiveness of the Council and its ability to act in urgent human rights situations (Dukalskis 2023). Illiberal states also actively work to prevent the participation of civil society and individuals in the HRC proceedings. Hence, the HRC serves as an excellent case study in discussing the challenges the rise of illiberalism means for the EU's norm advocacy.

As the chapter demonstrates, normative contestation focuses on long-term thematic EU priorities, such as advancing gender equality, rights of sexual and gender minorities and defending human rights defenders.[1] These divisive topics appeared in the UN agenda in the mid-2000s. Moreover, the recent remarkable controversy between more liberal and conservative positions provides reason to focus especially on these themes.

There are also broader challenges related to the status and working methods of the EU. Other actors may not accept the EU's position, human rights ambitions or agenda (Tuominen 2024). Indeed, in the eyes of others, the UN is mainly an arena for member states. Consequently, the demanding context shapes the contents and strategies of the EU. Secondly, illiberal and populist governments in the EU contest coherence, procedural norms and substantive positions, weakening the collective position and power of the Union in

human rights (Monteleone et al. 2024). I conclude by discussing alternative, more effective EU measures and possibilities to promote human rights in an increasingly illiberal world.

### **Norm advocacy and resistance in the Human Rights Council**

States use the Human Rights Council to advance their specific human rights agenda and priorities for several reasons. In the research literature, a difference is made between norm advocates and norm antipreneurs or spoilers (Bloomfield and Scott 2017; Sanders 2018). These reflect the attitudes and activities of states and other organisations towards the diffusion of human rights norms. The Western liberal democracies have historically been considered norm advocates and enforcers in the Council. However, several states from the Global South have used the Council to advance their own agendas and thematic resolutions. Hence, the advocates include actors beyond the Western world. The current backlash against human rights is not limited to repressive authoritarian governments. It is also a reality in many Western liberal states as populist governments contest and politicise human rights norms.

There is a longstanding cleavage in norm promotion and acceptance between political blocs. Global North or Western states emphasise the individuality of rights and see investigations and pressure for human rights violators as essential. For the Global South, solidarity rights and cooperative practices with states are more important (Voss 2020). Furthermore, there is a tension between universal and particularistic, relative interpretations of rights. States from Asia, Africa and the Middle East emphasise the cultural, religious and political contextualisation of rights and aim to limit universality. Authoritarian states, such as Russia and China, mobilise support for their views from the Global South by presenting anti-Western rhetoric and positions. However, in April 2022, Russia was suspended from the HRC and failed to rejoin the Council in 2023.

Despite the clear and often foreseeable differences, there is no self-evident group position on specific human rights matters. Despite strong South-South solidarity, there is diversity in the Global South and regional groups, for example, in the African group.[2] Individual states have also demonstrated a willingness to break with the group positions (Sweeney 2023). Secondly, the HRC accepts most of its resolutions by consensus. Hence, the division between blocs should not be exaggerated. Only one-third of the HRC resolutions are accepted by vote, and many of them concern controversial country situations. Overall, states in the Global North and civil society promote state-specific scrutiny. By contrast, a group of like-minded states from the Global South, with Russia, oppose these measures. Many authoritarian, illiberal states want to protect state sovereignty and resist international scrutiny of their human rights situation. However, regional groups do not represent homogeneous positions. For example, many states from the Latin American GRULAC group consistently support state-specific investigations.

In this chapter, I focus on three thematic issues: gender equality, sexual orientation and human rights defenders. These have become the key points of contest in the Council between liberal and illiberal states. In the HRC, states build support for issues by making statements, organising side events and sponsoring resolutions. States seek to influence by acting through like-minded formal and informal groups, which increases polarisation and

controversies in the Council (Smith 2017). The EU's norm advocacy in gender equality and human rights defenders protection is contested predominantly by the initiatives of the regional African group, the League of Arab States (LAS) and the Organisation of Islamic Cooperation (OIC).

## **Gender Equality**

Gender equality is a basic EU value outlined in its treaties, and promoting it externally is one of the EU's key objectives. Gender equality refers to interconnected norms, such as sexual and reproductive health and rights (SRHR), women's full economic and social parity, and distinction between biological sex and socially constructed gender roles (Sanders *ibid*). These norms have been contested in the HRC by anti-gender actors; especially, conservative and religious states led by Russia promote a traditionalist agenda, which focuses on the advancement of traditional values and the protection of the patriarchal family. These efforts could be interpreted as a contextualist opposition to human rights universalism, but also as norm advocacy by illiberal states (Stoeckl and Medvedeva 2018). Their activism challenges the liberal interpretation of gender equality and puts the EU on the defensive. According to the EU's interpretation, traditional values and practices can be used to legitimise harmful action against women and girls.

The HRC focuses on the rights of women and girls and gender equality during its June sessions. Discussing and promoting various women's rights issues is a shared objective of a diverse group of states. However, current pushback over women's and girls' rights influences the Council's work, and the polarisation of many debates is the new normal. In particular, there is a division in discussions concerning sexual and reproductive health and rights. A broader network of well-funded and organised anti-gender actors, including conservative NGOs, has strategically aimed to undermine women's reproductive rights in the UN. The topic has also challenged the EU's normative community internally, as Poland and Hungary have resisted progressive EU positions (Badell 2024). Furthermore, the anti-gender and illiberal coalition has widened and strengthened, supported by the actions of the Trump administration. The partners in this coalition are united mainly, and often only, by their opposition to the 'radical feminist agenda'.

In the case of gender equality, contestation and norm spoiling are pursued, for example, by manipulating word choices in the HRC documents. By excluding references to 'comprehensive sexual education' or 'bodily integrity', the spoilers manage to weaken hard-won progress in women's rights. The illiberal actors also aim to spoil the norm by proposing hostile amendments to the resolution texts, and if unsuccessful, voting against the adoption. Secondly, states promote adverse norms and resolutions on traditional values and conservative family conceptions. This is done by forming coalitions and funding the network of conservative associations. In 2015, Belarus, Egypt and Qatar launched the Group of Friends of the Family (GoFF), which promotes discourse on the role of 'traditional' or 'natural family' at the UN. Hence, it advocates for conservative family and marriage conceptions as well as stereotypical gender roles. These alternative interpretations of rights may limit women's rights and exclude and violate the rights of sexual and gender minorities.

## **Rights of sexual and gender minorities**

The conservative, illiberal states are especially hostile towards the sexual orientation and gender identity agenda (SOGI). According to them, the West is trying to create new rights and impose them on others. The first UN resolution on sexual orientation was accepted in the HRC in 2011. Following South African advocacy, the Latin American states have acted as the main sponsors of the resolution. Non-Western states often sponsor the resolution due to claims of norm imposition (Jordaan 2016; Voss 2018). Most of the Western European and Other States Group (WEOG) in the UN, and Eastern European EU member states support the main sponsors. The mandate of the Independent Expert on sexual orientation and gender identity was created in the HRC in 2016, with the support of only a small coalition of states. The mandate holder reports to the HRC and General Assembly, makes statements and carries out country visits (OHCHR). However, the resolution negotiations that founded the expert, and its later renewals (2019, 2022) have included several amendment proposals, and the final votes have divided HRC member states.

Attitudes towards the rights of sexual minorities (LGBTI rights) divide the positions of liberal and illiberal states, and they tend to frame the topic differently. Support for sexual rights and decriminalisation of homosexuality has been the norm for liberal democratic states. For example, the EU accepted its guidelines on the rights of LGBTI persons in 2013. The EU has focused its UN policy on the prevention of discrimination and violence against LGBTI persons, especially in situations where the death penalty is in force. The EU has emphasised that the SOGI agenda does not create new rights but is part of prior international law. The aim is to ensure that the human rights of all are respected, irrespective of sexual identity or orientation (EEAS 2013).

The opponents, which consist of many African, Asian and Arab states, claim that international human rights law does not include the concepts of sexual orientation or gender identity. According to them, these concepts refer to private or individual conduct that falls outside of the agreed international legal framework. Furthermore, they refer to more particularist, relativist national and cultural values and conceptions of rights that must be respected. They contest the liberal universal human rights position in the name of religious morality or more contextual 'Orthodox', 'Christian', 'Islamic' and 'African' values (Symons and Altman 2015). Many opponents of the SOGI agenda may even signal their objection by leaving the HRC meeting room when such discussions start.

## **Human Rights Defenders**

The UN General Assembly adopted the Declaration on Human Rights Defenders (HRDs) in 1998 to develop a specific protection regime and underline the relevant rights of human rights defenders (OHCHR 1998). According to the UN definition, HRDs are persons who, individually or with others, act to promote or protect human rights peacefully. Often, they monitor, investigate and collect information on human rights violations and demand accountability. As such, they represent a challenge for illiberal, authoritarian states that do not respect human rights obligations. Hence, in an illiberal world, the HRDs are increasingly targeted, and they face harassment, threats and violence. The human rights defender theme

is closely related to broader debates concerning shrinking space for civil society, freedom of the press and empowering individuals.

The EU follows the UN framework and has been an important advocate in protecting human rights defenders. Support for defenders has been a long-term and central objective of the EU's global human rights policy. The EU guidelines for human rights defenders focusing on external action were outlined in 2004 and later updated and revised to include more diverse groups of defenders (EEAS 2016). The guidelines steer the work of EU member states and EU Missions globally. Recently, the EU has focused on the support programmes offered to defenders, especially at risk.[3] The EU has adopted practical and concrete measures to support defenders, such as documenting violations, staying connected with local HRD, making their situation more visible, or participating in their trials.

The HRD theme is highly contested, and resolution negotiations take time in the HRC. Norway has been a leading advocate for defenders for many years by sponsoring HRD resolutions at the UN (Government of Norway 2025). These resolutions have had different thematic focuses, for example, emphasising women or environmental defenders, implications of technology for HRDs and defenders in conflict situations. For supporters and advocates, it is, for example, important to enable the participation of human rights defenders in UN proceedings as they bring visibility and testimony concerning serious human rights violations. However, opponents aim to hinder the participation of activists in the HRC meetings in many ways, for example, by travel bans, surveillance, arbitrary arrest and even physical violence. They may also punish HRDs for cooperating with UN bodies and mandate holders.

Those states that oppose the HRD theme in the HRC come mainly from a group of like-minded illiberal states, including, for example, Russia, China, Cuba, Egypt, Pakistan and Venezuela. They interpret the resolutions on human rights defenders as an effort to diminish state sovereignty and advance Western interests in the Council. Hence, they may use anti-colonial framing to legitimise their opposition and persuade other states to follow their position (Voss 2021). Many states from Latin America and Africa are trapped in the middle and often abstain from the voting processes concerning resolutions on HRDs. They may also be subject to pressure or even coercion to follow positions of strong states, such as China.

Overall, illiberal states claim that the actions of defenders are unlawful in the national context. Hence, they have often criminalised criticism and attacked HRDs domestically in various ways. They have restricted the funding opportunities of civil society and individual activists, especially from foreign sources. One example is the foreign agent law adopted in Russia, repressing several independent civil society and media organisations. It has influenced the other repressive jurisdictions in Europe (Human Rights Watch 2024). Illiberal authoritarian regimes have detained activists and closed discursive spaces and platforms for dissenting voices. This threatens the foundations of democracy, as defenders and a wider free civil society and media play an important role in societies.

## **The EU's response to illiberal challengers**

The EU needs to respond to the challenges set by illiberal actors internally and globally at the UN. The EU must improve its coherence and consistency to be influential. Internally, the EU should also find ways to work more flexibly to promote its key priorities despite some vocal opponents, such as the Hungarian Prime Minister Viktor Orbán. The strong EU positions in the defence of gender equality, sexual and gender minorities and human rights defenders should not be compromised by such dissenting illiberal voices. One way to proceed is to work effectively through smaller and more flexible groups of like-minded states, such as the Nordic-Baltic group (Tuominen 2025). The member states have considerable expertise and networks to promote thematic and country issues with third states. These resources could be used more effectively in the “Team Europe” spirit to advance universal respect for human rights. This could improve the EU's overall image as a human rights actor without endangering its commitment to unity.

Human dignity, freedom, democracy, equality, human rights and the protection of minorities are the basic values of the EU. These should be protected and respected by all the EU member states. The right-wing populist movements across Europe provide a challenge to these values, as such groups openly advocate for anti-gender and discriminatory positions. The movement is strong and aims to appeal to broad audiences instead of mere conservative or religious groups (Kuhar 2023). Furthermore, there have been growing attacks against civil society and human rights defenders also in Europe in recent years. The EU needs to respond to these challenges, as its image in human rights matters is related to its successes and failures.

Externally, human rights are a stated priority in EU external action, and the EU is dedicated to countering the pushback against human rights and gender equality in international fora (Council 2025). The EU must first counter the tendency of authoritarian and illiberal governments to abuse and diminish the role of multilateral institutions. The global illiberal pushback requires ambitious and bold actions to uphold and advocate for international human rights norms and standards. Secondly, the EU needs to change the culture of impunity and demand accountability for extreme violations and gender-based discrimination, for example, in Afghanistan and Iran.

The EU must find allies and build better and deeper relations with states that are not always like-minded or that do not always vote with the EU in the UN. For example, the EU Action Plan for Human Rights 2020-2027 sets the aim of prioritising coalition building with regional and cross-regional groups. It also acknowledges the need to engage, especially with members of the HRC who hold different views from the EU on specific resolutions. Finding common ground is not always easy, and the EU needs to listen to others and acknowledge their concerns more carefully (Tuominen, *ibid*). The EU already has good relations with many Latin American countries and states in its neighbourhood. Increasing cooperation in thematic issues with African, Middle Eastern and Asian countries is highly important.

Secondly, the civil society organisations and human rights defenders need continuous and innovative supportive instruments in an increasingly illiberal world. These groups and individuals are essential allies for the EU, providing important information on local human

rights situations and alerting actors at UN forums to serious emerging crises. Monitoring individual situations of human rights defenders and providing concrete help is highly needed in threatening situations.

## Conclusion

The constant normative competition in the global human rights regime influences EU action in the UN Human Rights Council. This chapter has highlighted the tension between some of the EU's liberal human rights priorities and the global rise of illiberal attempts to undermine the development of and respect for these rights. I have also discussed how global illiberal influences are converging with local nationalist frameworks inside the EU, making its global ambitions less coherent and credible.

Despite these pressures, the EU must stay committed to supporting the UN, the rules-based international order and multilateral working methods. This is especially important as the United States is withdrawing from many multilateral forums, and the Trump administration is not a self-evident ally for the EU in defending human rights. Otherwise, illiberal actors will take over the UN human rights regime and redefine many of the universal rights achieved with considerable work and effort.

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## Endnotes

[1] For the priorities, see European Union human rights guidelines, [https://www.eeas.europa.eu/eeas/eu-human-rights-guidelines\\_en](https://www.eeas.europa.eu/eeas/eu-human-rights-guidelines_en) (accessed 7 May 2025).

[2] For example, South Africa often represents a dilemma as it is a liberal state that acts illiberally in the HRC, see Jordaan, E. (2020), *South Africa and the UN Human Rights Council. The Fate of Liberal Order*, Routledge.

[3] ProtectDefenders.eu is the European Union Human Rights Defenders mechanism, led by a Consortium of 12 NGOs active in the field of Human Rights, see its webpage: <https://protectdefenders.eu/> (accessed 13 May 2025).

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## Chapter 12.

### Upholding the rights of refugees: can the EU align security with its core values?

Nuria Hernández-García [1] [2] [3]

The European Union (EU or Union) has long framed itself as a bastion of democracy, fundamental rights, and the rule of law. These principles, enshrined in the Treaty on European Union (TEU), have guided both internal policies and external relations. However, the intersection of migration and security has increasingly challenged this identity, particularly in the aftermath of the 2015 refugee crisis. The EU's responses to asylum and irregular migration have highlighted tensions within its constitutional framework, raising concerns over the sustainability of the Common European Asylum System (CEAS) and the credibility of its human rights commitments. In fact, the New Pact on Migration and Asylum, introduced in 2020, seeks to reform the CEAS by strengthening border controls and introducing a new screening mechanism, entrenching a securitised approach, and limiting access to asylum, while not addressing systemic governance failures.

The persistence of the “implementation gap” – the discrepancy between formal legal commitments and actual enforcement (Tsourdi, 2021) – suggests that, without a binding solidarity mechanism, disparities between frontline and non-frontline states will continue to deepen.

This chapter explores how the EU can reconcile its migration and asylum policies with its fundamental values. It examines the constitutional crisis linked to migration governance, and the broader implications of restrictive asylum measures. Ultimately, it argues that asylum policy must be decoupled from migration control by establishing legal and safe pathways, enhancing integration efforts, and ensuring compliance with international human rights standards. Only by reaffirming its commitment to fundamental rights can the EU maintain its legitimacy and uphold the principles on which it was founded.

#### **The right to asylum as a fundamental right**

Asylum and refugee institutions, while practically equivalent, recognise the right to asylum only for a specific group – refugees – as determined by international law. In other words, there is an obligation to grant asylum to those recognised as refugees. According to the UNHCR (2019, par. 28) and authors like Gortázar (1997) and Trujillo Herrera (2003: 64), the recognition of refugee status by states is declarative, not constitutive. This means that a person is a refugee if they meet the conditions outlined in the Geneva Convention 1951 regardless of state recognition. Thus, rejecting a foreigner at the border without determining whether they are a refugee would violate international law, as it would deny protection to someone whom international law recognises as such.

In practice, European Union Member States recognise refugee status through a case-by-case study within a common legal framework: the Geneva Convention and CEAS, along with each Member State's internal regulations based on the implementation of CEAS Regulations and Directives. The Geneva Convention and the CEAS establish a legal framework that limits state

actions and imposes procedural safeguards to ensure asylum processes align with international law, particularly the principle of non-refoulement. This principle, recognised as a norm of general international law, links asylum protection to human rights law and is recognised in Article 78 of the Treaty on the Functioning of the European Union (TFEU). However, this principle is often circumvented when states deny refugee status to individuals deserving protection (Hernández-García, 2021).

### **Security and human rights**

The right to asylum presents a dual reality: the protection of human rights, as mandated by international and EU law, and the legitimate right of states to maintain security and regulate entry conditions for foreign nationals. The theoretical study of the dichotomy between human rights and (national) security is not new, and since the end of the Cold War many authors have discussed the balance of these two issues (e.g. Ishay and Goldfischer, 1996), even if they are often considered to conflict with one another (Feinberg, 2015) especially in the aftermath of 9/11 (Watenpaugh, 2021), or when considering terrorism (Abou Taleb, 2016).

Security may not be incompatible with defending human rights, as the EU can use them as a means of promoting stability and security in third countries (Smith, 2001). However, if, as I suggest, the EU includes human rights as an identity element of its relationship among Member States and in its foreign relations, the overt application of double standards leads to the internal breakdown of an institution that cannot live up to the standards it has set for itself. It thus facilitates the emergence of detractors and critics who latch onto securitarian elements to defend the *self* against the external, articulating populist discourses against migration and the EU itself. This fuels the politics of fear and insecurity (Huysmans 2006, 8; Wodak, 2015) in the name of the securitisation of migration (Guild, 2009; Huysmans, 2006; Buzan et al 1998, Waever et al. 1993, among others).

### **Defending asylum: an identity challenge**

Defending human rights configures the identity of the institution both at its core and in its international expression. Inconsistent implementation of the EU's human rights questions the legitimacy of the Union's human rights policy in its relations with third states. Some have argued that the gap between the EU's identity or *acquis* and the Member States' interests impedes the European Union to "actually cause change" in international politics. This deprives the EU of becoming what Manner's labelled as "an actor with normative power" (Nouredine, 2016, p. 112). Others have countered that security or economic interests have always prevailed when sanctioning breaches of human rights clauses (Saltnes, 2018).

There is a growing literature on the constitutional crisis of the EU (Scheppelle; Sanz 2020). The migration crisis, especially after 2015, has profoundly impacted the EU's constitutional structure, particularly in relation to the rule of law and CEAS. Loxa and Stoyanova (2021) argue that systematic non-compliance with the CEAS by certain Member States has not only created a governance crisis but has also eroded fundamental legal principles, such as mutual trust and sincere cooperation.

A key aspect of this crisis is the failure of EU institutions to enforce compliance among Member States, leading to unilateral actions such as the suspension of the Dublin Regulation by Germany in 2015, and the subsequent reintroduction of internal border controls by other Member States. This was the case when Italy issued humanitarian residence permits for a six-month period, allowing Tunisians to move freely within the EU, and other Member States such as France, Belgium, Germany, and Austria closed their borders (France[4] and Belgium) or criticised Italy (Ineli-Cinger 2015, 238-239). This fragmentation in the legal order has, according to Loxa and Stoyanova, led to “self-help strategies that ultimately defeat the purpose of having a Union with a common migration policy” (2021, 144). This argument is in line with what Tsourdi (2021) has identified as one of the many faces of “rule of law backsliding”: the implementation gap – which refers to the “disjunction between the law on paper (...) and their realisation in practice” (Tsourdi, 2021, 473) – and systemic fundamental rights violations regarding EU’s asylum policy.

In response to the perceived failure of internal mechanisms, the EU has increasingly externalised migration control through agreements with third countries, such as the EU-Turkey (now Türkiye) Statement of 2016, which was highly criticised (Lehner 2019; Moreno-Lax, 2017; Helme, 2018; Hernández-García, 2021; Abrisketa, 2017). However, Hillion (2023) warns that this strategy raises significant concerns regarding the EU’s adherence to its own legal principles.

### **The New Pact on Migration and Asylum: more securitisation**

Though it does not deal with migration [sic], the New Pact on Migration and Asylum, adopted in 2020, has reformed the current CEAS and should be in force in 2025/2026.

When studying the CEAS, we have to differentiate between the access or the external dimension of the asylum system and the reception system or its internal dimension. Within the internal dimension or the reception system, there have been numerous criticisms of fundamental rights violations in some Member States, some of which have been called systemic. Within the external dimension or the problems related to access, we find agreements with third countries and the externalisation of borders. This means that “the protection obligations have often been deflected” (Tsourdi, 2021, 473). It is, in fact, in its external dimension that we can find more examples of securitisation. The New Pact primarily introduces a safe pathway through resettlement from refugee camps outside the EU, while simultaneously reinforcing security measures, thereby widening the gap between human rights protections and securitisation in asylum governance. Indeed, the new regulatory framework concerning access to the EU further exemplifies the tension between security and human rights. The Resettlement Framework assumes that migration can be used as a hybrid threat by a third country that instrumentalises migration, therefore turning migration into a security issue. The revised EURODAC system, for instance, has lowered the age threshold for data collection, expanded biometric data requirements, and granted security institutions access to its database, reinforcing the perception of “crimmigration”[5] – the conflation of migration control with criminal enforcement – even for refugees (Rosenberg-Rubins, 2023).

When taking the reception system or the internal dimension into account, we also find more difficulties in guaranteeing protection to refugees. The new asylum procedure allows for the

withdrawal of applications without the asylum seeker's consent in certain cases, such as failure to appear at an interview. Additionally, it legitimises the "hotspot" approach, where asylum claims are processed at the border, effectively containing asylum seekers before they enter the country and broadening the "safe third country" concept, raising significant concerns regarding the principle of non-refoulement,[6] and the extent to which asylum seekers' rights are safeguarded under the new framework (Guild, 2024).

### **Concluding thoughts**

The constitutional crisis of the EU is directly linked to its migration governance failures. The erosion of asylum rights, coupled with the selective application of legal norms, weakens the Union's identity as a rights-based polity. The implementation gap remains unresolved, as Member States continue to exercise discretion in ways that circumvent common asylum obligations. The lack of a binding solidarity mechanism further entrenches disparities between frontline states and other Member States, perpetuating fragmentation rather than fostering collective responsibility.

Additionally, the prioritisation of security considerations over human rights has long-term implications for the EU's internal and external legitimacy. The use of externalisation strategies, such as agreements with third countries, reflects a policy of containment rather than protection. These measures, while politically expedient, pose ethical and legal challenges that call into question the EU's commitment to its foundational principles.

The findings of this research highlight the persistent and systemic challenges embedded within the European Union's asylum and migration policies, as also mentioned by Tsourdi and Costello (2023). The New Pact on Asylum, despite being presented as a comprehensive reform, essentially reinforces pre-existing deficiencies rather than addressing them effectively. Ultimately, rather than offering meaningful solutions, the New Pact solidifies a framework that maintains previous inadequacies while exacerbating obstacles to asylum.

Asylum policy must be decoupled from migration policy by establishing legal and safe pathways to apply for asylum from countries of origin or transit, without jeopardising the lives of refugees. While it is true that migration can be instrumentalised by third countries to create instability within the European Union, the response should be firm towards those third countries rather than towards the individuals who have been instrumentalised. Although these individuals may need to return to their countries of origin, this must be carried out with full humanitarian guarantees and in the shortest possible time. At the same time, borders should remain permeable, and agreements should be established with countries of origin and transit to promote regular migration for those seeking to improve their living conditions. This could be achieved by incentivising temporary work visas in sectors facing labour shortages.

### **Endnotes**

- 1 This contribution is within the research projects PID 2021-126765NB-I00 of MICINN and AICO/2021/099 of GVA.

- 2 Part of this research was carried out during a short research visit to the STG (EUI) in July 2023.
- 3 AI has been used to check spelling, grammar and language.
- 4 According to Carrera et al (2011, 19), the French closed their internal borders when only 400 asylum seekers from Tunisia and Libya had arrived at the French border. This could have been because at the time the Schengen Border Code allowed reintroducing internal border security controls when there was a serious threat to internal security or public policy. Were these 400 people a threat? This question was raised by Meltem Ineli - Ciger (2015, 240).
- 5 The term Crimmigration was first introduced in the United States by Professor Stumpf in 2006 to highlight the growing intersection between immigration and criminal law. Over time, its meaning has expanded beyond legal frameworks and regulations. Beyond serving as a warning about this convergence, Crimmigration has also fostered collaboration among scholars from various disciplines.
- 6 “The principle of non-refoulement obliges States not to expel or return (refouler), in any manner whatsoever, a person to territories where their life or freedom would be threatened...” (UNHCR, Emergency Handbook online).

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## Chapter 13.

### Designed to fail: EU Foreign Policy vis-à-vis Israel's encroachment on the Occupied Palestinian Territories

Bruno Jäntti

In 1980, the European Economic Community (EEC) issued the historic Venice Declaration articulating its key positions on Israel and the Occupied Palestinian Territory (OPT). The declaration put forth two salient positions: i) the recognition of the need to enforce Palestinian self-determination, and ii) the non-recognition of the Israeli settlement enterprise in the OPT (EEC 1980). In 1993, the two positions were passed on to the EU, which has officially upheld them ever since. The two positions form the core of the official EU approach to Israel-Palestine, which also includes the more specific goal of realising Palestinian self-determination via an independent and sovereign Palestinian state and facilitating in bringing about a lasting peace settlement between Israel and the Palestinians.

As Israel's leading trading partner and the most significant contributor of aid to the OPT, the EU has been an involved outside actor that has yielded substantial leverage on Israel and the OPT since the Maastricht Treaty. While it is evident that EU foreign policy toward Israel-Palestine has yet to amount to a successful conflict resolution approach, this contribution touches on two questions with less obvious answers. First, does EU foreign policy toward Israel have conflict resolution potential in light of findings on the relationship between the degree of democracy within a state entity and the probability of armed conflict? Second, have the policy measures implemented by the EEC and the EU after the Venice Declaration contained the potential to achieve the two critical EU objectives concerning Israel-Palestine?

The time period under scrutiny in this article excludes questions related to the current EU foreign policy, such as EU stance to Israel's criminal conduct in the OPT post-October 7, 2023, as well as the internal divisions among EU member states regarding their perspectives on Israel-Palestine. Instead, this work addresses the inherent contradictions and shortcomings in the EU's external engagement concerning Israel-Palestine over a timeline of nearly four decades, from 1980 to the early 2020s.

#### **Prone to armed conflict: regimes that blend democracy and autocracy**

The first result of a Google search in 2024 for 'EU and Israel' is the official website of the European External Action Service (EEAS). Under the heading 'The European Union and Israel' and before the main body of the text (including links to EU-Israel agreements), the highlighted lead in an aesthetically appealing blue EU layout states the following:

The European Union and Israel share a long common history, marked by growing interdependence and cooperation. Both share the same values of democracy, respect for freedom and rule of law and are committed to an open international economic system based on market principles. Over five decades of trade, cultural exchanges, political cooperation and a developed system of agreements have cemented these relations. (EEAS 2021)

While the EU and Israel do indeed share ‘a long common history’, the fact that Israel enforces a military dictatorship in the West Bank (HRW 2019) and restricts civil and political rights of its citizens of Paletinian background (Shafir 2018) falsifies the notion that Israel and the EU ‘share the same values of democracy, respect for freedom and rule of law’. The characterisation of Israel as a functioning democracy is not merely an innocuous or trivial misrepresentation; it raises concerns regarding the long-term conflict resolution potential of the EU approach for regimes that amalgamate democratic and authoritarian institutions (such as Israel), and which exhibit a heightened risk of armed conflict.

The political and legal institutions in fully authoritarian states, by design, disallow independent democratic organisation and participation, making many such systems somewhat protected from internal armed conflict. Most immune to armed hostilities, including civil wars or armed coups d'état, are societies with deeply entrenched democratic mechanisms and a high human rights and rule of law performance. That armed conflict is a rarity in stable democracies can be attributed to the political, legal, and social institutions present in these societies, which facilitate a platform for the peaceful expression and discussion of dissent, dissatisfaction, and differing viewpoints.

In contrast, the form of government particularly susceptible to armed instability is anocracy, a hybrid of authoritarian and democratic institutions, specifically partial democracy with factionalism (Goldstone et al., 2010). The politico-legal system enforced by Israel in Israel-OPT constitutes a partial democracy with factionalism (Khokhlov and Korotayev, 2022: 406).

The original model by Goldstone et al. went beyond theoretical exploration of the relationship between various types of regime institutions and societal instability, explicitly identifying common characteristics behind the onset of conflict and the striving for predictive power. The model has been reassessed and retested more recently. Bowsby et al. (2020) argue that the accuracy of the predictions of the model is not fixed but reached its high point in the out-of-sample validation period (1995-2004), yet became less accurate in the subsequent time frame of 2004-2014. Bowsby D. et al. (2020) argue that the drivers of political upheaval and armed conflict are intrinsically time-variant.

The Goldstone et al. model prompted researchers to investigate further into predictors of armed conflict. By disaggregating regime variables based on new data, Krishnarajan et al. (2016) found that specific democratic institutions, such as freedom of speech and assembly, fit the inverted U-curve model: i.e. the low probability of conflict onset at both ends of the autocracy-democracy continuum and a higher risk in the middle. By contrast, free and fair elections do not fit the model.

Research by Skarstad and Strand (2016) yielded somewhat different findings, i.e. that the likelihood of civil war is higher when the political system breaches physical integrity rights and subsistence rights, whereas the violation of civil and political rights has little impact (Skarstad and Strand, 2016). Piccone (2017) emphasises that prioritising the reinforcement of democratic institutions and human rights, as well as the inclusion of marginalised groups and actors in the political process, both minimise the likelihood of armed conflict within a country. Prior to the Goldstone et al. model, Rost et al. (2009) contended that the likelihood

of civil war is higher in states with weak governance, political instability, economic fragility, dependence on oil exports, repression of human rights, and military-run leadership.

A democratic form of government tends to contribute to resolving both intrastate and interstate armed conflict (Kinsella and Rousseau, 2009). Perhaps more importantly, while outlining the framework in which conflicts can be resolved, the nexus between human rights and peace plays a critical role in facilitating societies to gradually emerge from armed instability towards steady peace and in fostering a new societal infrastructure that henceforth protects them from renewed hostilities (Juma, 2008).

For this contribution, the pertinent finding in conflict onset research revolves not around the methodological differences or subtle distinctions in findings, but the following broad agreement: fully democratic societies with strong human rights records contain the lowest likelihood of large-scale domestic armed conflict. In contrast, hybrid regimes with systemic rights violations feature a high probability of internal armed instability. Hence, EU insistence that Israel qualifies as a functioning democracy suggests a reluctance to formally acknowledge the scope of institutional reforms necessary for the country to achieve genuine democratisation—democracy ultimately being the safest form of government.

### **EU conflict resolution potential at an impasse**

In addressing specifically self-determination conflicts, such as Israel-OPT, the positive impact of democracy and human rights has been extrapolated to the entire body of international law. In a publication on the prevention and resolution of conflicts revolving around self-determination issues, academics, mediators, diplomats, and experts issued guidelines that ‘reaffirm the importance of respect for international law in addressing self-determination conflicts as a foundation for long-term peace, stability, and security’ (Liechtenstein Institute on Self-Determination, 2021).

Diplomatic debates revolving around self-determination conflicts may feature the argument, put forth by a party opposing the self-determination of another, that the latter lacks a national *self* (Neuberger 2010). If the party is not a people with distinct national awareness or cultural, lingual, and other characteristics, this argument contends, then the party is not and cannot be entitled to self-determination.

Sometimes the terminology employed is designed to deny the very existence of a national self having the right to self-determination. The designation of the Kurds in Turkey as ‘Mountain Turks’ by the Turkish government or the description of the Abkhaz as Georgians are good examples. Another example has been the refusal of the Israeli Right to talk about Palestinians. They preferred to talk about ‘Arabs of the Land of Israel’ in order to deny the existence of a Palestinian people with a right to national self-determination. (Neuberger 2010, 83)

The first pivotal step in resolving self-determination conflicts is the recognition of the *jus cogens* character of self-determination as a fundamental tenet of international law. Such an approach emphasises that abiding by international law in solving self-determination conflicts is decisive for successful conflict resolution and long-term stability (Liechtenstein Institute on

Self-Determination, 2021). Israel, however, denies that Israel-OPT qualifies as a self-determination conflict. As per Israeli law, specifically the Nation-State Law of 2018, the Palestinians do not have the right to self-determination, not even in principle (The Knesset, 2018). The EU has been reluctant to acknowledge adequately that the Nation-State Law directly contradicts the EU position that underscores the need to enforce Palestinian self-determination.

The EU can increase the probability of success in its conflict resolution strategy in the Israel-OPT region by addressing Israel's status as a hybrid of democratic and authoritarian political and legal institutions. If the current politico-legal structures of the Israel-OPT's sovereign – namely the Israeli government – remain in place, there is a low likelihood of moving beyond large-scale violence. Hence, the Union's foreign policy will continue to lack conflict resolution impact unless it implements distinct measures whose outcomes are expected to bolster a gradual entrenchment of democratisation and human rights mechanisms.

### **Key EU positions on Palestinian self-determination and Israeli settlements in the OPT**

The EU position on Palestinian self-determination precedes the Maastricht Treaty. Vocal and unequivocal EU support for both the existence of the right of the Palestinian people to self-determination and the need to realise this right has its roots in the historic 1980 Venice Declaration, which articulated the EEC's intention to become a more influential actor in the Israel-Palestine conflict (Harpaz and Shamis, 2010: 584–85). The declaration states that a 'just solution must finally be found to the Palestinian problem, which is not simply one of refugees', adding that the 'Palestinian people, which is conscious of existing as such, must be placed in a position, by an appropriate process defined within the framework of the comprehensive peace settlement, *to exercise fully its right to self-determination*' (EEC 1980, italics added).

The Cardiff European Council of 1998 urged Israel to acknowledge the right of the Palestinians to self-determination and noted that Israel should recognise this right 'without excluding the option of a State' for the Palestinians (Persson, 2015: 81). Compared to the 1980 Venice Declaration, in 1999, the EU issued a stronger statement that came to be known as the Berlin Declaration in support of a Palestinian state, which was based on the right of the Palestinian people to self-determination. The following excerpt deserves to be quoted in full:

The European Union reaffirms the *continuing and unqualified Palestinian right to self-determination* including the option of a state and *looks forward to the early fulfillment of this right*. It appeals to the parties to strive in good faith for a negotiated solution on the basis of the existing agreements, *without prejudice to this right, which is not subject to any veto*. The European Union is convinced that the creation of *a democratic, viable and peaceful sovereign Palestinian State* on the basis of existing agreements and through negotiations would be the best guarantee of Israel's security and Israel's acceptance as an equal partner in the region. The European Union *declares its readiness to consider the recognition of a Palestinian State* in due course in accordance with the basic principles referred to above. (European Council 1999, as cited in Persson, 2015: 81-2, italics added)

Since this formal EU announcement, which was built on the letter and spirit of the Venice Declaration, the EU has been emphatic and consistent for over two decades on the paramount importance of recognising and enforcing Palestinian self-determination. Speaking in the 61<sup>st</sup> UNGA session in 2006, the Ambassador in the Permanent Mission of Finland to the United Nations stated: 'I have the honour to speak on behalf of the European Union. [...] The European Union would like to restate its *firm commitment to enabling the Palestinian people to fulfil their unconditional right to self-determination*, including the possibility of establishing a sovereign state' (Huimasalo 2006, italics added).<sup>2</sup>

The European Parliament issued a similar resolution in 2011. The resolution reaffirms EU support for 'State of Israel and an independent, democratic, contiguous and viable State of Palestine living side by side in peace and security' and underlines that the EU will not recognise changes to the pre-1967 borders, including changes to the status of Jerusalem, unless said changes are agreed by both parties (European Parliament 2011). The then-High Representative of the Union for Foreign Affairs and Security Policy Catherine Ashton reiterated the position one year later: 'We have *always upheld the right of self-determination of the Palestinian people* and it is best done through their own state. We have worked with the Palestinian Authority to build up the institutions of a future democratic, independent and viable Palestinian State. We will continue to support the Palestinian people towards this aim' (Ashton 2012, italics added). In 2014, the European Parliament reiterated that the Union envisions the 'State of Israel and an independent, democratic, contiguous and viable Palestinian State living side by side in peace and security on the basis of the right of self-determination and full respect of international law' (European Parliament 2014).

The official position of the EU has been equally consistent and explicit on the illegality of the Israeli policy of transferring its civilian population to the OPT. In 1980, the EEC expressed that it viewed Israel's settlement project as a breach of international law and an obstacle to peace. The EEC stated: 'The nine [all members of the European Economic Community, editor's note] stress the need for Israel to put an end to the territorial occupation which it has maintained since the conflict of 1967, as it has done for part of Sinai. They are deeply convinced that the Israeli settlements constitute a serious obstacle to the peace process in the Middle East' (EEC, 1980). The EEC added that all nine members 'consider that these settlements, as well as modifications in population and property in the occupied Arab territories, are illegal under international law' (EEC, 1980).

### **EU foreign policy undermines official EU goals and positions**

The EEC and the EU have yielded considerable influence over the political trajectory of Israel-  
OPT since the Venice Declaration. After the Maastricht Treaty, no other outside actor has been as deeply entrenched in both the Israeli and Palestinian societies and economies as the EU. Officially, the EU has upheld the tenets of international law by calling for the realisation of Palestinian self-determination and maintaining a stance of nonrecognition of Israeli settlements in the OPT. Notwithstanding the Union's official commitments, however, examining EU policies reveals that the EU directly undermines its foreign policy objectives.

Pertaining to the research questions posed in the beginning of the contribution, the EU's misrepresentation of the Israeli political system as a democracy that respects the rule of law diminishes its likelihood of effectively pursuing a conflict resolution approach. A comprehensive conflict resolution strategy would recognise and confront Israel's unstable hybrid regime profile and directly advocate for democratisation, the rule of law, and the realisation of Palestinian self-determination.

Besides the inadequacies of EU foreign policy as conflict resolution elaborated above, four policy choices stand out as being detrimental to a consistent EU foreign policy: the EU conducts conventional trade with Israeli settlements, exports military equipment to Israel, has opted to neglect the human rights clauses of the EU Code of Conduct on Arms Exports and the EU-Israel Association Agreement, and has not imposed or threatened sanctions on Israel. Due to a failure to align the official EU objectives with EU conduct, the Union continues to pursue policies that work against the Union's official goals.

Achieving a foreign policy strategy with conflict resolution potential and compatibility between official goals and policies entails an abrogation of the established EU approach of expediting the Israeli occupation and territorial expansionism and tacitly acquiescing to the absence of Palestinian human rights while paying lip service to the two-state solution. Crucially, EU policy measures have not merely failed to advance but cannot advance the official EU goal of realizing Palestinian self-determination or the official EU stance of non-recognition of Israel's settlements in the OPT. The expected outcomes of the five long-standing EU measures identified in this contribution undermine rather than further the Union's official objectives.

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## **Part 4: Political Challenges within the European Union**

## Chapter 14.

### **Trustbreakers: how political discrimination shapes trust in public institutions in the European Union**

**Ana María Montoya, Natalia Rodríguez, Santiago Pardo, and Carlos Toruño  
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#### **Introduction**

Across European democracies, the last decade has been marked by intensifying political polarization, the rise of populist movements, and growing disillusionment with traditional political institutions (Nord et al, 2024). This environment has brought renewed attention to a troubling yet underexplored phenomenon: political discrimination. Citizens throughout the European Union (EU) increasingly report feeling excluded, stigmatized, or even harassed because of their political views. Whether stemming from mainstream party opponents, media narratives, or institutional biases, political discrimination appears to be shaping both how citizens relate to public institutions and how they choose to engage in political life.

While a robust body of research has examined the role of discrimination based on race, ethnicity, religion, or gender in shaping political behavior, less is known about how discrimination grounded in political opinion affects institutional trust. The dominant narrative around civic engagement tends to overlook the experience of political exclusion, treating partisan identity as a driver of opinion rather than a source of discrimination. This omission is particularly significant in the European context, where multiparty systems, coalition politics, and diverse political cleavages complicate the binary logic of partisan divides seen in other contexts, such as in the United States.

This chapter addresses this gap by asking: How does political discrimination influence trust in political institutions? We examine the direct effect of political discrimination on institutional trust and the complex relationship between political exclusion. Drawing on original data from the World Justice Project's EUROVOICES initiative – a cross-national survey spanning 27 EU Member States and 110 subnational regions – we identify systematic patterns that link experiences of political discrimination to weakened trust. By focusing on both individual-level experiences and subnational variations across NUTS regions, the EUROVOICES dataset provides an invaluable foundation to analyze the societal impacts of perceived political discrimination. The inclusion of this specific dimension enables a rigorous empirical examination of how political exclusion shapes democratic attitudes and behaviors across Europe.

Europe offers a particularly fertile context for examining political discrimination, affective polarization, and their impact on institutional trust. Unlike the United States, where partisanship is often treated as a stable identity, European party affiliations are shaped by enduring socioeconomic, religious, and cultural cleavages (Lipset and Rokkan 1967; Richardson 1991), now layered with newer divides such as globalization, immigration, and European integration. These overlapping fault lines intensify the potential for perceived political exclusion. Moreover, the EU's institutional diversity – from proportional to

majoritarian systems, and from centralized to decentralized governance – provides a valuable comparative framework for analyzing how political arrangements either mitigate or exacerbate polarization (Drutman 2019; Lelkes and Westwood 2017). While coalition politics can sometimes temper binary partisan hostility, they may also contribute to fragmented publics and complex exclusion dynamics. By analyzing how citizens experience political discrimination across these varied contexts, this study sheds light on the broader relationship between polarization, political exclusion, and trust in democratic institutions. Our findings indicate that political discrimination significantly erodes institutional trust.

This chapter has important implications for EU policy. From a policy perspective, the findings suggest a few avenues. Strengthening anti-discrimination norms to include political opinion could help (for instance, discouraging employers, universities, or social platforms from penalizing individuals for lawful political expression). Promoting cross-partisan dialogue and bridging social capital can reduce mutual misperceptions and de-escalate the sense of being under threat that drives affective polarization. Moreover, bolstering the impartiality and fairness of institutions – for example, through independent judiciaries and media pluralism – can reassure citizens that no matter who they are or what they believe, they will be treated equally, thus shoring up trust.

Finally, it is worth noting that while political discrimination in Europe has not been studied as extensively as ethnic or religious discrimination, it is increasingly salient in an era of polarization. Democratic institutions depend on a baseline level of mutual tolerance among political rivals and a belief that one's rights will be protected even if one's side is in the minority. When that breaks down, we see the symptoms documented in this review: plummeting trust, voter apathy for some and radicalization for others, street politics supplanting parliamentary politics, and a breeding ground for authoritarian populism.

### **Literature review and theoretical framework**

While the study of political participation and institutional trust has long emphasized the role of social and economic cleavages, less attention has been paid to how individuals' political identities themselves become targets of exclusion and marginalization. Political discrimination – defined as unfair treatment or stigmatization on the basis of political beliefs or affiliations – has become an increasingly relevant form of grievance in contemporary democracies. In the EU context, this phenomenon is heightened by the diversity of political systems and the rising salience of ideological polarization.

Early studies on political behavior often assumed that democratic systems protect pluralism and tolerate dissenting views. However, recent research has challenged this notion by showing that political exclusion can be institutionalized through biased policymaking, media representation, or social norms (Mudde, 2007; Norris & Inglehart, 2019). The literature on "democratic backsliding" has identified political discrimination as a key tactic used by illiberal governments to delegitimize opposition groups, often by portraying them as disloyal, dangerous, or unworthy of equal participation (Levitsky & Ziblatt, 2018).

Recent scholarship by Oskooii (2016; 2020) has advanced our understanding of discrimination's political consequences by distinguishing between societal discrimination

(i.e., exclusion by peers or communities) and political discrimination (i.e., biased treatment by political authorities or institutions). Oskooii finds that the perception of political discrimination tends to motivate civic and political action, whereas social or interpersonal discrimination often correlates with withdrawal or alienation.

The literature on political trust highlights how perceived fairness, inclusion, and responsiveness underpin citizens' willingness to support democratic institutions (Levi & Stoker, 2000; Citrin & Stoker, 2018). When citizens believe that institutions are biased or unresponsive to their concerns – especially if they experience discrimination – they are less likely to view those institutions as legitimate. As Wilkes and Wu (2018) demonstrate, even in democratic contexts, minority groups often experience persistent structural exclusion, which translates into lower levels of institutional trust. These effects are magnified when discrimination is not just intergroup but institutionalized – when the courts, police, or administrative systems are seen as favoring dominant identities. This dynamic is evident in comparative studies showing that perceived partisan bias in institutions reduces trust among opposition voters (Anderson & Tverdova, 2003; Armingeon & Guthmann, 2014). In such environments, trust is no longer grounded in performance but becomes contingent on group belonging, with deep implications for civic cohesion and democratic legitimacy (Keefer & Scartascini, 2022; Glaeser et al., 2000). Therefore, political discrimination is not just an interpersonal experience but a systemic concern.

This breakdown of trust is further intensified in polarized societies where identity-based cleavages, often rooted in experiences of discrimination, become the main lens through which institutions are interpreted. Affective polarization amplifies this process by transforming political opponents into moral enemies (Iyengar et al., 2019). Under such conditions, public institutions are no longer seen as neutral arbiters but as partisan instruments serving the interests of the dominant coalition (Lelkes & Westwood, 2017).

The experience of political discrimination operates within this dynamic, both reflecting and reinforcing the loss of shared moral ground. When individuals believe they are treated unfairly due to their political beliefs, they interpret this exclusion as part of a broader system that no longer protects their rights or values. This perception, in turn, weakens their attachment to democratic institutions and fosters disengagement or radicalization. Moreover, discrimination fractures horizontal trust among citizens, deepening divisions and eroding the civic norms that underpin democratic cooperation (OECD, 2024; Keefer & Scartascini, 2022). In this way, political discrimination not only reduces institutional trust directly, but also indirectly – by disrupting the social fabric through which collective democratic commitments are sustained.

In short, political discrimination emerges in the literature as both a driver and a consequence of affective polarization and declining trust. The net outcome depends on individual, group, and systemic factors – a complexity that this paper seeks to unpack through empirical analysis of the EUROVOICES dataset

We thus hypothesize the following:

**H1:** Political discrimination is negatively associated with trust in political institutions.

**H1b:** The negative relationship between political discrimination and institutional trust is stronger among individuals with high levels of affective polarization.

**Table 1: The incidence rate of perceived discrimination by its grounds**

Country	Political Opinion	Sex	Gender	Ethnicity	Migration Status	Social Status	Religion
Austria	25.3	13.0	9.5	13.1	12.6	17.8	11.6
Belgium	13.2	15.0	8.5	13.0	9.2	18.1	10.7
Bulgaria	1.5	1.8	0.7	2.1	0.6	3.1	1.1
Croatia	11.8	8.2	2.6	5.0	3.1	11.2	8.3
Cyprus	11.0	13.3	6.1	6.4	5.5	12.3	6.7
Czechia	28.7	13.0	10.0	13.9	16.6	18.5	5.4
Denmark	11.5	13.0	7.5	10.8	9.9	14.7	10.1
Estonia	15.5	9.5	3.4	6.7	2.2	10.1	2.8
Finland	13.7	11.4	4.6	4.4	2.8	15.9	5.0
France	10.4	11.6	4.6	7.7	4.4	12.2	6.7
Germany	24.4	11.9	8.0	11.1	10.0	16.0	9.5
Greece	5.2	3.6	0.8	1.5	1.4	2.8	1.0
Hungary	34.5	15.9	16.5	22.4	16.5	27.8	14.3
Ireland	12.7	15.8	7.1	9.1	8.7	14.8	9.6
Italy	13.7	13.7	7.8	8.1	6.3	13.9	8.2
Latvia	6.0	2.5	0.5	7.5	1.9	5.5	1.9
Lithuania	5.3	2.2	0.1	2.9	0.5	4.9	1.0
Luxembourg	15.3	11.1	4.1	10.1	8.6	11.3	5.3
Malta	13.0	6.8	1.6	4.4	3.4	4.4	4.0
Netherlands	15.2	14.0	9.4	12.5	11.2	15.2	10.6
Poland	6.7	3.0	1.0	1.3	1.0	3.4	2.4
Portugal	2.6	3.5	2.6	4.1	2.8	4.1	3.5
Romania	4.7	3.6	1.8	3.7	1.7	5.3	2.7
Slovakia	26.5	14.1	10.7	12.3	10.1	18.5	11.1
Slovenia	18.1	10.1	5.3	9.2	7.1	17.0	9.0
Spain	19.8	14.6	7.5	9.4	8.4	15.2	8.3
Sweden	12.1	15.3	5.7	10.8	7.2	13.4	7.3

\*Note\*: Table displays the percentage of respondents in each country that answered to have had experienced discrimination or harrasment for each of the grounds presented to them.

**Data and methods**

To test these hypotheses, we use household data from the EUROVOICES project, developed by the World Justice Project with support from the European Commission. The dataset comprises responses from 64,089 individuals across 110 subnational regions in the 27 EU Member States. It offers unique and up-to-date information on how people in the EU perceive and experience democratic governance, discrimination, trust in political institutions, and patterns of political engagement in their daily lives. The survey features a detailed module that captures 11 distinct types of discrimination, including sex, age, disability, ethnicity, migration background, socioeconomic status, religion, and political opinion. Respondents are asked whether they have experienced discrimination or

harassment in the past 12 months due to these characteristics, with standardized response options that facilitate cross-national comparisons.

Crucially, the survey includes a direct question on political discrimination, asking respondents whether they felt discriminated against or harassed because they expressed political opinions, defended the rights of others, or were affiliated with a political group. This provides a rare opportunity to explore how perceived political discrimination – as distinct from other forms of marginalization – relates to broader questions of institutional trust and democratic participation.

Furthermore, the questionnaire collects data on perceptions of trust in various public institutions, including local and national governments, the police, and judges and magistrates. For this analysis, responses are recoded such that “A lot” and “Some trust” are assigned a value of 1, while “A little” and “No trust” are assigned a value of 0. To better capture an individual's overall trust in political institutions, we developed a Trust in Political Institutions Index. This index was estimated using a Logistic Principal Component Analysis reduction (Landgraf & Lee, 2020) of the individual's answers to their levels of trust in local authorities, national authorities, police, prosecutors, public defense attorneys, judges, magistrates, political parties, and members of Parliament. Finally, we employ logistic and linear regression models to estimate the effects of political discrimination on institutional trust. All models include country fixed effects and control for age, gender, education, employment, income, minority status, political ideology, and urban/rural residence. Interaction terms are used to test the moderating effect of partisan alignment and affective polarization.

### **Political discrimination in the EU**

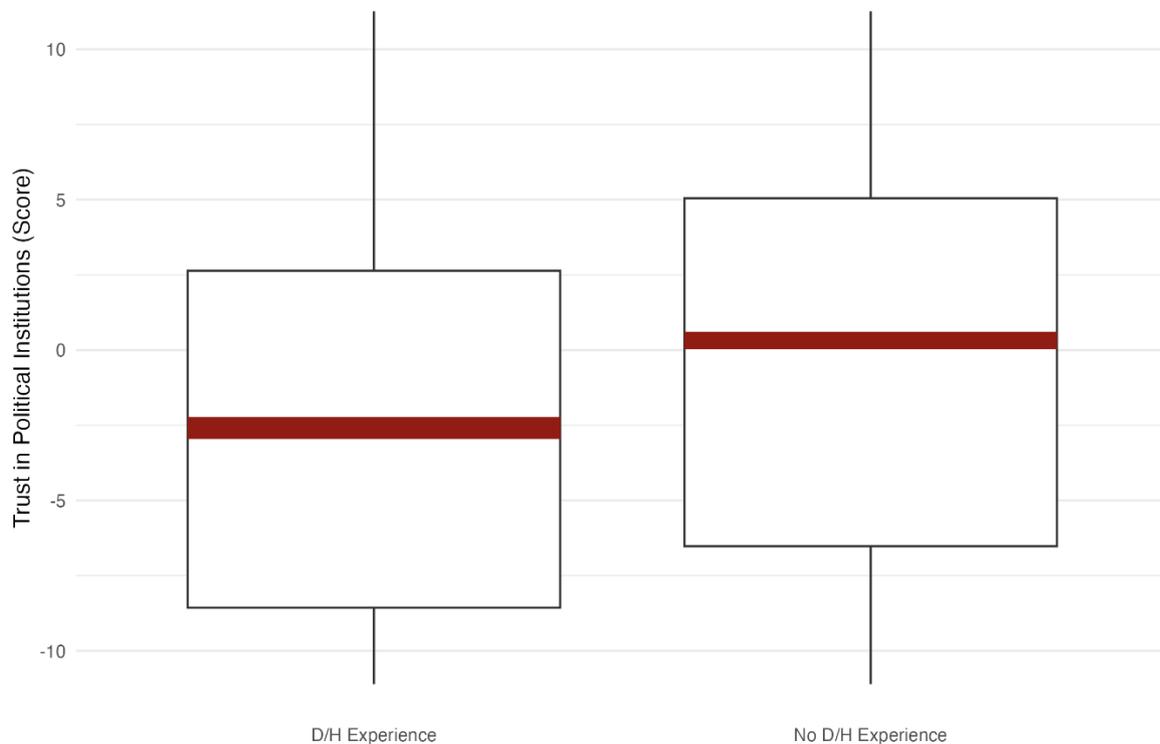
According to the World Justice Project EUROVOICES household data, discrimination is a significant challenge across the European Union. Over 25% of people faced some form of discrimination during the past year in most EU regions. Table 1 presents the incidence of self-reported discrimination across EU Member States, disaggregated by grounds for discrimination.

Political discrimination emerges as the most reported category in 13 of 27 EU countries – more than sex, ethnicity, or migration background. Rates are particularly high in Hungary (34.5%), Czechia (28.7%), Slovakia (26.5%), Austria (25.3%), and Germany (24.4%), while being especially low in Portugal (2.6%) and Bulgaria (1.5%). On average, 14.7% of people have experienced political discrimination in the EU.

These patterns suggest that political discrimination is a salient and widespread phenomenon in many European contexts. Importantly, this form of exclusion has surpassed more commonly recognized types of discrimination in a significant number of countries, indicating a shift in how individuals experience marginalization.

These descriptive findings provide a crucial empirical foundation for our analysis. They reveal the pervasiveness of political discrimination in specific European contexts and justify a deeper investigation into its consequences for political trust.

**Figure 1: Trust in political institutions by experiences of political discrimination**



The figure displays the distribution of the Trust in Political Institutions Index between individuals that have experienced political discrimination or harassment (D/H) and those who have not. The index scores are estimated using a Logistic PCA reduction of the individual's answers to their levels of trust in local authorities, national authorities, police, prosecutors, public defense attorneys, judges, magistrates, political parties, and members of Parliament. The red area displays the 95% confidence interval of the median score for each group.

### **Relationship between Trust in Institutions and Political Discrimination**

The analysis reveals a consistent and significant relationship between political discrimination and lower levels of institutional trust across the European Union. Descriptive findings show a pronounced trust gap between individuals who report having experienced political discrimination or harassment (D/H) and those who have not. As illustrated in Figure 1, the median trust score among the D/H group falls well below zero, indicating general distrust, while individuals without such experiences report more neutral or positive levels of trust.

These patterns are confirmed by the regression models presented in Table 2. Individuals who experienced political discrimination exhibit a **1.755-point reduction** in the overall Trust in Institutions Index, a highly significant result that supports **Hypothesis 1 (H1)**. This effect is not limited to general attitudes: political discrimination also significantly decreases the likelihood of trusting specific institutions, including the national government, local government, parliament, and the judiciary. These results indicate that the consequences of political discrimination are not confined to a particular branch or level of government but rather reflect a **systemic erosion of trust**.

**Table 2: Relationship between political D/H experiences and institutional trust measures**

	(I)	(II)	(III)	(IV)	(V)
poldis	-1.755*** (0.182)	-0.093*** (0.009)	-0.088*** (0.008)	-0.053*** (0.008)	-0.104*** (0.012)
Num.Obs.	51177	51090	51109	51044	51079
R2	0.106	0.062	0.045	0.083	0.055
R2 Adj.	0.105	0.061	0.044	0.082	0.054
R2 Within	0.054	0.033	0.022	0.034	0.018
R2 Within Adj.	0.054	0.032	0.021	0.033	0.018
AIC	341969.8	64605.5	67749.3	53463.5	65894.4
BIC	342332.4	64968.0	68111.9	53826.0	66256.9
FE..country	X	X	X	X	X
Variable	Trust Index	Nat. Govt.	Loc. Govt.	Parliament	Judges
Method	OLS	Logit	Logit	Logit	Logit

\* p < 0.05, \*\* p < 0.01, \*\*\* p < 0.001

\*Note\*: Table shows the predicted probability of having experienced political discrimination or harrasment (D/H) on different measures of trust in political institutions using a set of social and political traits as control variables. Model (I) uses the Trust in Political Institutions Index as a dependant variable, while models (II), (III), (IV), and (V) use a binary variables equal to one if the person answered to have a lot or some trust in national authorities, local authorities, members of parliament, and judges and magistrates, respectively. \*, \*\*, and \*\*\* represent statistical significance at p < 0.05, p < 0.01, and p < 0.001, respectively. Standard Errors are clustered at the country level.

Importantly, some institutions appear more vulnerable to this decline. The largest drops in trust are observed in relation to national governments and judges and magistrates – bodies that are generally expected to uphold neutrality, legality, and procedural fairness. The fact that trust in these institutions declines so markedly following experiences of political discrimination points to a critical vulnerability: even in the absence of direct perceptions of institutional bias, the mere experience of exclusion can weaken confidence in the institutional pillars that sustain the rule of law. This erosion of trust is particularly concerning because it affects institutions responsible for ensuring accountability, safeguarding rights, and adjudicating disputes impartially.

Table 3 extends this analysis by examining the moderating role of **partisan alignment**. Disaggregating the sample by whether respondents support the incumbent political party reveals that **trust declines in both groups** following experiences of political discrimination. However, the effect is **consistently stronger among individuals who are not aligned with incumbent politicians and parties**, suggesting a compounding effect of **ideological and experiential exclusion**.

**Table 3: Relationship between political D/H experiences and institutional trust measures by political alignment**

	incpp	(I)	(II)	(III)	(IV)	(V)
poldis	0	-1.851*** (0.226)	-0.099*** (0.011)	-0.090*** (0.009)	-0.058*** (0.010)	-0.107*** (0.014)
	1	-1.264*** (0.222)	-0.062*** (0.017)	-0.079*** (0.015)	-0.024 (0.017)	-0.088*** (0.016)
Num.Obs.		51177	51090	51109	51044	51079
FE..country		X	X	X	X	X
Variable		Trust Index	Nat. Govt.	Loc. Govt.	Parliament	Judges
Method		OLS	Logit	Logit	Logit	Logit

\* p < 0.05, \*\* p < 0.01, \*\*\* p < 0.001

\*Note\*: Table shows the predicted probability of having experienced political discrimination or harrasment (D/H) on different measures of trust in political institutions by political alignment with the incumbent political party (incpp =1) and using a set of social and political traits as control variables. Model (I) uses the Trust in Political Institutions Index as a dependant variable, while models (II), (III), (IV), and (V) use a binary variables equal to one if the person answered to have a lot or some trust in national authorities, local authorities, members of parliament, and judges and magistrates, respectively. \*, \*\*, and \*\*\* represent statistical significance at p < 0.05, p < 0.01, and p < 0.001, respectively. Standard Errors are clustered at the country level.

This asymmetry offers important insights into the nature of political trust in polarized contexts. The fact that political discrimination reduces institutional trust across the political spectrum suggests that the effect is not solely driven by partisan identity. Yet the sharper decline among opposition-aligned individuals points to a deeper erosion of perceived neutrality: institutions are increasingly seen as responsive only to the group with which each person identifies. Under these conditions, trust becomes **conditional on perceived group representation**, eroding the shared legitimacy of democratic institutions. This dynamic is emblematic of **affective polarization**, in which political identity shapes preferences and distorts perceptions of institutional fairness. These results provide empirical support for **Hypothesis 1b (H1b)**, demonstrating that the negative association between political discrimination and institutional trust is **amplified among individuals embedded in polarized political environments**, where political opponents are viewed as constituting a moral threat and causing institutional bias. In such contexts, political discrimination does not merely reduce trust – it accelerates the breakdown of the civic norms and institutional impartiality essential to democratic resilience.

## Conclusion

This study provides robust empirical evidence that political discrimination is a significant and systemic threat to institutional trust in the European Union. Drawing on the EUROVOICES survey, we find that individuals who report having experienced political discrimination or harassment exhibit substantially lower levels of trust in both national and local institutions. Further analysis shows that the negative effect of political discrimination on institutional trust is **amplified among individuals who are not aligned with the incumbent politicians or parties**. This partisan asymmetry underscores the relevance of affective polarization as a moderating force: in politically divided societies, institutional trust becomes increasingly

conditional on perceived group representation. Crucially, we also find that the decline in trust is especially pronounced in institutions tasked with safeguarding the rule of law – namely, national governments and the judiciary. This erosion of confidence in impartial institutions represents a deeper risk to democratic governance, as it weakens the normative belief that all citizens, regardless of political affiliation, will be treated equally under the law.

These findings signal more than a crisis of perception – they reflect a weakening of the institutional foundations that sustain democratic resilience. When trust in core institutions fractures along political lines, it erodes the common democratic ground necessary for pluralism, compromise, and accountability. In such environments, citizens may disengage from formal politics or turn towards more radical alternatives, while institutional actors themselves face declining legitimacy and capacity to mediate conflict.

Addressing the democratic costs of political discrimination requires a multidimensional policy response. First, **anti-discrimination protections should be expanded to explicitly include political opinion**, particularly in employment, education, and digital platforms. Second, governments and civil society actors should **invest in cross-partisan dialogue mechanisms** to rebuild social trust and mitigate affective polarization. Third, efforts to **reinforce institutional impartiality** – through independent judiciaries, transparent policymaking, and pluralistic media systems – are essential to restoring the credibility of public institutions.

Finally, democratic legitimacy depends not only on competitive elections or formal representation, but also on citizens' confidence that institutions will protect and treat their rights fairly – regardless of who holds power. In a context of growing polarization and political exclusion, rebuilding that trust is both a normative imperative and a practical necessity for the future of European democracy.

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## Chapter 15.

### The European Union in the face of conspiracy theories as hybrid threats

Carlos González-Tormo

#### Introduction

Hybrid threats are an increasingly significant security concern: they undermine the principle of good faith in Article 2 of the United Nations Charter concerning states' "equal sovereignty" and erode democracies from within. They often operate outside the bounds of legality in "grey zones", demanding proactive and flexible responses as they are difficult to detect (Sanz Caballero 2023). Nevertheless, both international and national systems can counteract the risks posed by hybrid threats through civil and criminal means. Thus, the challenge lies in defining such threats and detecting how to impede their corrosive effects. There is, however, a lack of consensus in defining hybrid threats, except for agreeing that they are attacks that deviate from traditional methods, aiming to destabilise legitimate social organisations, such as the EU and its constituent democracies, to gain political, social, or economic influence through multiple tactics of varying intensity, which consistently seek destabilisation (Ducaru 2016; Hoffman 2014; Lanoszka 2016; Ruiz-Ruano García and López Puga 2019; Lonardo 2021).

Two crucial aspects characterise hybrid threats: the difficulty in attributing authorship and the variety of forms they manifest, ranging from cyberattacks to the funding and implementation of disinformation campaigns (Bachman 2015; Sarri 2020). In today's delicate times of the struggle between post-truth and democracy (Arias Maldonado, 2024), it is essential to distinguish between *disinformation*, *misinformation*, and *malinformation* (Wardle and Derakhsham 2017; García Ruiz 2023). At this juncture, conspiracy theories are closely related to cognitive biases and disinformation, reinforcing the narrative of systematic "fake news" campaigns (Romero Reche 2024), and creating a favourable environment for populist and illiberal views. Moreover, conspiracy theories are closely linked to *malinformation* due to their connection with hate speech (Cohn 2010). Originating as a concept of study by Karl Popper (1966), conspiracy theories can be defined as "theories that attempt to explain some social phenomenon or significant political event by attributing it to the clandestine action of one or several groups of presumed conspirators who are considered extraordinarily powerful and influential (Romero Reche 2024: 209)".

Consequently, it must be understood that conspiracy theories have evolved beyond blaming what Tesoro (2024) terms "the usual villains". They now act simultaneously to increase the complexity of everyday understanding, erode institutional trust in daily life, especially during difficult moments, such as pandemics or warlike events. Given these circumstances, the challenge for the European Union is multifaceted and demands efforts ranging from legislation to *information literacy* (Jones-Jang *et al.* 2019). Thus, this article aims to define and explain conspiracy theories as part of the spectrum of hybrid threats and what risks and threats they pose to European democracy and its values, especially in a context where social media allows for multiple versions of reality to be presented, for echo chambers to exist, and

for pseudo-informational environments to be increasingly robust due to algorithms (Levy and Razin 2019; Bueno de Mata 2021; Lipmann 2023).

### **What are hybrid threats?**

Achieving a precise definition of what constitutes hybrid threats, and what does not, remains a complex task (Sanz Caballero 2023). NATO, in its 2010 Strategic Concept, defined hybrid threats as “those posed by adversaries, with the ability to simultaneously employ conventional and non-conventional means adaptively in pursuit of their objectives”. In contrast, the definitions advanced by the European Union and the European Centre of Excellence for Countering Hybrid Threats and the European Commission characterise them as multidimensional threats that combine coercive and subversive measures, employing both conventional and unconventional tools and tactics.

These threats are deliberately designed to be difficult to detect or to attribute, targeting critical vulnerabilities with the aim of generating confusion and impeding rapid and effective decision-making. Consequently, if hybrid threats are difficult to define, they are equally challenging to identify. Hybrid threats encompass a broad spectrum of influence, as they may target infrastructure, public administrations, sectors related to the economy, defence, justice, or even intelligence services (EEAS 2018; Com and Hybrid CoE 2021, 26–36).

Thus, elusive hybrid threats represent a formidable challenge when attempting to regulate them without falling into what Sanz Caballero (2023) warns is “lawfare”. This, however, raises a problem as the traditional tools of the rule of law are insufficient to counteract this type of threat, given that some hostile states make use of legal arguments to support hybrid tactics (Janičatová and Mlejnková 2021).

Indeed, hybrid threats have created significant legal challenges concerning the laws of war, the right to self-defence, the legitimacy of pre-emptive measures, and the use of countermeasures in response to these opaque and complex offensive tactics. A further risk is that hybrid threats may alter existing customary international law in these areas by misleadingly reinterpreting legal norms (Moeckli et al 2022; Cardona, Sanz-Caballero, and Arrufat, 2022). The issue of attribution, and consequently accountability, is particularly problematic, as hybrid adversaries typically deny any involvement, making it difficult to assign responsibility. Although effective counteraction against hybrid threats requires close cooperation between NATO and the EU, the primary duty to respond rests with the targeted state (Gaiser 2019; Bazarkina 2022). In grey zone conflicts, both state and non-state actors frequently test and blur legal and informational boundaries (Weissmann 2019; Sari 2020; Nilsson et al. 2021). As Sanz Caballero (2023) notes, hybrid threats intentionally create legal ambiguity and obscure the distinction between what is considered normal or acceptable in international relations.

At the same time, it is not possible to police other people’s beliefs. Moreover, the destabilisation of democracy is reinforced through the progressive erosion caused by the dissemination of fake news and disinformation in general. However, the regulation of such phenomena is also limited and frequently comes into direct conflict with the safeguarding of freedoms of information, expression, and, indeed, thought. As Gallardo Paúls (2025, 87)

remarks, it is essential to distinguish the inalienable right to freedom of expression from other communicative actions that may incite hatred and discrimination and may even constitute criminal offences.

### **What are conspiracy theories?**

With the advent of social media, falsehoods have acquired an unprecedented real-world impact, as the speed, wide dissemination, and widespread impunity transform disinformation into a significant societal risk, particularly in terms of political and social polarisation (Gallardo Paúls 2025, 13). In response, the European Parliament published a report entitled *Foreign Interference: How the Parliament Fights the Threat to EU Democracy*, on 4 April 2024.

According to the classification proposed by Wardle and Derakhshan (2017), it is essential to distinguish between three related but distinct categories of problematic information. *Misinformation* refers to false or inaccurate content shared without intent to deceive: individuals disseminating it believe it to be true, even though it is not. *Disinformation*, by contrast, is the deliberate creation and distribution of verifiably false material, shared with the explicit purpose of misleading or manipulating an audience. This can encompass fabricated news, conspiracy theories, manipulated images, or deepfakes. Finally, *malinformation* pertains to genuine information that is disclosed or used with the intention of causing harm, such as through hate speech, online harassment, or the strategic leaking of private data.

Within the cognitive levels of disinformation systematised by Gallardo Paúls (2025, 130–132), conspiracy theories exhibit marked transversality, spanning from the micro level (where themes such as chemtrails, flat earth beliefs, or the notion that birds are government drones) are confined to specific topics, to the macro level, which is more systemic and aims to alter society's civic and moral standards (exemplified by the great replacement theory or electoral fraud narratives). These theories are compact discursive constructions conveying macro-disinformation messages, with populist rhetorical structures common to both cognitive levels (Butter 2023; Gallardo Paúls 2025).

In any case, regardless of cognitive stance, conspiracy theories are linked to a specific list of recurring motives, as Romero Reche (2023, 81–114) has identified: antisemitism, secret societies, infiltration, political assassinations and covert killings, false flag attacks, historical revisionism, plagues and demographic control, government, and the new world order. Since the Covid pandemic, a scenario has intensified where distrust extends beyond conspiracist supporters to a general scepticism towards any official institutional information. Moreover, many individuals believe in conspiracy theories but do not acknowledge them as such, due to the stigma of the label and the conspiratorial assumption that such theories apply to others, not themselves (Bristielle 2022; Romero Reche 2023, 117). Butter's definition of conspiracy theories makes this even clearer:

*Conspiracy theories assert the existence of a covertly operating group of people –the conspirators— who seek, from base motives and by underhand means, to achieve a certain end. (...) A conspiracy, whether real or imagined, is therefore never the work of one*

*individual, but always of a group (...). Conspiracy theories usually imagine far more comprehensive and ambitious –and hence impracticable–plots that actual conspiracies, which are very limited in terms of their scope and objectives. Above all, conspiracy theories assume a false view of people and history in claiming that history can be planned and controlled over any length of time. (Butter 2023)*

This also leads to strong synergies between conspiracy theories and populist, illiberal tactics: Kendzior (2022) identifies a culture of conspiracism exploited by Trump and his allies, who have used outlandish conspiracy theories to divert attention from genuine scandals. This distraction tactic features rhetoric that discredits reality and official sources, aligning closely with Barkun's (2015; 2017) characterisation of conspiracism, which centres on secret plans and occultism: there is a group of conspirators, nothing happens by accident, nor is anything as it seems, so everything is connected. This mindset not only fosters the belief in possessing a truth denied to the majority but also induces a relative state of paranoia, which manifests as distrust towards information provided by official sources, encompassing everything from democratic election results to the existence of a global virus and the necessity of vaccination. Therefore, Internet and social media have played a decisive role in this process: it allows interconnecting individuals and enabling the exchange of ideas among groups that were previously not only marginalised but also unable to reach large audiences.

### **Perverse effects and countering conspiracies**

As Bazarkina (2022) states, although the European Union possesses a wide array of methods and channels to counter hybrid threats, the fundamental issue remains that neither EU institutions nor the research community have established a comprehensive definition of operations to address such threats. This conceptual ambiguity, however, enables justification of virtually any countermeasure. It thereby facilitates a systemic approach that allows the EU to assess both the convergence of threats to critical infrastructure and the infosphere, as well as the range of possible counteractions.

This flexibility, therefore, seems ideal for tackling such threats, especially in the case of geopolitical disinformation, whose purpose is to confuse populations by rendering truth indistinguishable from falsehood, to undermine the overall veracity of received information, and to introduce a social and cognitive dimension that directly impacts ethical and social standards, thereby affecting social cohesion (Gallardo Paúls 2025, 128). This phenomenon is particularly evident in what Chesney and Citron (2019) term the “liar’s dividend,” an aspect of disinformation that exploits public disenchantment and perpetuates constant suspicion, such that the instability of truth gradually erodes the credibility of official sources, including those of scientific or political institutional origin.

Thus, fighting against this type of hybrid threat partly involves responding legally and institutionally in the following manner: it is not a question of posing a false dichotomy regarding freedom of expression, but rather of understanding that combating disinformation entails not only protecting the right to truthful information but also genuinely safeguarding freedom of expression, especially in online spheres. In particular, the Internet and algorithms have facilitated the scenario identified by Rosanvallon (2007, 248-252), where organised citizen distrust undermines the assumption of classical trust derived from the ballot box. The

progressive prominence of transparency has also contributed to this, occupying spaces once neglected in the exercise of responsibility.

In this regard, the European Union has developed regulations to address, or at least contain, this growing problem. Key instruments by the EU include: the 2018 EU Code of Practice on Disinformation, updated in 2022; the Regulation (EU) 2022/2065 of the European Parliament and Council of 19 October 2022 amending the Digital Services Act (Directive 2000/31/EC); and the EU Digital Services Act itself. Additionally, national laws enacted by Member States also play a role. Thus, tackling hybrid threats necessitates understanding their digital dimension, the complexity of criminal prosecution, and the importance of media literacy as the first line of defence. Equally, the issue demands consideration of major corporations, concerns about anonymity concerns—since while instigators can be identified, distinguishing between bots and trolls among numerous “haters” is challenging—and the capacity and effectiveness of independent state agencies with sanctioning powers, along with reinforcing citizens’ information literacy.

### **Acknowledgements and Funding**

This contribution is within the research projects PID 2021-126765NB-I00 of MICINN and AICO/2021/099 of GVA. Part of this research was carried out during a research visit to the Sapienza Università di Roma in May and June 2025. The author would like to express his sincere gratitude to Dr Nicholas Sowels for his attention and willingness throughout the entire process.

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## Chapter 16.

### **A new era for the global information sphere: Fostering information integrity or drilling information voids?**

**Naja Bentzen**

Following World War II (WWII), the United States (US) positioned itself as a global beacon of democracy. This involved leading efforts to advance democratic values across the world, including a sustained push to support and uphold media freedom worldwide. During the Cold War, in particular, the US invested heavily in strategic communications and international media to bolster its global democratic ambitions and promote liberal democracy as a system abroad. The evolution of the European Union was interlinked with the United States and its growing soft power, underpinned by its hard power. The deep and close transatlantic relations – rooted in the shared values of democracy, peace, rule of law and economic development – served as an anchor for the post-WWII international order.

At the same time, US investment in scientific research enabled technological innovation to thrive. The US tech industry evolved to form the backbone of the current global information infrastructure, with US innovation enabling the creation of the commercial internet. US tech companies have facilitated – and impacted – public debates across the world in recent decades. US news media, academic research, and popular culture have helped the US drive global conversations. Today, the US space industry is leading the global satellite broadband market, and US tech companies are scrambling to win the geostrategic artificial intelligence (AI) competition, including in the generative AI (GenAI) sector, with large language models (LLMs) rolled out across the world.

As a 2021 report by the US Congressional Research Service explained, informational instruments are an integral part of a country's "grand strategy" toolbox, alongside the diplomatic, military and economic tools it has at its disposal (O'Rourke 2021). Profound changes in the trajectory of US informational power, however, will not only affect this strategy. Due to its international informational influence, it will also have transformational consequences for the global information sphere and for democracy as a system.

#### **"Drill, baby, drill": from information integrity to information voids**

Experts have long sounded the alarm about the consequences of "truth decay" (Kavanagh and Rich 2018), including: the erosion of civil discourse; political paralysis; alienation and disengagement; as well as uncertainty. Whereas decay, however, describes an organic process, recent decisions in Washington DC by the Trump administration could signify a more deliberate development, in line with the "tech coup" Schaake cautioned about in 2024.

Conspiracy theories have been elevated to official executive narratives: most notably, the denial of the 2020 election result is building the core of the grand narrative of the second Trump administration. This calls into question the epistemic integrity of democracy (Lewandowsky et al, 2023), posing significant challenges to the cohesion of US society as well as to ties with traditional allies abroad. The "big lie" is also the basis for an evolving

crackdown on evidence: academic experts, government officials and media who have documented and/or disproven the claims about a stolen election or publicized the facts are being targeted, often accused of "censoring" Americans in violation of the First Amendment (Arceneaux & Truex 2023).

Against this backdrop, the second Trump administration appears to be increasing its pressure on and control over key parts of the US information environment. The latter is a complex network of components, each interacting with various audiences, and is interconnected with global information ecosystems, affecting the world and the EU in various ways. Related decisions, including the termination of the intelligence team that produced and published long-term forecasts of global trends,[1] will create or increase knowledge vacuums or information voids.

### **Undermining scientific research, data and expertise**

US investments in research and science have yielded high-quality scientific data used not only domestically, but also for the benefit of the rest of the world – including via the multilateral system – to identify global solutions to shared problems, for example, on global health challenges and climate change.

The second Trump administration has moved fast to cut funding for scientific research, firing thousands of scientists, removing websites that gave public access to scientific data, and putting pressure on researchers to delete mentions of unwanted issues like "climate change", "diversity" and "gender." The Trump administration's clampdown on language that appears to carry (perceived) connotations of a liberal worldview prompted over 1,900 renowned scientists and members of the US National Academies of Sciences, Engineering, and Medicine to sign an open letter calling on the administration to "cease its wholesale assault on US science." [2]

Between 28 February and 8 April 2025, the National Institutes of Health (NIH) terminated 694 grants focused on topics that were deemed not aligned with agency priorities (Liu, Kadaki, Patel, Krumholz 2025). The list includes 33 research grants for projects on vaccine hesitancy, or strategies to encourage vaccine uptake. In August 2025, Health Secretary Robert F. Kennedy Jr, who has long spread and monetized debunked conspiracy theories about vaccines, announced that the US Department of Health and Human Services would cancel \$500 million (€427 million) in funding for developing mRNA vaccines against viruses that cause diseases such as the flu and Covid-19. He used the scientifically invalidated argument that "mRNA technology poses more risks than benefits for these respiratory viruses". Elevating vaccine skepticism to the official US narrative could further undermine trust in vaccines and in public health institutions, with potential repercussions far beyond the US. Officially promoting anti-science narratives confirms not only the false claims, but also lends credibility to conspiracy theory networks such as QAnon, which has exported conspiracy theories, including about vaccines, to the rest of the world.[3] RFK Jr.'s pressure on the Centers for Disease Control and Prevention (CDC) culminated in August 2025, when he replaced CDC director Susan Monarez over her resistance to dismissing high-level agency officials or to accept all his recommendations from a vaccine advisory panel he had reconstituted to include members who had questioned vaccine safety.

Another example of pressure on US science that affects large populations in and beyond the US occurred with the February 27, 2025, decision to terminate staff at the National Oceanographic and Atmospheric Administration (NOAA), one of the world's leading centers for climate science. This action was in line with policy recommendations for the second Trump administration by the conservative think tank the Heritage Foundation, which has received donations from the fossil fuel industries. In its *Project 2025*, the think tank portrayed the NOAA as "one of the main drivers of the climate change alarm industry and, as such, [...] harmful to future U.S. prosperity" (Heritage Foundation 2024). NOAA is a central actor in the global ocean observation system for climate change and plays a key role in the World Meteorological Organization (WMO), where it operates several WMO-recognized centers worldwide, providing forecasts and mission support to domestic and international customers.

By cutting research programs of key global importance and politicizing science, the Trump administration is preparing the ground for deeper, more fundamental voids in the information ecosystems.

### **News media: From promoting to demoting media freedom**

The traditional US role in promoting media and internet freedom has been an important pillar of its soft power. The US has invested in international broadcasting via its Agency for Global Media (USAGM), which produced news and programming for over 3,000 radio and TV stations worldwide. Moreover, US corporate news media and broadcasters enjoy high global popularity and influence: CNN International news services, for example, reach over 475 million households worldwide.[4]

During his first term, Donald Trump's ties with the US media grew increasingly strained. As he pushed narratives that violated the norms of truth-telling, he frequently attacked media outlets and journalists with whom he did not agree as "fake news media." Since his re-election in 2024, Trump has increased the political and legal pressure on US media, in line with pre-election lawsuits and threats to "straighten out the press" during his second term (Enrich 2025). A number of important media outlets with significant global reach appear to have taken a more cautious approach. In December 2024, Reporters Without Borders warned that this could contribute to "an environment where Trump's campaign of intimidation successfully prompts self-censorship by media outlets who prefer to stay out of his crosshairs" (RSF 2024).

Following the 20 January executive order to end all aid "not fully aligned with the foreign policy of the President", Trump's March 14, 2025, executive order to end all "unnecessary" federal programs included eliminating all USAGM operations "to the maximum extent". In line with this, USAGM is now proceeding with an "orderly shutdown" (USAGM 2025). Similarly, the Trump administration has frozen funding to the National Endowment for Democracy (NED). Both bodies have provided or facilitated significant support for journalism and media programs across the world. USAGM has been an important soft power tool, in particular during the Cold War: its sub-agencies including Voice of America (VOA, founded in 1942 to counter Nazi propaganda) and Radio Free Europe/Radio Liberty (RFE/RL, set up in 1950 to counter Soviet propaganda). In 2024, VoA and RFE/RL reached over 427 million people every week, including over 33% of Ukrainian adults, nearly 45% of Armenians, and

about 25% of Serbians. In Latin America, VOA's Spanish-language service reached 100 million people.

Following Donald Trump's second inauguration, USAGM opened human resources investigations into VoA over perceived criticism of Trump. In March 2025, the White House cancelled VoA contracts with established international news services (the Associated Press (AP), Reuters and Agence France-Presse) that it had used to complement its reporting. The move came amid growing tension between the White House and major news media, with AP suing the White House over barring its journalists from press pools, because AP continued to use the original name for the Gulf of Mexico – taking its international audiences into account – despite Trump's executive order to rename it "Gulf of America". On 7 May 2025, VoA President Kari Lake announced a "new partnership" with One America News Network (OAN), a pro-Trump TV channel that has a history of spreading disproven election denialism, "to provide newsfeed services to USAGM networks".

At the same time, the dismantling of the US Agency for International Development (USAID) has also disrupted Freedom House, one of the world's most influential human rights, democracy and media freedom watchdogs, founded by Eleanor Roosevelt in 1941. Freedom House has provided a compass for the state of democracy as well as media and internet freedom across the world. Its annual "Freedom of the Net" report has been used by tech companies to make decisions on whether or not to sell their products to authoritarian regimes, and has also informed democratic governments' cyber strategies.

In addition to the direct repercussions for media freedom, journalism and civil society across the world, the deletion of related US government websites will decrease global visibility of information about democracy, human rights, the rule of law, and the role of civil society online.

### **Corporate diplomacy or brinkmanship? Tech industry talking points**

During his first term, Trump attempted to use the Federal Communications Commission (FCC) to control social media companies, allowing the FCC to determine whether editorial decisions were taken in "good faith". Trump's executive order 13925 on May 28, 2020, alleging that social media platforms were "engaging in selective censorship that is harming our national discourse", came two days after Twitter for the first time added a fact-check label to a Trump Tweet which claimed, without evidence, that mail-in ballots were "fraudulent."

On the day of his second inauguration, Donald Trump's executive order "Restoring freedom of speech and ending federal censorship" claimed that the federal government "under the guise of combatting 'misinformation,' 'disinformation,' and 'malinformation' [...] infringed on the constitutionally protected speech rights of American citizens," adding that "Government censorship of speech is intolerable in a free society." Former UN rapporteur on freedom of expression, David Kaye, called the message a "warning to civil servants who work on combating online disinformation" (Oremus 2025). The executive order also marks a culmination of the mounting legal and political pressure on researchers and academics who

have analyzed, documented and countered disinformation in the past years, including disproven claims about the 2020 election being "stolen" from Trump.

Two weeks earlier, just after the certification of the election, Meta CEO Mark Zuckerberg leaned into the new political culture. Following Elon Musk's lead, Zuckerberg announced that he would end Meta's third-party fact-checking program in the US, and instead move to a community notes program similar to that used by X. Singling out the EU's "ever-increasing number of laws, institutionalizing censorship", Zuckerberg vowed to "work with President Trump to push back on governments around the world." J.D. Vance then repeated a similar message in Munich in February 2025, when he claimed that "EU Commission commissars" would "shut down social media during times of civil unrest: the moment they spot what they've judged to be 'hateful content'." By building on the notion of "censorship" in Munich, Vance effectively exported domestic US fault lines to Europe.

US corporations are heavily represented among what the European Commission has designated very large online platforms (VLOPs) and very large search engines (VLOSEs), when they reach over 45 million users in the EU, with a corresponding impact on public debate. Many of these companies are now competing intensely in the scramble to lead the LLM market, including by deploying their own AI chatbots globally.

Illustrating the risks to liberal democracy, concern about the poisoning of data by AI chatbots, or ideologically, politically or financially motivated tweaks of their outputs has been further fueled by incidents such as Grok's unverified claims about an alleged "white genocide" in South Africa; a narrative promoted by Musk and taken so seriously by Donald Trump that he based his decision to grant Afrikaners refugee status in the US on this claim (Chothia 2025). Perhaps less visibly, Grok has also integrated authoritarian state talking points as arguments for the decision to freeze funds to the National Endowment for Democracy (NED). Responding to the account "DOGEMemory", which claimed to have found "red flags of corruption or concerns" with NED via Grok, Musk tweeted "NED is a SCAM" on 2 February 2025, later adding that the "evil organization needs to be dissolved". "DOGEMemory"'s Grok-generated unreferenced list of "red flags" included official Beijing or Kremlin narratives (China Daily 2024) [5].

Recent signs that US corporations and the White House stand together in fighting EU regulation illustrate a widening gulf between a more pronounced version of what Anu Bradford calls the US market-driven approach to tech regulation on the one hand, and the EU's rights-driven approach on the other hand.

### **Who speaks for the US?**

Traditionally, the US Department of State (DoS) has helped balance interests and values in its executive diplomacy. On the tech front, DoS had helped "internationalize and institutionalize our vision of 'tech for good'", as former Secretary of State, Anthony Blinken, said in 2024. With the decision by Trump's DoS, led by Secretary of State Marco Rubio, to not only depart from efforts to counter Russian disinformation campaigns (by terminating relevant services and blacklisting related words), but also to target EU digital regulation as "censorship", corporate diplomacy seems to have eclipsed executive diplomacy.

The May 2025 DoS decision to launch an information campaign against the EU's digital regulation – alleging that the Digital Services Act (DSA) constitutes "censorship" – echoes existing talking points by the tech industry (Michaels, Gordon and Mackrael 2025). On May 28, Rubio announced a new visa restriction policy for "foreign nationals who are responsible for censorship of protected expression in the United States", arguing that it is "unacceptable for foreign officials to demand that American tech platforms adopt global content moderation policies or engage in censorship", warning that "We will not tolerate encroachments upon American sovereignty, especially when such encroachments undermine the exercise of our fundamental right to free speech."

Within less than five months, the escalating rhetoric about EU digital regulation has thus been translated into corporate action, DoS strategic communications, and executive action.

### **Impact on and role of the EU**

The 2024 elections in the EU and in the US, respectively, paved the way for diverging paths of the two traditional allies in upholding democracy and its associated information sphere. EU efforts to counter information manipulation include components of the planned European Democracy Shield, which Commission President Ursula von der Leyen announced in July 2024.

The EU has spearheaded efforts to protect citizens in the information sphere via its regulatory framework, with the DSA at the core. The Code of Conduct on Disinformation under the DSA requires VLOPs and VLOSEs to work with researchers and fact-checkers to mitigate risks from online disinformation. The framework also includes the Digital Markets Act (DMA), the Artificial Intelligence Act, the European Media Freedom Act and the Audiovisual Media Services Directive (AVMSD). The European Parliament's special committee on the European Democracy Shield (EUDS), created in February 2025, will propose further measures in its forthcoming report.

Meanwhile, the EU is already acting to counter the repercussions of the new US trajectory. Steps include €5.5 million in emergency funding for Radio Free Europe/Radio Liberty, as announced by High Representative/Vice President Kaja Kallas in May 2025. Another EU action includes the April 2025 launch of a €5 million call to strengthen the European Fact-Checking Network. Addressing a different aspect of the pressure on scientific facts, Commission President von der Leyen and French President Emmanuel Macron unveiled a "Choose Europe for Science" program in May 2025, amid an emerging brain drain from the US, which has sparked a hiring competition between China and the EU.

### **Conclusion**

With the US aligning itself with authoritarian actors – both in words and in deeds – in the information space, the EU is under pressure to boost its collective cognitive resilience and foster information integrity at home and beyond its borders, in line with the aim of the United Nations' (UN) global principles for information integrity. Unless the EU and other democratic actors step up, the strategic information vacuums that the Trump administration

is creating will be filled by China and Russia, which have invested heavily in global information tools and whose influence is rising strongly. Furthermore, previous US efforts to boost information integrity, including via multilateral diplomacy in the UN and the Organization for Economic Cooperation and Development (OECD) seem unlikely to continue.

At a time when the Trump administration is "flooding the zone" and encouraging short-termism, long-term strategic planning will be key for the EU, not only to defend and protect its own democracy, but also to help support democracy in the US, now and in the future. As John F. Kennedy said in his inaugural speech, "In the long history of the world, only a few generations have been granted the role of defending freedom in its hour of maximum danger." However, the meaning of freedom – and not least freedom of speech – is facing fundamental challenges. By extension, the meaning of the shared values of the transatlantic alliance is under contention.

The "wholesale re-envisioning of what European leadership will look like in the 21st century," as Gasparov and Landsbergis (2025) have suggested, must take this new reality into account. Although the "Brussels effect" (Bradford 2019) may not outweigh the "billionaire effect" in the short term, the values-based, human-centric EU approach that aims to put safeguards in place to protect citizens and democracy in the digital realm could garner greater public and diplomatic trust in the long term than superimposing corporate interests on geopolitics (Bentzen 2025). This will, however, not happen organically; significant strategic investment in all components of the global information sphere will be key pieces in the continent's democratic resilience jigsaw puzzle.

## Endnotes

[1] Office of the Director of National Intelligence, Fact Sheet: ODNI 2.0 launch. 20 August 2025.

[2] Public Statement on Supporting Science for the Benefit of All Citizens, 31 March 2025. <https://www.scientificamerican.com/article/top-u-s-researchers-warn-against-climate-of-fear-threatening-science/>

[3] QAnon provides an umbrella narrative for a wide spectrum of sub-conspiracy theories, alleging that a "deep-state" network run by global elites is trying to undermine President Trump.

[4] According to WBD press, accessed on 9 June 2025. <https://press.wbd.com/in/brands/cnn-international-4>

[5] For example: "Undesirable NGO Status: Russia labelled NED as an 'undesirable' organization in 2015, highlighting concerns over foreign interference in domestic affairs."

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## Chapter 17.

### Assessing the EU's Code of Practice on Disinformation: Platform Responses to Information Disorders

Madalina Botan and Minna Aslama Horowitz

#### Combatting information disorders in the European Union

Over the past twenty years, digital transformation has profoundly reshaped our information ecosystems, shifting control from traditional journalism to a handful of dominant online platforms. As the influential policy report by the Council of Europe (Wardle & Derakhshan, 2017) illustrates, this shift has given rise to diverse and widespread information disorders, encompassing both the unintentional and deliberate viral spread of false information online, as well as the intentional distortion of facts to target specific individuals, groups, or institutions. The report categorizes these disorders as mis-, dis-, and malinformation, respectively: *misinformation* refers to the unintentional dissemination of false information, *disinformation* to the deliberate creation and sharing of falsehoods, and *malinformation* to the intentional distortion of truthful content to cause harm.

As a substantial body of research indicates (e.g., Mansell et al., 2025), online information disorders significantly distort the public discourse on pressing global challenges such as climate change, armed conflicts, and migration. Simultaneously, the platforms that constitute the primary arenas for the spread of false and misleading content initially positioned themselves not as media organizations but as intermediaries, thereby evading editorial responsibility. This stance had posed a significant governance challenge both nationally and internationally.

Numerous countries have enacted so-called disinformation laws; however, in many instances, these are used more to suppress dissent than to foster trustworthy information environments (e.g., Lim & Bradshaw, 2023). Member states of the European Union (EU) have sought to address disinformation through a mixture of national and supranational approaches. Legal responses remain limited and contentious due to concerns regarding freedom of expression. Consequently, non-legal strategies—such as policy guidance and international collaboration—are more prevalent. Despite increasing awareness of the complexity of disinformation, only a few countries—typically those most vulnerable to foreign information threats—have developed robust national strategies, leaving much of the structural regulation to the EU level (Bleyer-Simon, 2025).

Indeed, for nearly a decade, the EU has taken a proactive approach in implementing various measures to curtail disinformation and safeguard democratic processes, including the development of regulatory frameworks that require online platforms to assume a degree of accountability for information disorders. In 2018, it led the creation and adoption of the Code of Practice on Disinformation (CoPD), a self-regulatory instrument designed for technology companies, the online advertising sector, and fact-checking organizations. The CoPD was reinforced in 2022 and further revised in 2024 (see, e.g., European Commission, 2025a), evolving into a co-regulatory tool under the Digital Services Act (DSA) as of 2025.

The DSA is a cornerstone EU regulation that addresses a wide array of risks and harms associated with digital platforms, including illegal content, targeted advertising, and online abuse. It also seeks to make platforms' terms and conditions more accessible and transparent, while ensuring that content moderation processes are contestable by users. The DSA places particular responsibilities on so-called Very Large Online Platforms (VLOPs) and Very Large Online Search Engines (VLOSEs)—defined as services with more than 45 million users in the EU—including Facebook, Instagram, LinkedIn, Bing, TikTok, YouTube, and Google Search.

Yet even as the EU expands its regulatory architecture through the recently launched European Democracy Shield (EDS) (European Commission, 2025), a structural challenge persists: platforms continue to control the data, design, and visibility of precisely the interventions intended to counter information threats, creating an accountability gap between regulatory ambition and operational reality.

### **Transparency of the Code**

The Code of Practice on Disinformation (CoPD) encompasses a wide range of commitments. These include measures to demonetize disinformation, prevent advertising systems from being exploited for the dissemination of false or misleading content, ensure transparency in political advertising and media, promote digital literacy, empower users, collaborate with fact-checkers, and strengthen platform-wide policies to address both misinformation and disinformation. Under the CoPD, platforms are required to submit detailed accounts of their related actions—known as transparency reports—twice a year.

A recent monitoring initiative by the European Digital Media Observatory (EDMO) provides an evidence-based benchmark for assessing how well platforms comply with the Code and the effectiveness of their actions. EDMO's evaluation of transparency reports covering the period from January to June 2024 (Botan & Meyer, 2025) analyzes the quality and completeness of the information submitted by Meta (Instagram and Facebook), Google (Search and YouTube), Microsoft (LinkedIn and Bing), and TikTok.

The assessment evaluates whether the platforms have provided sufficient documentation, transparency, and relevant qualitative and quantitative data, and whether the reported activities are verifiable and can be corroborated by external sources. Specifically, the analysis focuses on: how platforms support users in identifying disinformation and in broader literacy capabilities regarding information disorders (CoPD Commitments 17 and 21); how platforms support researchers, particularly in terms of data access (Commitments 26, 27, and 28); and how platforms collaborate with fact-checkers, including access to relevant information (Commitments 30, 31, and 32). The key findings of EDMO's assessment are summarized below.

### **Do platforms support users?**

Media and information literacy is widely recognized as a key component in strengthening societal resilience to disinformation and forms a central pillar of the EU's strategic approach.

However, EDMO's assessment of platform activities reveals that, although all major services claim to support media literacy, their efforts remain largely unaccountable, lacking transparency, and are inconsistent in both scope and quality.

Platforms frequently promote branded campaigns—such as Microsoft's collaboration with NewsGuard, a commercial tool for tracking disinformation—and various educational resources. Yet they rarely disclose data on user reach, engagement, or learning outcomes. Reporting at the national level is the exception rather than the norm. There are also notable disparities in how media literacy is implemented across platforms. TikTok, Meta, and Google provide relatively well-documented tools, whereas Microsoft offers little in the way of detailed descriptions. Moreover, partnerships established to produce literacy content are often described vaguely, and the involvement of external experts or evaluation mechanisms remains limited. It appears that platforms tend to outsource literacy campaigns to third parties, while contributing little themselves to content development or the visibility of these initiatives.

All seven platforms analyzed also claim to offer tools designed to help users identify disinformation. However, their implementation reveals substantial shortcomings in transparency, impact evaluation, and user effectiveness. The most structured interventions were reported by Google, which included fact-check panels beneath videos and algorithmic changes aimed at reducing the spread of harmful content. Meta flagged misleading posts on Facebook, applied false information overlays, and introduced warning labels on Instagram. TikTok offered less detail regarding the transparency of its fact-checking labels or the mechanisms by which users are redirected to credible sources. Microsoft provided minimal information about its AI-driven tools—developed to detect fake accounts and limit bot-driven disinformation—including how these tools are integrated into its platforms or whether they are evaluated for impact.

### **Do platforms support research?**

Despite being a core commitment of the Code of Practice on Disinformation (CoPD), empowering the research community through access to non-personal, anonymized data remains poorly implemented across all seven platforms. TikTok's Research Application Programming Interface (API) provides the most consistent support; however, the criteria for data access are not clearly defined, limiting opportunities for independent verification. Google (through its Jigsaw research initiatives) and Microsoft (via open-source AI research) offer access to selected datasets through dedicated research programs. Nonetheless, overall accessibility to disinformation-related data remains severely restricted.

The assessment finds that platform data access policies are vague and partnerships appear selective, with little evidence of fair or independent allocation mechanisms. Although some platforms report supporting research efforts, they offer limited detail regarding the scope, consistency, or inclusiveness of these initiatives across the broader research community. Meta exemplifies this limited approach. The company offers access through a partnership with the Inter-university Consortium for Political and Social Research (ICPSR) at the University of Michigan, allowing researchers to share specific datasets under controlled conditions.

However, Meta’s decision to discontinue CrowdTangle has significantly hampered research efforts, raising concerns over transparency in tracking disinformation trends. CrowdTangle was a widely used public insights tool that enabled users—journalists, researchers, and civil society organizations—to monitor and analyze the spread of public content on Facebook and Instagram. It offered valuable insights into viral content, misinformation, and user engagement patterns, making it a vital instrument for understanding digital information flows and assessing platform accountability. In 2024, Meta replaced it with the Meta Content Library and Content Library API. However, unlike its predecessor, access to these new tools is restricted to a select group of academic and nonprofit researchers through a complex, formal application process administered by ICPSR.

The implementation of governance frameworks for access to sensitive data is among the weakest and least transparent aspects of platform conduct. While platforms frequently reference pilot programs and collaborations, these are rarely accompanied by concrete information regarding implementation, researcher participation, or outcomes. No platform has yet articulated a governance model that would enable independent oversight of data-sharing practices. Reviewers also noted that platforms tend to provide only high-level summaries of governance processes, with little or no detail on enforcement or evaluation mechanisms.

One documented case in Meta’s transparency report involves a partnership with CASD (*Centre d’Accès Sécurisé aux Données*), a French-based secure infrastructure providing access to anonymized data for scientific research, under strict safeguards. In the context of the DSA and the CoPD, CASD participated in a pilot project. The assessment verified that a small group of researchers was engaged in this pilot to validate the end-to-end access process, from initial application to actual data retrieval. However, no confirmation has been provided regarding the continuation of the pilot or progress in establishing an Independent Intermediary Body to assess and approve future data access requests.

Another example is Google’s collaboration with the European Media and Information Fund (EMIF), a grant-making initiative launched in 2021. While this initiative has been positively received within the context of the CoPD, multiple stakeholders have argued that such funding mechanisms are no substitute for meaningful data access and platform accountability. Furthermore, Google’s management of resources under EMIF lacks transparency and clear procedures for awarding grants based on scientific merit.

The European Democracy Shield (European Commission, 2025) reinforces these findings. It underscores the lack of timely, granular, and verifiable data from platforms as a systemic risk to democracies. The proposal for standardizing data sharing and protocols, coordinated through national hubs and an EU-level crisis response mechanism, aligns with this study’s conclusion that data currently provided by platforms via (non-) existing data sharing governance are insufficient for independent evaluations.

### **Do platforms support fact-checking?**

Fact-checking is a critical pillar of the Code of Practice on Disinformation (CoPD), yet the transparency and effectiveness of platform support for fact-checking vary considerably. An

analysis of the four main platforms' engagement with fact-checkers reveals a fragmented and largely opaque landscape.

While most platforms refer to partnerships with fact-checking organizations, few provide convincing evidence of structured or systematic cooperation. Google offers its Fact Check Explorer tool and publishes some information about its fact-checking activities. Meta reports an established collaboration with the International Fact-Checking Network (IFCN). TikTok claims to have existing partnerships and an interest in expanding them, yet offers limited disclosures regarding funding, geographic coverage, or the long-term sustainability of these efforts. Microsoft, meanwhile, lists no formal fact-checking partnerships. It notes a collaboration with NewsGuard—a commercial service monitoring disinformation—and refers to AI-driven fact-checking initiatives without clarifying how these are implemented, assessed, or aligned with its CoPD commitments.

Across the board, the platforms analyzed fail to demonstrate the real-world effectiveness of their fact-checking collaborations. Reporting often lacks clear information about partner organizations, and provides little data on user engagement, content reach, or measurable outcomes. While some basic details—such as partner names and coverage by Member State—are included, essential elements remain missing or poorly documented. These include disclosures about the organizations involved, the allocation of financial resources, review methodologies, compensation structures, and verifiable indicators of impact.

The CoPD not only calls for collaboration with fact-checkers but also requires platforms to provide them with meaningful access to information and to incorporate their findings into platform operations. EDMO's analysis finds that, across all platforms, performance in these areas is consistently weak. Tools for long-term monitoring of misinformation are either absent or inadequately developed, and there is little evidence that platforms share substantive performance data with the fact-checking community.

Furthermore, the evaluation highlights inconsistencies in how platforms assess the impact of fact-checking, with minimal attention given to contextual and country-specific insights. Evidence and verification processes are also lacking—supporting research is rarely made available for public scrutiny, and mechanisms for verifying claims remain underdeveloped. Overall, improvements are needed in methodology, data transparency, and verification procedures in order to strengthen the credibility and impact of independent fact-checking.

The EDS (European Commission, 2025) further validates some of the concerns expressed in this study by explicitly acknowledging that voluntary arrangements under the CoPD have not ensured meaningful platform accountability. The EDS identifies “persistent opacity” and “insufficient cooperation with independent verification actors” as structural weaknesses in the current governance model. It calls for formalized, enforceable cooperation frameworks, especially during periods of high informational risks, and implicitly confirms that the EU itself recognizes the limits of symbolic co-regulation.

**Conclusions: the opaqueness of platform measures and the need for more accountability**

Overall, EDMO’s report reveals persistent shortcomings in transparency, independent oversight, and impact evaluation across all commitments that were included in the analysis. As a result, the current implementation of the Code appears fragmented and performative (see the overview in Table 1). Comparative compliance across all commitments raises concerns about its capacity to deliver substantive improvements in limiting the spread of disinformation.

**Table 1: Overview of VLOP and VLOSE Compliance Assessment with CoPD Commitments**

Commitment	Meta Facebook and Instagram	Microsoft Bing and LinkedIn	Google Search and YouTube	TikTok
Media Literacy (17)	Partial	Low	Partial	High
Disinfo Tools (21)	Partial	Low	Partial	Partial
Access to Data (26)	Partial	Low	Partial	High
Governance (27)	Low	Low	Low	Partial
Research Cooperation (28)	Partial	Low	Partial	Partial
Fact-Checker Cooperation (30)	Partial	Low	High	Partial
Integration (31)	Partial	Low	High	Partial
Access for Fact- Checkers (32)	Low	Low	Low	Partial

Source: Botan & Meyer, 2025: 10.

While some surface-level compliance and isolated initiatives are evident, the lack of systemic transparency, meaningful independent oversight, and sustained collaboration with the academic and fact-checking communities indicates that the platforms’ real commitments often fall short of the Code’s intended impact. Multiple tools, actions, and partnerships were deemed partially compliant, primarily because Member State-specific or other granular data were unavailable for independent verification.

The report further demonstrates that verifying the content of transparency reports proved challenging. Access to public data that could corroborate reported activities was limited, making independent validation difficult. Indeed, the key barrier remains the lack of transparent processes for granting access to relevant data. There is little publicly available information on how researchers can request data or what kinds of datasets are accessible for disinformation research. This opacity hinders the ability of academic institutions and

independent experts to investigate disinformation dynamics, raising concerns among both researchers and fact-checkers about the overall transparency of online information flows.

These shortcomings are particularly alarming given the ongoing challenge of online information disorders and the evolving regulatory obligations that platforms now face. According to a 2023 survey, 53% of EU citizens reported encountering disinformation “very often or often in the past seven days”. In the same survey, the most frequently cited threat to democracy was “false and/or misleading information circulating online and offline” (Eurobarometer, 2023). This underscores the importance of platform measures to counter information disorders, especially in a context where, on the one hand, US-based platforms are scaling back anti-disinformation efforts under the banner of “freedom of speech” (e.g., Kaplan, 2025). On the other hand, Chinese-owned TikTok—considered a national security concern in several countries (e.g., Yang, 2024)—has become a prominent source of news for Europeans, despite being one of the hardest platforms on which to detect disinformation (Newman, 2024).

In response to such challenges, the EU has integrated the voluntary CoPD into the DSA framework (European Commission, 2025a), thereby transforming it into a co-regulatory benchmark of the Code of Conduct on Disinformation (CoCD) as of July 2025. Under the DSA, VLOPs and VLOSEs are now expected to align with its commitments as part of their legal obligations. Additionally, Article 40 of the DSA, which explicitly addresses data access for researchers, was also formally adopted by the European Commission in July 2025.

Given the findings in EDMO’s assessment, the transition to a Code of Conduct under the DSA should be accompanied by significantly more vigorous enforcement of CoPD commitments. Without more robust accountability mechanisms, the implementation risks becoming largely symbolic—fulfilling compliance in appearance rather than in substance—while the fundamental problems of disinformation and platform accountability persist.

The recent Democracy Shield suggests that the EU is already moving toward addressing these structural shortcomings. Its introduction of mandatory incident reporting and real-time access to platforms’ data represents a shift from voluntary transparency to legally enforceable cooperation. Fact-checkers, media literacy experts and researchers are explicitly referenced as part of the “democratic resilience infrastructure,” indicating a potential repositioning – from peripheral contractors for verification tasks to recognized, formalized partners in detecting and responding to informational crises. Whether these mechanisms will be implemented at the necessary scale is still uncertain, but they at least signal an acknowledgement of the very gaps documented in this study.

In this context, strengthening efforts to build a more trustworthy information environment becomes urgent, not only for European citizens but as a global example of effective democratic governance. The new CoPD reporting requirements, mandated under the DSA, represent a significant opportunity to improve transparency and accountability. Platforms must now provide more detailed reports outlining how they moderate content and manage political advertising. This will enable researchers, regulators, and the public to gain a better understanding of platform operations (Borz et al., 2024). Such openness could support

earlier detection of disinformation trends and more consistent enforcement of regulatory standards (Nenadić, 2019).

Ultimately, mechanisms such as the CoPD/CoCD and the associated reporting obligations are vital tools for ensuring reliable information ecosystems that support international cooperation, democratic resilience, and human rights. This study illustrates how independent monitoring can support and reinforce the EU's regulatory ambitions by ensuring that platform actions go beyond symbolic compliance. Sustained, verifiable, and inclusive oversight is essential if platform transparency and accountability are to match the scale and urgency of today's information disorders.

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## Chapter 18.

### **Domestic Illiberal Challengers within the European Parliament: the Case of EU-China Relations**

**Unai Gómez-Hernández**

#### **Introduction: the new world emerging in the wake of the crisis of the Liberal International Order**

The crisis of the Liberal International Order (LIO) (Deudney and Ikenberry 1999) has recently been exacerbated by the emergence of new illiberal actors all around the world, including in Europe (Laruelle 2022). Since 2017, radical right populist parties (RRPPs) (Mudde 2007) have repeatedly won elections, particularly in the European Parliament (EP). For example, during the Ninth European Parliament (EP9) from 2019 to 2024, RRPPs accounted for approximately 18% of the Members of the European Parliament (MEPs) elected to the chamber. With their strong nationalistic focus, RRPPs oppose positions in favour of the key tenets of the LIO: free trade, respect for human rights, and a multilateral security order.

Meanwhile, another illiberal actor has emerged on the global stage: China. Since Xi Jinping came to power in 2013, Beijing has expanded its economic influence through the Belt and Road Initiative (BRI) and attempted to assume the role of an international leader. During the EP9, the hemicycle repeatedly took positions on China, with up to 29 proceedings relating to Beijing, compared to 32 on the US and 47 on Russia. This trend of China's growing relevance, paralleled by the rise of the RRPPs, could be cause for concern if the latter begin to influence the EP on matters relating to the former. Against this backdrop, this research examines the position of illiberal actors within the EP in EU–China relations.

To this end, the rest of the chapter proceeds in three steps. First, the theoretical basis of the research is established by delving deeper into the nature of the LIO framework for understanding international relations, as well as the key concept of “illiberalism”. Second, the research design section explains the methods used: qualitative content analysis through the coding of various EP documents (Richards 2015), quantitative analysis of roll call votes, as well as quantitative assessment of references to China found in the selected texts. Third, the results focus on the three topics within broader EU-China relations that have been chosen as proxies for the tenets of the LIO: i) EU-China economic relations for free trade; ii) various abuses in Xinjiang of the respect for human rights; and iii) the situation in Taiwan for a multilateral security order.

#### **The Liberal International Order as a structural framework**

Deudney and Ikenberry coined the term “Liberal International Order” to describe the power structures of international warfare following the end of the Cold War (Deudney and Ikenberry 1999, p. 181). According to them, the LIO is based on three distinct principles: free trade, respect for human rights, and support for a multilateral security order.

In this sense, Deudney and Ikenberry's theory is a structural liberal theory that bridges the gap in international relations (IR) studies between traditional realism and liberalism. It is based on Ikenberry's work, as recalled in his seminal book *After Victory* (Ikenberry 2019), which examines how victorious powers have managed their victories and the international systems created afterwards. Indeed, choosing the LIO as a theory of international relations is useful for understanding how powers within the West conduct their foreign policy, as in the case of EU–China relations. Similarly, LIO helps this research to fulfil its aim of bringing the international and the national into contact, by linking them at the level of the European Parliament. To some extent, Ikenberry already achieves this by connecting IR and comparative politics as Fioretos (2019, p. 23) points out: “*After Victory* conceptually and empirically bridges comparative and international politics to provide an integrated understanding of the generative role of institutions in the development of twentieth-century politics”.

The selection of the LIO as a theoretical framework also provides an additional benefit: it sharply contrasts with the ideology that RRPPs have (Mudde 2007). These parties are highly critical of the liberal order and are clearly situated opposite to the liberal actors and the EU in the Green-Alternative-Libertarian vs Traditionalist-Authoritarian-Nationalist (GAL/TAN) cleavage (Hooghe and Marks 2018). In this dichotomy, the EU and liberal actors would stand on the GAL side, whereas populist parties would stand on the TAN side of the cleavage. Likewise, China being at the opposite side of the liberal-illiberal divide to the LIO helps situate the debate of this chapter and identify in which situations both these non-LIO actors, the RRPPs and China, may find common ground in the EP.

But why does the role of the RRPPs matter from a domestic perspective? The narrative that the LIO is in crisis can also be seen as an intentional decline caused not only by structural or external factors, but also by internal ones. In this sense, Adler-Nisser and Zarakol point out that:

*both veins of discontent [international and domestic] are driven by resentment toward the LIO's status hierarchy, rather than simply by economic grievances. [...] we show that there are two strains of recognition struggles against the LIO: one in the core of the West, driven by populist politicians and their voters, and one on the semiperiphery, fuelled by competitively authoritarian governments and their supporters. At this particular moment in history, these struggles are [...] interconnected in their criticism of LIO institutions, amplifying each other. The LIO is thus being hollowed out from within at a time when it is also facing some of its greatest external challenges (2021, p. 611).*

This is precisely the working hypothesis of the chapter, namely that illiberal actors will side with China against the EU when an illiberal course of action is available.

### **EU-China relations at the European Parliament**

The EP is the best polity in which to test that hypothesis and answer the research question. The Parliament is not usually considered the main player in foreign policy or the EU's external action, with other institutions such as the Commission or the Council playing a more prominent role (Gstöhl and Schunz 2022). However, this research does not evaluate the competence of a given institution in EU external action, but rather the degree of illiberalism

present within that institution. Considering that only three Member States were governed by the radical right during the EP9, and that the Commission and the Council must act neutrally regardless of the nationality or ideology of their officials, the EP is the most suitable body for this research.

As the only EU institution that is directly democratically elected, the EP examines different legislative and non-legislative issues, depending on the competences that the Treaties guarantee to the co-legislator in a variety of policy areas. The following three proceedings were selected from the proxies chosen for this research: i) a regulation on an “international public procurement instrument” as a proxy for free trade; ii) a resolution on “the situation of the Uyghurs in China” representing respect for human rights; and iii) a resolution on “the situation in the Strait of Taiwan” as an indicator of support for a multilateral security order. Depending on whether RRPPs support or oppose these proceedings, the research will be able to confirm or reject the internal hollowing of the LIO hypothesis posited above.

Each text offers a different type of information. The free trade proceeding, for instance, is linked to the ordinary legislative procedure, in which the EP acts as a co-legislator alongside the Council. Hence, it offers different data points from the other two proceedings that belong to the emergency resolution category. Regardless of the available information, the content coding process has followed two cycles. First, preliminary coding has been conducted on all final documents, and certain themes linked to the actors and norms related to the three tenets of the LIO have been extracted. These were then grouped under the three proxies utilised by this research as bases of the LIO. Secondly, these themes were analysed in relation to the position that the RRPPs took on each of them. The empirical analysis focuses on the voting behaviour of two groups in the European Parliament: i) the European Conservatives and Reformists (ECR) Group, which is a national-conservative and anti-federalist group founded in 2009; and ii) the Identity and Democracy (ID) Group, which was a far-right group in EP9 (2019-2024), but which then broke up. The analysis does not, therefore, consider the non-attached radical right MEPs. Table 1 below shows the availability of information per proceeding.

<b>Table 1. Information available for each of the European Parliament proceedings</b>					
<b>Proceeding title</b>	<b>Proxy for</b>	<b>Available information (“X” indicates availability)</b>			
		<b>Debate</b>	<b>Roll call vote</b>	<b>Alternative proposals</b>	<b>Amendments</b>
Situation in the Strait of Taiwan	Support for the multilateral security order	X	X	X	
Situation of the Uyghurs in China (China-cables)	Respect for human rights	X	X	X	
International public procurement instrument	Free trade	X			X

Source: author’s elaboration from the European Parliament Legislative Observatory.

It should be noted that, due to the size and scope of the contribution, the results presented below are based on the secondary coding cycle and voting pattern analysis of the most relevant resolutions for answering the research question. Similarly, the analysed texts do not exhaust the available sources of information: other data points would help understand the decision-making process better, but are not accessible to the general public.

## Results

### 1. The Strait of Taiwan as a key to a multilateral security order

The European Parliament's resolution on the situation in the Strait of Taiwan firmly condemns the Chinese government's attempts to exert military pressure on the island. It also highlights the EP's support for Taiwanese democracy and places it in the broader context of democratic versus non-democratic countries in Southeast Asia. In this way, the resolution repeatedly refers to like-minded allies, such as South Korea, Japan, Australia, the Philippines and India. This broadly resembles the liberal versus illiberal division that helps frame this chapter. From this perspective, the LIO framework is therefore useful in determining whether China takes illiberal actions towards Taiwan. Furthermore, there is a direct connection between the security tenet represented by this resolution and the free trade tenet. This is evident from the text's numerous references to economic instruments, such as sanctions, economic coercion, global supply chains, and trade representations in Taiwan. Overall, the expectations based on the above-discussed hypothesis are that the RRPPs would propose a diverging resolution and notably vote against the EP's resolution. However, a careful analysis of the resolution proposed by the ECR Group and their voting patterns, as well as those of the right-wing, populist ID Group (of the Ninth European Parliament), provides mixed results on this issue.

Indeed, the alternative text tabled by the ECR was relatively close to the text finally approved, contradicting the hypothesis of this chapter with regard to the multilateral security order. However, despite the apparent similarity of the ECR and ID positions, the alternative resolution contains more references to the Chinese Communist Party and Xi Jinping than the final resolution, which may be linked to the ECR's strong anti-communist stance in the EP. Conversely, the alternative text is more critical of the EU, stating that it has failed to uphold its commitments to promote dialogue across the Strait of Taiwan, as agreed in 2016. Beyond these similarities, there is less affirmation of international alliances with the aforementioned democracies. Moreover, the ID did not table its own text, making a direct comparison of its positions impossible. But the two radical right groups (ERC and ID) would likely have differed in their evaluation of US House of Representatives Speaker Pelosi's visit to Taiwan, as well as in their view of the relationship between Russia and China. Indeed, ECR might have adopted a "eurorealist" position closer to the US' interests (Steven 2024).

The analysis of the roll call vote (RCV) in these proceedings provides further insight into the stance of RRPPs regarding the Strait of Taiwan. The resolution was passed by a large majority in the plenary. However, there were some abstentions. These were mainly from the Left group and ID. Yet some ID members also voted in favour of the resolution, indicating a clear division within the political group. These voting patterns, alongside the content analysis of

the alternative resolution, suggest that, contrary to expectations, many RRPPs voted in favour despite the notably “liberal” nature of the proceedings.

## **2. The situation of the Uyghurs in Xinjiang**

The proceedings on the Uyghurs are the most critical ones concerning China of the three under scrutiny in this chapter. They strongly condemn the Chinese government for events in the eastern province of Xinjiang, citing mass human rights violations and disregard for Muslim and Turkic religious minorities. There are also links to the economic aspects of EU–China relations by regarding the success of the BRI as being linked to an increase in control strategies against the Uyghur minority in Xinjiang (Cho and Turner 2021).

The alternative text tabled by the ECR group follows the general lines of the final text in strongly condemning human rights abuses, but departs from it on two essential points. In both the contextual and dispositive parts of the resolution, the ECR group focuses less on violations of freedom of religion and the fact that those prevented from exercising this right are predominantly Muslim. It could be argued that this lesser focus is linked to the shorter length of the text tabled by the ECR than the final text. However, this would not explain why the ECR group deviates from one of its key talking points regarding China: religious freedom, as seen through the lens of Christian persecution (Sallux 2024). From a LIO perspective, freedom of religion should be upheld regardless of the religion in question. However, these parties have strong nationalistic tendencies, which sometimes portray the Muslim faith negatively. There is also a difference in the proposals made in the alternative tabled text. Notably, the ECR text does not mention the Magnitsky regime, which allows states to impose sanctions on those who violate human rights. This could be a way of rejecting the interventionist nature of the LIO, a topic closely linked to state sovereignty and therefore of interest to RRPPs.

The RCV for these proceedings does not indicate any divisions between the ECR and ID. In this case, both groups voted in favour of the resolution, except for the French ID delegation, which abstained, and one German AfD MEP (Maximilian Krah), who voted against the text. The abstention of the French ID delegation was linked to previous issues with Muslim minorities, with their MEP Dominique Bilde explaining her vote by saying “[o]ur natural support for human rights cannot conceal the proven infiltration of radical Islam within China's Muslim minority, nor the question of China's territorial integrity in the face of militant Islamo-nationalism” (Bilde 2019). This position only applies to the French delegation, since the rest of the ID group voted in favour of the resolution. Similarly, they also expressed a strong criticism of China’s action in the region during the debate via the ID’s Italian representative, MEP Anna Bonfrisco (Bonfrisco 2019). These results are more in line with the expectations of this chapter than the ones found in the previous resolution.

## **3. The international public procurement instrument**

As a regulation, the text has a direct effect on the Member States, which must implement it fully. However, extracting the political implications of such regulations is more complex since they are, in principle, aimed at any country in the world and not a specific one. Yet, as with the foreign direct investment screening mechanism some years before, the international

public procurement instrument can be regarded as a geoeconomic tool aimed at containing China (Gómez-Hernández 2024). Similarly, content analysis of the regulation has not produced meaningful results regarding the implications of the proceedings for the LIO. This also explains why analysing the amendments tabled yields no results since there is no direct mention of Beijing. This is why we need to turn to analysing the debate that took place when the regulation was approved.

During that debate, different MEPs from various groups made references to China on 18 occasions. Despite the neutrality of the regulation itself, this result proves that regulations with an impact on the EU's external action are sometimes aimed at a specific country. Indeed, this has also been evidenced *a posteriori*, when in 2025, the first case opened under the international procurement instrument was against China (Euronews 2025). Following the hypothesis of the chapter, we would expect that the ECR and ID groups would vote in favour. Here, the explanation for this expectation is more complex, since being against globalist interests within the wider GAL/TAN cleavage does not automatically imply being against restricting access to foreign actors in national markets. However, from the perspective of the LIO, illiberal actors are nationalistic and therefore adamantly defend their national sovereignty in economic terms (Hartlapp 2025). If this principle is applied by RRPPs, they would be expected to stand in favour of defending their national markets from the potential interference of the Chinese market via this instrument. Indeed, the only intervention during the debate made by a RRPP representative (the French ID member Virginie Joron) supported this idea: "you are telling us [in reference to the rest of the EP] that Brussels is going to demand reciprocity and the opening up of public procurement markets in non-European countries. Hear, hear! It's not a moment too soon, and we will be voting in favour of this text." (Joron 2022). However, she also took the chance to attack British and American companies winning domestic European contracts. Here, it can be seen how ID shows a strong anti-Atlanticist and anti-LIO sentiment, considering the predominant position of the US and the UK in the LIO. By contrast, the ECR remained silent on the issue.

Overall, the analysis of the text confirms the author's expectations regarding the behaviour of RRPPs in relation to free trade: they act in an economically nationalistic manner. It is also interesting to note that even liberal actors, such as the EU, can act in a manner that contradicts their international discourse. However, the lack of data for the ECR group prevents further generalisation of this trend.

#### **4. Not pro-China but certainly illiberal**

The analysis of the three proceedings in this chapter has provided mixed results that do not allow the author to fully confirm the initial expectation that RRPPs would act in favour of Chinese interests, given that they share a similar worldview. Nevertheless, the reasoning behind these parties' votes and interventions in plenary debates at the EP is undoubtedly illiberal. The fact that they occasionally vote alongside mainstream political groups in the EP does not mean that they are motivated by the same factors. Indeed, their political decisions align with the illiberal perspectives outlined at the beginning of the chapter.

Another factor not included among the expectations derived from the theory is intra-RRPP competition. The fact that these parties are organised into two main political groups explains

the divisions encountered among them. Ultimately, MEPs are accountable to their constituents in their respective Member States, and if they wish to secure re-election, they must demonstrate differentiation from their political rivals, even if some of these share a similar ideology. This dynamic of political rivalry is only present in states with two or more RRPPs represented in the EP. For example, France had both *Rassemblement National* in the ID group and Eric Zemmour's *Reconquête!* in the ECR group in EP9.

## Conclusions

This chapter has paved the way for future research into illiberal actors within the EU by signalling three distinct pathways. Firstly, there is the option of conducting similar research and changing the policy area. Whether the chosen area is one of foreign affairs or an internal policy with an external impact, expanding the themes analysed would provide a clearer picture of how illiberal actors engage with the international arena. Secondly, the focus could be deepened on EU-China relations. Including other levels of analysis, such as the actions that RRPPs take at the Member State level, would help to understand these relations and the illiberal component within them. Finally, an inter-institutional comparison could also be beneficial, factoring in the positions of the Council and the Commission on the matter, to identify the degrees of illiberalism present in these institutions.

Looking forward, there are two ways in which the research could be improved. Firstly, more proceedings could be included. Having more RCVs and debate interventions would make the parties' overall position on the three tenets of the LIO clearer. Similarly, incorporating informal dynamics, such as communications on social media or in the written press, as well as MEP attendance at events, would capture information that is usually relevant to the policy process, but not always included in this type of study.

All in all, this chapter has demonstrated the importance of researching domestic illiberal actors to understand EU-China relations. The analysis partially confirmed the initial expectation that RRPPs behave against liberal interests in EU-China relations, while also shedding light on another potential explanation for their behaviour: political competition. The coming decades will be pivotal in determining whether the LIO survives its multiple crises, mutates into a different system, or disappears. Regardless of what happens next, illiberal actors such as the RRPPs and China will play a central role in these changes.

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