

OUTLOOK PAPER

**Europe in the
world in 2024:
From voting
to geopolitics**

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Table of contents

List of abbreviations	5
Executive summary	6
Introduction: From voting to geopolitics in the age of permacrisis	9
1. A look at 2023: The EU learning the language of power – unlearning the language of influence?	13
2. Regions and players	15
i. The US: Back to the future?	15
ii. Latin America: Finishing the electoral marathon; entering the geopolitical one	17
iii. Indo-Pacific: A key region in shifting global dynamics	18
iv. China: A window of opportunity for more predictable relations?	19
v. Russia: Staying the course	20
vi. Ukraine: Keeping the country on track under growing existential challenges	26
vii. Türkiye: All about elections, again	29
viii. The Middle East and North Africa: Conflict returns to the region as the EU loses influence	30
<i>Women’s rights: Lessons for the EU from Afghanistan – Special contribution by Shada Islam, EPC Senior Adviser</i>	32
3. Flashpoints: Key issues to follow in 2024	33
4. Policies and emerging challenges: The securitisation of everything?	35
i. Cracks in the EU social contract	36
ii. EU migration and asylum: A decisive year ahead	37
iii. Navigating the AI landscape: Europe at a crossroads	38
iv. EU enlargement: Quo Vadis?	40
v. EU security & defence: Short-term needs versus long-term considerations	41
<i>2024: A decisive year for NATO? – Special contribution by Jamie Shea, EPC Senior Adviser</i>	44
5. Recommendations	46
Conclusion: Beyond 2024	49
Annex I. 2024 elections	50
Annex II. Key EU meetings and international summits in 2024	56
Endnotes	58

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List of abbreviations

AI	Artificial Intelligence
AKP	Justice and Development Party
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
BBP	Great Unity Party
BGP	Border Gateway Protocol
BRICS	Brazil, Russia, India, China, and South Africa
CCP	Chinese Communist Party
CHP	Republican People's Party
COVID	Coronavirus Disease
CIS	Commonwealth of Independent States
CFSP	EU common foreign and security policy
DDoS	Distributed denial-of-service
DPRK	Democratic People's Republic of Korea
EDF	European Defence Fund
EIB	European Investment Bank
EiW	Europe in the World
EEAS	European External Action Service
EP	European Parliament
EPC	European Policy Centre
EPF	European Peace Facility
EPoC	European Political Community
EPP	European People's Party
EU	European Union
EU	MFA Macro-Financial Assistance
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
G20	Group of Twenty
G7	Group of Seven
IRA	Inflation Reduction Act
ITAR	International Traffic in Arms Regulation
IMEC	India-Middle East-Europe Economic Corridor
IPEF	Indo-Pacific Economic Framework
JCPOA	Joint Comprehensive Plan of Action
LATAM	Latin America
LPG	Liquefied Petroleum Gas
MENA	Middle East and North Africa
MINUSMA	The United Nations Multidimensional Integrated Stabilization Mission in Mali
MHP	Nationalist Movement Party
NATO	North Atlantic Treaty Organisation
NGO	Non-Governmental Organisations
rescEU	EU Civil Protection Mechanism
SCO	Shanghai Cooperation Organisation
S&D	Socialists and Democrats
TEU	Treaty of the European Union
TTC	Trade and Technology Council
UAE	United Arab Emirates
UAV	Unmanned Aerial Vehicle
US	United States
WTO	World Trade Organization

Executive summary

As the permacrisis intensifies, the year ahead is likely to be pivotal for the EU with Europeans and a large portion of the world population going to the ballot box.¹ Indeed, 2024 will be an electoral year on steroids with potential geopolitical implications for Europe's global role.

This **Outlook Paper** makes a comprehensive overview of the main developments on the global stage for the year ahead, analyses and highlights how these will impact the EU's role in the world, and outlines what the Union and member states can do to address the many challenges they are likely to face in 2024 and beyond.

In an emerging pluripolar world order, this is what **the EU may foresee** in several strategic regions and in its relationship with global actors:

- ▶ 2024 could be a watershed for **EU-US relations** and reverse the positive trend of the last few years if Donald Trump returns to the White House after the November Presidential election. This could be a 'make-or-break' year for the transatlantic relationship, and Europeans need to prepare for the worst-case scenario. Indeed, a Trump victory is likely to turbocharge geopolitical competition and create problems for the EU on many fronts – from Ukraine and security, to trade, energy, and climate change. The potential pressure on Ukraine to make peace with Russia by conceding territory and a possible Trump disengagement from NATO from January 2025 onwards, would put the EU27 under duress to further step up its military support to Ukraine and force Europeans to finally take their security and defence seriously.
- ▶ The outlook for **Latin America (LATAM)** in 2024 is likely to be shaped by the final elections of the 2021-2024 super electoral cycle, which could exacerbate the trend of democratic decline, as well as uncertainty about stronger economic ties with either the EU or China.
- ▶ The **Indo-Pacific** region, often regarded as the world's emerging 'centre of gravity', will remain a focal point in international relations. However, escalating global geoeconomic and geopolitical tensions will spark anxiety across many countries in the region.
- ▶ While the prospect for (geo-)political stabilisation between the **EU and China** is on the horizon for 2024, it is likely to remain fragile as irritants may arise at any time; these may take the form of geopolitical tensions.
- ▶ **Russia** will stay the course in 2024, convinced that it can win a war of attrition against Ukraine, anticipating that the US presidential elections, war fatigue, and rising global tensions will reduce the West's support for Ukraine.
- ▶ 2024 marks the start of the third year of Russia's war of aggression and attrition against **Ukraine**. Assuming Putin's determination to continue his full-scale invasion and the West's incremental approach towards supporting Ukraine to restrain Russian escalation, the war will likely grind on, imposing a growing burden on Ukraine and its partners.
- ▶ In 2024, **Türkiye's** leadership aims to further consolidate power by retaking key cities in the upcoming 31 March local elections, strengthening the economy, and expanding Ankara's regional and global influence. Relations with the West will remain precarious, while domestically, Türkiye will remain plighted by growing societal divisions related to identity issues.
- ▶ In 2024, developments in the **MENA** region will be primarily shaped by the Israel-Hamas war. It is unclear yet how the situation on the ground will unfold or for how long Israel's military campaign will last, but its consequences are likely to linger for years to come.
- ▶ In 2024, support for gender equality and the promotion of women's rights are likely to remain an important centrepiece of the EU's foreign, security and development policies. However, the dire plight of **Afghanistan's women and girls** provides a distressing cautionary tale on the need for an urgent policy overhaul.

The EU also needs to prepare for several **emerging policy challenges** and developments:

- ▶ 2024 is likely to continue to be shaped by an emerging **securitisation** trend that is present in many EU policy areas. A natural response to the weaponisation of trade, energy, information, migration, health, and elections, policymakers should consider the implications of an EU that could gradually turn inwards or become increasingly defensive on the world stage.
- ▶ The **EU social contract** is under pressure. Furthermore, 2024 could be a turning point if current mega trends such as climate change, an ageing population, the future of work and digitalisation as well as inequalities in healthcare systems are not properly addressed at the EU level and continue to aggravate.
- ▶ 2024 will be decisive for **EU migration and asylum** policies as it marks the moment when the New Pact on Migration and Asylum, a set of comprehensive reforms proposed by the European Commission in 2020, will begin to move from policy to practice.
- ▶ In 2024, the EU faces a crossroads in the global **Artificial Intelligence** race. A renewed focus on regulatory efforts spurred by the favourable AI Act momentum is unlikely to be enough to save Europe's beloved 'Brussels effect' from potentially fizzling out. The EU should confront its waning powers and double down on two critical areas in the year ahead and beyond: industrial policy and diplomacy.

- ▶ After last year's historic decision to start accession negotiations with Ukraine and Moldova and grant Georgia candidate status, **EU Enlargement** is likely to be high on the agenda in 2024 and beyond. This marks a geostrategic shift that needs to be backed by a strong political will and adequate financial means.
- ▶ 2024 will be a year to further implement **security and defence** initiatives at both EU and NATO levels, while both organisations deal with Russia's aggression on Ukraine, which is now in its third year, and an increasingly complex geopolitical environment at Europe's doorstep (e.g. South Caucasus and Middle East).
- ▶ **NATO turns 75** in 2024, demonstrating that the alliance has evolved far beyond the time-limited defence pact that it was originally designed to be. NATO is now the overarching framework of security and stability in Europe, allowing European integration within the EU to move forward. Yet, the re-election of Donald Trump in November could seriously undermine the North Atlantic pact.

The EU should take the following **actions** to deal with an unpredictable year shaped by elections and growing geopolitical risks:

- ▶ **Set strategic goals** for the coming decade and consider how to achieve them considering Europe's watershed moment of 24 February 2022. In a world of limited resources, priorities and trade-offs should be considered.
 - ▶ **Foster better coordination** between the European External Action Service (EEAS), the European Commission and its Directorates-General. The continued policy of 'siloesation' within the EU undermines its overall ability to project power and influence.
 - ▶ Identify the tools and processes that can be mobilised within the current EU Treaties to **build up its capacity and freedom to act**, as well as its executive power in global affairs. If there are areas that need treaty change, prepare a roadmap with the needed reforms.
 - ▶ **Continue building partnerships with like-minded countries** (e.g. Japan, Australia, UK, Norway, Canada, Korea) to achieve common goals, but, in the current geopolitical vortex, pragmatically engage with those that continue to be reliable partners on key policy sectors (Algeria, Azerbaijan, Brazil, India, Kazakhstan, Qatar, and South Africa).
 - ▶ **The EU and the current US administration should use the existing window of opportunity** ahead of the European Parliament and the US Presidential elections to set up a network of transatlantic guardrails to mitigate risks for the bilateral relationship and help withstand adverse future political headwinds.
 - ▶ **In the event of tensions (and even breakdown) at the EU-US executive-to-executive level after 2024**, partnerships and thematic collaborations should
- already be in place or established between European and American political parties, the European Parliament and the US Congress (or parts thereof), US states and EU countries and/or regions, mayors from both sides, businesses, as well as civil society organisations – from chambers of commerce and foundations to think tanks and NGOs. Although these may be seriously tested in the event of a **Trump 2.0** administration, they could provide channels of communication and engagement between both sides of the Atlantic.
- ▶ **The EU should continue its pragmatic approach to relations with the United Kingdom** and explore all possible synergies in security and foreign policy, especially with regard to support for Ukraine, as well as in view of a potential disruptive Trump 2.0 presidency.
 - ▶ **Europeans should also significantly increase defence spending** to convince the US that Europe is a reliable partner, and simultaneously modernise NATO's own armed forces and those of Ukraine. Steps to strengthen NATO's collective defence while increasing Europe's military capabilities and strategic autonomy in the event of a US disengagement should be prioritised.
 - ▶ As a core deliverable of the NATO 75th anniversary Summit to be held in Washington in July, **the EU and NATO should announce a new Transatlantic Defence Trade and Industrial Partnership Initiative**. It would aim to remove barriers to technology sharing across the Atlantic and to facilitate partnerships between defence companies to ramp up the production of equipment and ammunition, both to support Ukraine and to restock the Allies own supplies for collective defence.
 - ▶ In 2024, after years of neglect, **the EU ought to re-engage Latin American countries in a dialogue of equals to restore trust**, while linking its push for trade to the region's long-term interests and sustainable development. Throughout 2024 and beyond, the EU should also prepare for an increasingly confident and politically heterogeneous LATAM, which will make diplomacy and convergence with the region more challenging.
 - ▶ In the **Indo-Pacific**, **the EU should seize the political momentum** and as part of its strategy for partnerships' diversification should **elaborate a robust strategy to re-engage**, both economically and politically, countries in the region.
 - ▶ While **EU-China** relations seem to be heading towards a moment of relative stabilisation, **both actors would do well to start thinking on how to manage their unresolved issues in the long run**. Regardless of who will sit in the White House, coordination between the EU, the US and international partners is essential to harmonising economic security policies, especially vis-à-vis China.

- ▶ In 2024, **the EU should continue to strengthen sanctions' implementation and enforcement** to avoid circumvention and further restrict the flow of crucial components for weapons to **Russia**, as well as the growth of Russia's export revenues.
- ▶ In response to Russia's progressive shift to a military economy, **the EU could also better prepare itself for new stages of the war and enhance its own defence capabilities**, including strengthening cooperation with Ukraine.
- ▶ As Russia is likely to ramp up efforts to boost cooperation with "friendly" countries around the world, **the EU27 should deploy a strategy towards the Global South** to counter Russian narratives and propaganda and propose a common agenda that also responds to the South's interests.
- ▶ In 2024, **the EU needs to preserve solidarity and fortify support for Ukraine**. In cooperation with the US and other Western partners, the EU must secure uninterrupted military and financial assistance to Ukraine and deepen Ukraine's integration into the security and defence architecture of Europe.
- ▶ As the war of attrition continues, **the EU and NATO should also be prepared for different war scenarios** and develop joint contingency plans (civil and military) for a potential Russian escalation in Ukraine and beyond.
- ▶ **The EU should continue to apply a merit-based approach to enlargement** and prepare a clear negotiating framework for Ukraine, ensure Kyiv's gradual integration into the EU Single Market, and avoid **Ukraine's accession process** getting stuck.
- ▶ As a major security and economic actor, **Türkiye** will have a vital role in the future of European security and stability. Thus, **the EU should develop a clear strategy for relations with Ankara for 2024** and beyond anchored on the so-called Borrell report.
- ▶ **The EU should use 2024 to rebuild its credibility in the Middle East** after the debacle that followed Hamas terrorist attack on Israel, pursue a more united approach to tackling security issues in the region, and support the re-launch of the peace process. A good starting point should be a strong collective EU position and contribution in addressing the crisis in the Red Sea to avoid further escalation with unpredictable geopolitical consequences.
- ▶ **The EU's relevance, credibility and influence in a complex and challenging multipolar world requires** replacing purely performative Western-crafted "feminist foreign policy" initiatives with policy options **based on a deeper understanding of a country's culture, religion, society, and economic structures**. Adapting to local conditions and listening to local voices is necessary if EU actions are to be sustained over a longer period and have long-lasting results. Afghanistan has taught us the success of EU initiatives to improve women's lives is down to a willingness to be innovative, patient, and humble.
- ▶ As 'securitisation' emerges as a trend that permeates most EU policy, **European policy- and decision-makers should consider the global implications** of a Union that could gradually turn inwards or attempts to securitise everything.
- ▶ While EU efforts to build economic security are likely to continue in 2024, **the EU should see social security and health security as part and parcel of that policy equation**, also adopting a more joined-up and holistic approach to social issues.
- ▶ In 2024, **EU leaders should manage expectations on the ability of the New Pact on Migration and Asylum** to crisis-proof the EU's common asylum system in the short-term, while avoiding further outsourcing migration management responsibilities to 3rd countries for political and electoral gains.
- ▶ As the current Commission comes to an end in 2024, **the EU should pay particular attention to making Europe more competitive in the global Artificial Intelligence (AI) race**, which will imply a mindset change towards implementing the AI Act, the first-ever regulatory framework promoting a European approach to trustworthy and human-centric AI.
- ▶ In 2024, **the EU should initiate a serious debate concerning the future architecture and governance of a Union at 30-plus**. The commitment of EU institutions and member states to engage in this reflection geared towards action will determine whether the rhetoric of the 'geopolitical imperative' of enlargement and its renewed momentum can be translated into tangible reality.
- ▶ **The EU should be consistent and continue with the implementation and consolidation of the security and defence measures** undertaken since the start of Russia's full-scale invasion of Ukraine. Emphasis should also be placed on long-term thinking about Europe's military and financial needs.
- ▶ **The EU should pledge to open its defence capability programmes**, such as Permanent Structured Cooperation, the European Defence Fund, and the European Peace Facility, to participation by non-EU Allies.

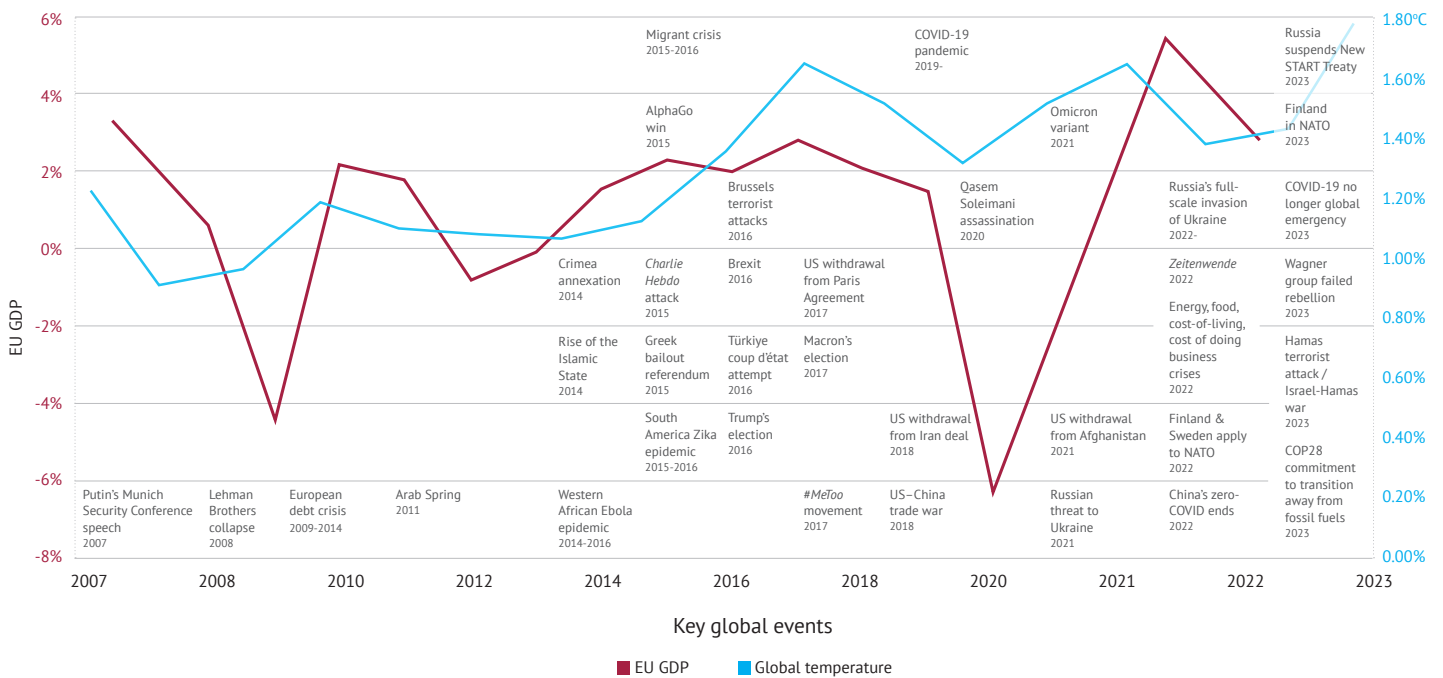
Introduction: From voting to geopolitics in the age of permacrisis

The permacrisis² (see Figure 1 below) intensified at the end of 2023, with the return of war to the Middle East, and is likely to continue generating high levels of uncertainty throughout 2024. These could be magnified

as people go to the polls in the world's four corners. At the EU level, it will also be a year of institutional transition after the European Parliament (EP) elections in June.

Figure 1

EUROPE IN AN ERA OF GLOBAL PERMACRISIS (2007-2023)



Source: Authors, based on [World Bank](#), NOAA National Centers for Environmental information [Climate at a Glance: Global Time Series](#)
 Note: Global temperature anomalies are with respect to the 1901-2000 average

While most elections are primarily about domestic politics and issues, including the EP ballot, which is contested nationally, the outcome of some (e.g. US Presidential elections) is likely to shape international relations already in 2024 and beyond.

While most elections are primarily about domestic politics and issues, including the EP ballot, which is contested nationally, the outcome of some (e.g. US Presidential elections) is likely to shape international

relations already in 2024 and beyond. Indeed, with the increasingly more tenuous separation between 'internal' and 'external' policy and political spheres, in an interdependent but more competitive (even conflictual) world, how we live, govern, fight, work, produce, consume, and vote has consequences beyond national borders.

In 2024, given the number and relevance of countries (e.g. India, Mexico, Türkiye, South Africa, Indonesia, UK, Pakistan, and Russia³) that will hold presidential, parliamentary, or local elections worldwide, the chances for added turbulence, because of electoral processes, could increase with implications for the EU's international role and influence in an increasingly pluripolar global order.⁴

The EU enters 2024 with immense challenges ahead, at home and abroad.

While the global economy performed better than anticipated in 2023, inflationary pressures are not yet under control. A poor economic performance during 2024, coupled with the enduring social and economic consequences of the pandemic and the wars in Europe's vicinity, the climate crisis and the increasing partisanship around the issue, the unending politicisation of migration debates, and greater societal polarisation around policy issues, could spell trouble for the EU in a year of elections. What is more, they could become a breeding ground for populist and Eurosceptic parties to explore a host of fracturing topics that are likely to be magnified by disinformation, misinformation and deepfakes, possibly boosted by Artificial Intelligence.

Although the general expectation is that centrist pro-European parties (EPP, S&D, Renew, Greens) will hold a majority in the next European Parliament (2024-2029), although smaller than in 2019, a better showing of the populists could potentially undermine the prospects of a smooth transition into new EU institutional leaderships and could plunge the Union into a governance crisis. This would have negative implications for the EU's international relations too.

Externally, many of the problems of 2023 remain and risk worsening. Russia's aggression on Ukraine, which will soon enter its third year, is becoming a costly war of attrition; the recent Israel-Hamas war could easily spark a regional outbreak, and the increasing pressure

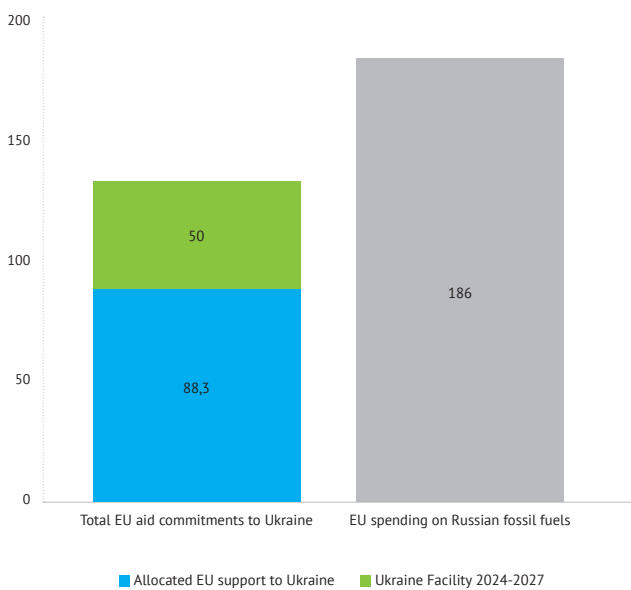
on global trade as maritime choke points emerge in the Red Sea (see flashpoints page) and elsewhere (e.g. Panama Canal⁵), is likely to be high on the agenda of EU27 policymakers throughout 2024.

While one of the greatest sources of global uncertainty and unpredictability in 2024 could emanate from electing a potentially disruptive Trump 2.0 Administration (see more on page 15) with manifold geopolitical consequences for Europe and the world from 2025 onwards, the existential problems that the EU needs to deal with this year are Russia's war, the fate of Ukraine, and its implications for European peace and security (which could also be seriously negatively affected by a change of tack in Washington).

Although the EU and its member states have provided substantial amounts of economic, military, humanitarian, and political support to Ukraine since the February 2022 watershed, a question lingers: Can and should the EU do more to help Ukraine? A simple comparison of the Union's overall support to Ukraine (including commitments for 2024-2027) and hard currency spent on Russian fossil fuels since the start of the war (see Figure 2 below) provide a bleak answer. They illustrate the lack of direction, as well as the absence of a clear idea of the EU's central goal regarding the outcome of the war (and the potential risks associated with it): A Ukraine victory or a Russian victory?

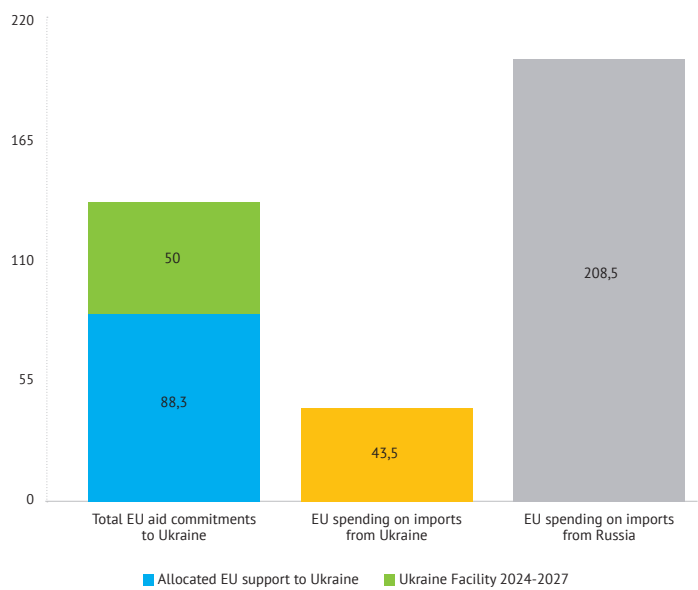
Figure 2

EU SPENDING ON RUSSIAN FOSSIL FUELS VS EU SUPPORT TO UKRAINE (INCL. UKRAINE FACILITY 2024-2027) SINCE RUSSIA'S INVASION, 24 FEBRUARY 2022 – 1 FEBRUARY 2024, € BILLION



Source: European Commission, "EU assistance to Ukraine", Beyond Fossil Fuels

EU SPENDING ON IMPORTS OF GOODS FROM UKRAINE AND RUSSIA & EU SUPPORT TO UKRAINE (INCL. UKRAINE FACILITY 2024-2027) SINCE RUSSIA'S INVASION, 24 FEBRUARY 2022 – 1 FEBRUARY 2024, € BILLION



Source: European Commission, Eurostat
Note: EU import data are for March 2022-November 2023

Besides answering the strategic question regarding the risks of a Russian victory compared to those of a Ukrainian victory, the uncertainties identified in last year's outlook are likely to remain in 2024 beyond:

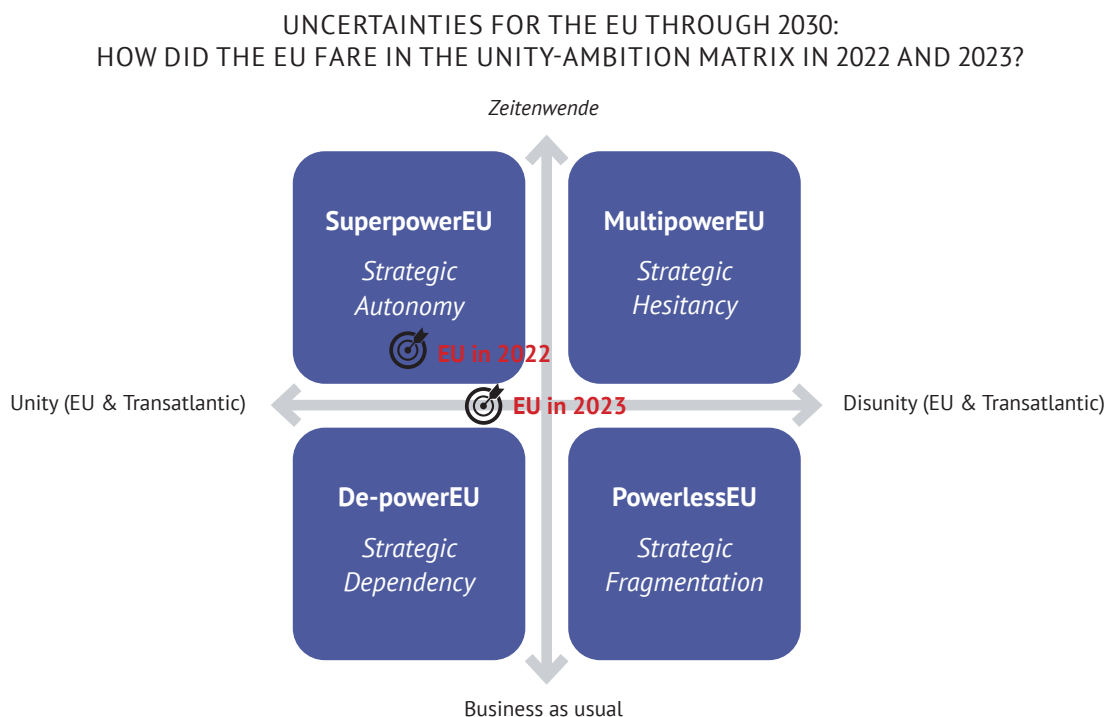
- ▶ Will the EU (and its transatlantic partners) remain united, or will the unity of EU27 begin to crumble regarding the response to the watershed's multiple consequences?
- ▶ Will European leaders show the ambition and political will to meet the policy challenges posed by the watershed, or will pressure to return to business as usual prevail?

While the levels of unity and resolve displayed by the EU in its response to Russia's aggression on Ukraine in 2022 were generally considered strong, as time passed, consensus started cracking and, throughout 2023, ambition in the EU and other global partners waned (see Figure 3 below). A Trump re-election in November could likely accelerate this negative trend unless Europeans face the hard reality that irrespective of who is in the White House, the EU27 need to be able to fend for themselves in an uncertain geopolitical environment.

A Trump re-election in November could undermine EU unity and ambition unless Europeans face the hard reality that irrespective of who is in the White House, the EU27 need to be able to fend for themselves in an uncertain geopolitical environment.

2024 could prove to be the most challenging year of the current decade. Yet, it also presents an opportunity for the EU to renew itself and its leadership after the European elections in June. Much will depend on the ability of the EU and its member states to anticipate and act, instead of simply reacting to global events, as well as respond to the anxieties of many Europeans without undermining the Union's relevance and influence at home and abroad. A tall order in a year of high-stakes.

Figure 3



Source: Ricardo Borges de Castro and the Europe in the World programme

THE OUTLOOK PAPER: A ROADMAP

This Outlook Paper is a **navigation guide for 2024**. It focuses on the most important global actors and regions, as well as flashpoints and emerging policy challenges for the EU.

The Paper begins by **looking back at 2023** to revisit events and assumptions projected in last year's outlook. It then anticipates developments in select EU global relationships and policies for the coming year as the world continues dealing with **Russia's war of aggression on Ukraine**, faces renewed war in the Middle East and enters an electoral year on steroids that could have profound geopolitical consequences in a pluripolar world.

As the EU prepares to vote and faces the world in 2024, the following **actors and regions** (which are all analysed in this Outlook Paper) are likely to have an impact on the Union's global role:

- ▶ The **United States**, where a Trump victory in the presidential elections could be a geopolitical watershed for the EU.
- ▶ **Latin America**, where geopolitical games are likely to follow the last ballots of a long electoral cycle.
- ▶ The **Indo-Pacific**, which will continue to be a critical region in shifting global dynamics.
- ▶ **China**, which seeks to stabilise relations with economic partners.
- ▶ **Russia**, which will continue to double down on its aggression on Ukraine especially if it sees Western hesitation.
- ▶ **Ukraine**, which may face an existential year, especially if partners' support dwindles further.
- ▶ **Türkiye**, which will be focused on decisive local elections.
- ▶ The **Middle East and North Africa**, which is back to the cycle of wars and instability.

A focus on **Afghanistan** draws lessons for the EU on Women's rights in a special contribution by EPC Senior Adviser Shada Islam.

The Outlook Paper also zooms in on a few **flashpoints** that could require the EU's involvement in 2024, further complicating the permacrisis and putting additional pressure on European leaders. These include escalation in the **Black, Red and South China** seas, the old and

possible new troubles in the **Korean Peninsula**, and the displacement crises in **Gaza** and of **Syrian refugees** in Türkiye, which could bring more hardship and the need for further humanitarian response in 2024.

Besides key actors, regions, and flashpoints, the gradual shift of global politics from a predominant model of cooperation to one of competition, confrontation, or even conflict is likely to continue throughout 2024.

The gradual shift of global politics from a predominant model of cooperation to one of competition, confrontation, or even conflict is likely to continue throughout 2024.

An emerging trend of **securitisation** is likely to be further consolidated at the EU level (and beyond). It may also shape five policy areas or issues that could gain more relevance in a year of global elections with unpredictable geopolitical consequences: (i) the need to rethink the **EU social contract** and the pressures that plague it; (ii) the seemingly unresolvable challenge of **migration policy** in a declining demographic context; (iii) the promises and risks of **Artificial Intelligence** for the Union and its ability to be a frontrunner (or a laggard); (iv) the revival of **EU enlargement policy** after last year's historic decisions on Ukraine, Moldova and Georgia; and (v) the adaptation of **EU defence policy** to a new security environment.

The **future of NATO** as it celebrates its 75th anniversary in 2024 is also considered with a special contribution by EPC Senior Adviser Jamie Shea.

Like last year, there are some '**What ifs...**' throughout the Paper to jog policymakers' creativity and ability to think ahead or differently about possible events.

Before looking ahead to what 2024 may bring, there needs to be a look back at 2023.

1. A look at 2023: EU learning the language of power – unlearning the language of influence?⁶

As anticipated, the EU continued its “*crash course on geopolitics*”⁷ in 2023. Published a year after Russia launched its full-scale war of aggression against Ukraine, the Outlook Paper posited that “*in a world of geoeconomic confrontation and renewed conflict in Europe, the EU needs to learn and speak the language(s) of power.*”⁸ One year later, while the EU might have become more aware of the challenges that entail becoming a geopolitical actor, speaking the language of power continues to be difficult in the absence of unity, resolve, and a strategic direction to deal with the manifold implications of the permacrisis and the poly-transitions: green, digital, economic security, geopolitics, and demography.

When badly managed, the EU’s geopolitical awakening risks the Union unlearning the language of influence.

What is more, when badly managed, the EU’s geopolitical awakening risks the Union unlearning the language of influence. The chaotic and divided way in which the EU

handled the fallout from Hamas terrorist attack on Israel and the war that ensued in Gaza since 7 October 2023 is a case in point.⁹ The paradox of a more powerful EU being less influential globally is a vulnerability that EU policymakers should be reflecting upon and that should be overcome with a more strategic and joined-up EU27 approach to international affairs.

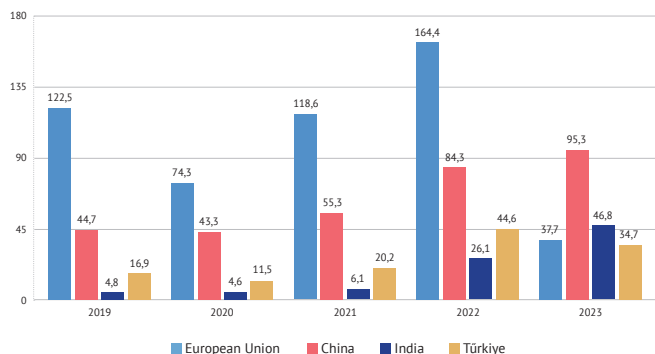
In 2023, the Outlook Paper expected the Russian economy to do worse than it did, although the assessment was cautious: “*Indeed, the economic crunch that began in 2022 is likely to continue worsening, although it will not yet be catastrophic for the Kremlin in 2023 as the IMF now projects.*”¹⁰ Russia’s economic performance in 2023 appeared to be more resilient than anticipated, with most economic forecasts being revised upward in autumn 2023, and again at the start of 2024.¹¹

High global oil prices, further reorientation of Russia’s trade (see Figure 4 below), and circumvention of Western sanctions, helped rebound Russia’s exports (including energy) and tax revenues in the second half of 2023, which allowed Russia to reduce its budget deficit and sustain financial stability (see more on Russia on page 20).¹² Uncertainty continues to be a (economic) forecasters’ Achilles heel.

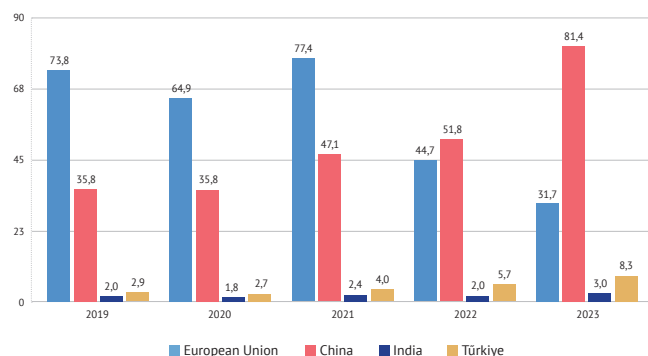
Figure 4

RUSSIA TRADE REORIENTATION

IMPORTS FROM RUSSIA BY MAJOR PARTNERS, JANUARY-SEPTEMBER 2019-2023, \$ BILLION



EXPORTS TO RUSSIA BY MAJOR PARTNERS, JANUARY-SEPTEMBER 2019-2023, \$ BILLION



Source: UN Comtrade

The major strategic surprise for the EU and this Paper was the Hamas terrorist attack on Israel and the war that followed. A foresight outlook is not about prediction. Black Swans – high impact, unforeseen events – will continue striking and confounding policymakers and analysts. While they should be considered in regular preparedness exercises as ‘What...ifs’ and even be simulated to identify possible courses of action in case they materialise, the reality is that when a ‘Black Swan’ hits, its ramifications are unpredictable and take a course of their own. Hence, in a single strike, Hamas terrorist attack and Israel’s response to it reversed the assumption made in last year’s Outlook Paper: *“In 2023, quarrelling countries are likely to keep the intraregional trend of mending ties. Cooperation is likely to grow in the framework of the Abraham Accords,¹³ and more multilateral regional cooperation summits and meetings should not come as a surprise.”* The “surprise” was indeed of a different nature and with several implications for the EU as discussed above (see more on MENA on page 30).

When a ‘Black Swan’ hits, its ramifications are unpredictable and take a course of their own.

On economic security, the Outlook Paper was spot on and before many in the EU had even articulated the concept: *“2023 is likely to continue to be shaped by the ongoing and gradual consolidation of a new global paradigm: economic security. Although cooperation is still present worldwide, competition and confrontation are central features of this emerging geoeconomic system intensified by Russia’s full-scale invasion of Ukraine and China’s assertive rise.”* Announced by President von der Leyen in the EPC’s auditorium, “de-risking”¹⁴ economic relations became a mantra for EU economic policymaking that crossed over to the Atlantic, especially in what respects Western economic ties with China, and the EU presented its first-ever Economic Security Strategy.¹⁵

Russia is likely to continue being Europe’s most important security threat, especially in a context where Western support for Ukraine could dwindle further, and sanctions circumvention remains unaddressed.

Looking back is a recipe for better foresight. In 2024, the EU is likely to continue its learning journey on power while trying to avoid losing influence: the outcome of the US presidential election could be a geopolitical watershed for transatlantic relations; Russia is likely to continue being Europe’s most important security threat, especially in a context where Western support for Ukraine could dwindle further, and sanctions circumvention remains unaddressed; the Middle East conflict is likely to feature high at the top of the diplomatic agenda in search of peace and a process that can sustain it in the long-term; and economic security is likely to continue shaping the EU’s policy agenda as Europeans go to the polls to elect the new European Parliament in June 2024.

2. Regions and players

As the EU faces a challenging year at home and in the world, some key actors and regions are likely to shape the Union's global role in 2024. Starting from the United States, the focus of the Outlook Paper turns South to Latin America, then westwards into the Indo-Pacific, China, Russia, Ukraine, Türkiye, the Middle East and North Africa.

In a special contribution for the 2024 edition, EPC Senior Advisor Shada Islam, turns the EU global compass to Afghanistan and the plight of its Women since the Taliban took over. This selection reflects the EPC's vision of what and who will be most relevant for EU foreign policy and global engagement in 2024.

I. THE US: BACK TO THE FUTURE?

The EU and the current US administration should use the existing window of opportunity ahead of the European Parliament vote and the US Presidential elections to set up a network of transatlantic guardrails¹⁶ to mitigate the potential negative impact of a Donald Trump re-election. In the event of tensions and even breakdown at the EU-US executive level after 2024, partnerships and thematic collaborations should be in place or established between European and American political parties; the European Parliament and the US Congress (or parts thereof); US states and EU countries and/or regions; mayors from both sides, as well as civil society organisations – from chambers of commerce and foundations to think tanks and NGOs. Although, these may be seriously tested in the event of a Trump 2.0 administration, they could provide channels of communication and engagement between both sides of the Atlantic. A key antidote to future instability is that the EU27 invest much more in their security and defence, becoming a much more reliable partner that can equally defend itself and deter aggression as well as project stability in its vicinity.

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2024 could mark a watershed in EU-US relations and reverse the positive trend in transatlantic ties of the past four years.

Indeed, if Donald Trump emerges as the Republican party candidate and defeats Joe Biden in November 2024, Europeans should prepare for turbulence across and around both sides of the Atlantic. Domestically, the former president is likely to seek revenge from his

political opponents, and this could create a lengthy period of political instability in the US. In this 'back to the future' scenario, the permacrisis is likely to intensify if Washington turns its back again to multilateralism and the rules-based global order in a period of heightened geopolitical instability. A Trump victory could also spell trouble for the EU's unity and internal cohesion as it could empower disruptive leaders such as Viktor Orbán of Hungary and give a boost to populist and Eurosceptic political forces across Europe.

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The opportunity to address any outstanding issues that could still be resolved between transatlantic partners before the elections on both sides in 2024 is likely to close towards the end of spring as leaders and voters will gradually shift their attention to domestic politics. In the US this will be more evident, as the presidential campaign is preceded by the primaries in both parties ahead of their summer conventions to appoint the nominees.

The exceptions to a more inward campaign focus (e.g., the economy, health care, education, justice, corruption, lifestyle issues and freedoms) in the US, are likely to be: NATO, whose summit takes place in Washington in July to celebrate its 75th anniversary (see more on page 44); Russia, given Trump's suspected links to Putin; China, with a 'competition' among contenders to avoid being seen as soft on Beijing; Israel and the Middle East, which is always present; and immigration, which is now front and centre in the political debate and tangled to efforts to unlock support to Ukraine in congress by Republicans.¹⁷

Leaderships may change in Europe and the US in 2024, but the key challenges and policy issues that Europeans and Americans need to tackle in the medium- to long-term remain broadly the same. Russia's aggression on Ukraine and the future transatlantic security architecture, relations with China, economic security, trade and tech, the green and energy transitions, and the Global South are likely to be issues to continue shaping EU-US ties in the long-term. Depending on who is in the White House, the way transatlantic partners address each of those policy areas is likely to differ substantially in approach and substance.

Assuming that Biden and Trump will be the frontrunners for each party, the EU should prepare for different and diverging policy stances coming from each potential president and expect unpredictability, especially from the businessman (see Table 1 below).

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Table 1. A tale of two US Presidents

Key issues	What to expect from Biden	What to expect from Trump
Ukraine / European security architecture / NATO	<ul style="list-style-type: none"> • Support for Ukraine, although the ability to continue providing military and other aid will largely depend on the composition of the Congress. • Commitment to European security order, but the expectation that Europeans play a greater security role in their vicinity. • Strong support for NATO and need for Europeans to increase burden sharing and spend more on defence. 	<ul style="list-style-type: none"> • Threat to entirely end support to Ukraine and force Kyiv to make a deal with Russia to end the war. • There is no real commitment to Europe's security order. Not a priority for 'America First'. • Heighten risk of Trump withdrawing from NATO or asking Europeans to pay back what they 'owe' or face being left undefended. • An ambiguous stance towards Putin's Russia.
China	<ul style="list-style-type: none"> • Although the strategic outlook remains in perceiving China as a long-term challenge for US national security, efforts to stabilise the relationship are likely to continue under Biden. • Decoupling on frontier and emerging technologies is likely to move ahead. • Economic de-risking to remain a central policy tool. 	<ul style="list-style-type: none"> • Double down on rhetoric regarding China and its threat to US prominence and push Europeans to do the same. • Potentially more vocal support for Taiwan. • Yet, as an unpredictable leader, Trump could seek to make deals with Xi Jinping and position himself as a great 'smart' leader.
Economic security, trade, and tech	<ul style="list-style-type: none"> • Policy continuity with the Inflation Reduction Act (IRA). • Maintenance of the EU-US Trade and Tech Council (TTC). • Irritants on trade and tariffs to continue, but efforts on both sides to address them constructively. 	<ul style="list-style-type: none"> • America first • Reverse IRA.¹⁸ • Tariffs and trade wars with the EU likely to resume. • Given Trump's past animosity towards the country, Germany should expect to become a particular favourite target. • Fate of TTC in the line.
Climate and energy transition	<ul style="list-style-type: none"> • Commitment to a US-made green agenda and Paris Accords. 	<ul style="list-style-type: none"> • Likely to renege on Paris Accords commitments. • Renewed push for fossil fuels.
Global South and other regions	<ul style="list-style-type: none"> • Likelihood of a renewed push to re-engage with the Global South and emerging Middle Powers to balance strategic approximation between China and Russia. • Re-focus on the Middle East and attempt to mitigate the fallout from Israel's war on Hamas and avoid regionalisation of conflict although attacks on Houthis and other Iran proxies to continue. 	<ul style="list-style-type: none"> • No clear approach to Global South, but dependent on deals and leaderships. • Focus on the Middle East particularly, in doubling down support to Israel and a more confrontational approach on Iran, risking an escalation of conflict in the region with negative consequences for Europe.

Source: Authors

In 2024, Europe should prepare for one of the most polarising and uncertain election campaigns of recent decades in the US, as well as for the strategic implications of the possible different outcomes of transatlantic ties and global geopolitical competition.

As two large democracies with multiple levels of governance, the EU should foster relationships beyond the US executive level with different actors across the Atlantic, including political parties, the Congress (or parts thereof), US states and mayors of key metropolis, business, as well as civil society organisations – from chambers of commerce and foundations to think tanks and NGOs. Although these relationships may be seriously tested in the event of a Trump 2.0 administration, they could provide channels of communication and engagement to sustain relations in the long-term.

In preparing for a short-term, worst-case scenario potentially coming from Washington but also for the long-term, the EU should no longer delay the substantial investments it needs to make in its security and defence.

II. LATIN AMERICA: FINISHING THE ELECTORAL MARATHON; ENTERING THE GEOPOLITICAL ONE

In 2024, after years of neglect, the EU should re-engage Latin American countries in a dialogue of equals to restore trust while linking its push for trade to the region's long-term interests and sustainable development. Throughout 2024 and beyond, the EU should also prepare for an increasingly confident and politically heterogeneous Latin America (LATAM), which will make diplomacy and convergence with the region more challenging.

Throughout 2024 and beyond, the EU should also prepare for an increasingly confident and politically heterogeneous Latin America.

Latin America's outlook in 2024 is likely to be shaped by choices on two fronts. On the domestic front, the final elections of the 2021-2024 cycle (often referred to as the “*superciclo electoral*”) may exacerbate – or not – a trend of democratic decline.¹⁹ On the international front, stronger economic ties with either the EU or China could have major strategic, economic, and environmental consequences – both regionally and globally.

The *superciclo electoral* will culminate with a large wave of elections, some of which may send ripples across other electorates. In El Salvador, Bukele's landslide victory, cemented on his effective crackdown on long-

established gangs known as the “Maras”,²⁰ could result in further erosion of constitutional guarantees and the rule of law,²¹ and spread appetite for strongman politics across Central America.²²

In Mexico, favourite runner-up Claudia Sheinbaum²³ would inherit a difficult foreign policy agenda from her mentor, López Obrador. US-Mexico trade has surged following Washington's efforts to decouple from China and ‘nearshore’ production to Mexico.²⁴ However, migration and border security remain as contentious as ever, with campaigning US Republicans openly advocating military intervention against the cartels on Mexican soil.²⁵ More adversarial relations with Mexico are likely to diminish the already dwindling influence of the US in Latin America, creating vacuums for China –and the EU.

In Venezuela, an agreement last year between the opposition and Maduro's executive opened the doors to international observers, raising the prospects of a transparent election and leading to an easing of US sanctions.²⁶ Standing in the way of these developments, a dormant border dispute with neighbouring Guyana has resurfaced following Venezuela's unilateral referendum last December, which called for the annexation of Guyana's oil-rich Essequibo region.²⁷ A military escalation would not only squander progress on the democratic front but also elicit severe US sanctions. The EU should direct diplomatic efforts towards containing the conflict, as plunging Venezuela back into isolation would only worsen the country's ongoing humanitarian crisis and play into China's oil-for-loans strategy.²⁸

With its negotiations for a free trade agreement (FTA) with Mercosur grinding to a standstill and China's trade and investment in LATAM reaching record highs, the EU risks losing access to conventional and green energy resources, critical raw materials, and untapped markets. All of which it needs to achieve economic diversification and more resilient supply chains. To stay competitive, the EU should adopt a consistent and “smart diversification”²⁹ strategy, irrespective of the outcome of the FTA and extending beyond Global Gateway's aid. One vested in the long-term industrial and socio-economic development of its partners, and capable of outbidding China's alternative bargain, which typically consists of ‘non-conditional’ loans repaid through cheap exports and concessions to Chinese state-owned firms.³⁰

To stay competitive, the EU should adopt a consistent and “smart diversification” strategy, irrespective of the outcome of the MERCOSUR and extending beyond Global Gateway's aid.

China's economic slowdown, if coupled with a downward trend in foreign direct investment (FDI) could open a window of opportunity for the EU. Shifts in the political makeup of Mercosur, especially Argentina's rapprochement with the US and refusal of BRICS membership under Milei,³¹ may also challenge China's ambitions.

However, 2024 will likely be neither China's nor the EU's year in LATAM. Despite facing political division, social polarisation, and growing migratory and environmental challenges, LATAM countries have resolutely emerged as non-aligned actors on the world stage. With rising powers like Brazil – this year's G20's chair – becoming a crucial agricultural exporter³² and gatekeeping key supply chains and energy resources,³³ the EU ought to adapt to a new diplomatic context.

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III. INDO-PACIFIC: A KEY REGION IN SHIFTING GLOBAL DYNAMICS

The EU should seize the political momentum and, as part of its strategy for partnerships' diversification, should elaborate a robust strategy to re-engage, both economically and politically, countries in the region.

The Indo-Pacific region, often regarded as the world's emerging 'centre of gravity', will continue to remain a focal point in international relations. However, escalating global geoeconomic and geopolitical tensions, will spark anxiety across many countries in the region. The consequences of Russia's war of aggression against Ukraine, the ramifications of the Israel-Hamas war, the Chinese troubled economy, and geoeconomic fragmentation all pose the risk of negative spillovers.

While concerns persist about the health of China's economy, the apparent stabilisation of the relationship between the China-US-EU trio is viewed positively by many regional players, especially for those heavily reliant on trade with China and increasingly apprehensive about the rise of US protectionist policies. Nonetheless, despite these uncertainties, the Indo-Pacific region is expected to remain a bright spot and continue standing as a global economic powerhouse, thanks to the robust economic growth led by countries such as India and Indonesia,⁴¹ as well as other ASEAN countries benefitting from China Plus One strategy.

What if... China reaches an FTA with Mercosur?

Despite its economic slowdown, China's foothold in LATAM is the strongest it has ever been.³⁴ Even Chile, which has broken ranks with its neighbours to condemn Russia's full-scale invasion of Ukraine³⁵ and recently upgraded its trade and investment relations with the EU,³⁶ is nonetheless dependent on Chinese investment and exports vast quantities of its critical mineral resources, such as copper and lithium, to China.³⁷

China has concluded bilateral FTAs with Mercosur associates Chile, Peru, and Ecuador, is in final negotiations with Colombia, and could do the same with a full Mercosur member (Uruguay) in 2024.³⁸ This succession of bilateral FTAs, besides expanding trade with China, is also likely to undermine Mercosur's unity. With Milei's threat to exit the bloc leaving no room for further division,³⁹ Mercosur may feel compelled to pre-emptively sign a collective FTA with China.

A China-Mercosur FTA, particularly in the absence of a European equivalent, would cripple the EU's capacity for economic diversification. Moreover, it would single the timid Global Gateway—with a projected investment in LATAM significantly lower than the BRI's⁴⁰—as the EU's main counterbalance against Chinese influence in LATAM.

As part of the EU's strategy for partnerships' diversification and de-risking, Brussels is likely to double down on its outreach to countries in the region by resuming talks and negotiations in the attempt to finalise some key free trade agreements (FTAs). While it is true that the Union is likely to prioritise its geostrategic interests and commercial needs in the Indo-Pacific, past experience suggests that enthusiasm for the successful conclusion of any FTAs should be tempered, given internal standoffs among member states (e.g. market access, agricultural interests) and diverging standards with the countries in the region (e.g. environmental concerns), which are becoming increasingly dissatisfied with the policies of the EU.

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A series of important elections in 2024, within and outside the region, will directly or indirectly impact the geopolitical fabric of the Indo-Pacific. While a change in EU leadership is unlikely to significantly affect the Union's role in the Indo-Pacific, the potential return of President Trump and his "America First" approach could send waves of uncertainties throughout the region. Elections in Taiwan, Bangladesh, Pakistan, Indonesia, South Korea and India may also reshape the region's dynamics.

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India's growing influence is set to reverberate across the Indo-Pacific and beyond, especially as Prime Minister Modi is expected to further consolidate his hold on power in 2024 and spur nationalism at home.⁴² While China's growth is expected to experience a slight dip to 4.5%, India, on the contrary, is posed to move in an upward direction, with its growth on track to reach 6.3%.⁴³

Looking ahead, conditions seem far more promising in the region despite the high geopolitical risks (e.g. Korean peninsula, Taiwan Strait, South China Sea – see flashpoints on page 33), which could put additional pressure on EU decision-makers if one of these flashpoints were to develop into a 'hot' crisis. While the EU27 need to continue investing political and diplomatic capital in the Indo-Pacific, crises closer to the EU's doorstep are likely to shape the level of ambition and resources that the Union can mobilise to the region.

IV. CHINA: A WINDOW OF OPPORTUNITY FOR MORE PREDICTABLE RELATIONS?

While EU-China relations seem to be heading towards a moment of relative stabilisation, both actors should start thinking about how to manage their unresolved issues in the long run. Regardless of who will sit in the White House, coordination between the EU, the US and international partners is essential to harmonise economic security policies, especially vis-à-vis China.

The second half of 2023 saw a resurgence in high-level visits between the US, the EU and China, culminating with the Biden-Xi meeting on the margins of APEC⁴⁴ and the EU-China summit at the beginning of December.⁴⁵ These interactions signalled a shared intent among these major actors to stabilise their relationships amid growing domestic and international challenges. Nevertheless, one should not be over-optimistic, as these attempts appear to be motivated by the need to kick the can down the road while trying to hash out some of their differences.

While the prospect for (geo)-political stabilisation between the EU and China is on the horizon for 2024, it is likely to remain fragile as irritants may arise at any time; these may take the form of geopolitical tensions resulting, for instance, from China's closer relations with Russia, potential disinformation campaigns and interference in the upcoming elections in the EU and US, or geoeconomic matters ranging from export controls, to critical raw materials, EVs production and countermeasures by all the actors involved (e.g., China and EU liquor probe).⁴⁶

In the US, the relationship with China is expected to take a central role during the presidential elections, with some candidates possibly adopting more hawkish stances to garner political support. In that context, the recent efforts of the Biden Administration to establish some guardrails in the US relations with China should be seen as a positive and reassuring step but could be compromised at any time, as appearing too lenient on China may not be politically viable. Hence, the usual ups and downs with occasional significant tensions are expected to be a persistent feature in EU/US-China relations in the coming year.

China, in its pursuit of political stability and increased national security, faces growing economic challenges at home. Mounting local governments and state enterprises' debts, high youth unemployment, rapid ageing, dwindling business confidence, and concerns regarding the property market are likely to hinder economic growth. China is likely to set its growth target for 2024 to 5% of GDP, an element crucial to understanding Beijing's economic policy direction.

Nevertheless, Beijing cannot escape from the fundamental structural problems that its economy has been experiencing over the past years, and more serious policy adjustments and formulation will have to be thought through over the year, especially as a reaction to growing economic security policies undertaken by both the EU and US which have negative repercussions on China's economy. Yet, analysts anticipate that these adjustments will focus more on prioritising control rather than opening up, something that raises concerns among foreign companies, wary of potential implications on their operations in the Chinese market. Likewise, increasing frictions leading to potential trade wars may result from Chinese overcapacity in manufacturing following the move of Chinese lending away from the property sector.

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In foreign policy, China is likely to continue building consensus around blocs that seek to reshape the global order (e.g. BRICS), especially targeting the so-called Global South. In doing so, it will continue to double down on its efforts to promote global narratives countering economic and political decisions taken by the West. It will do so in an adaptive and incremental way by reshaping elements of existing initiatives and strengthening its economic and political influence with countries in the developing world.

Beijing's assertive actions and pressures, whether diplomatic, military, or economic, towards Taiwan and in the South China Sea will likely continue, with their intensity and forms (grey-zone activities, economic countermeasures) contingent on the political messaging of the new leader in Taiwan and developments in the relations among actors within the Indo-Pacific (e.g., India, Taiwan, the Philippines) and Washington. While Beijing has displayed a degree of restraint in response to the election results in Taiwan, most probably to ease tensions with Washington, the potential for cross-strait tensions remains a concern that could swiftly materialise.

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In the EU, if Commission President von der Leyen stays for a second mandate after the European Parliament elections in June, EU-China relations are unlikely to improve much as Beijing perceives her as too close to Washington. Even if a different Commission president were to be elected and take a more conciliatory approach to Beijing, the 'de-risking' strategy is here to remain. Hence, a robust transatlantic approach vis-à-vis Beijing – if President Biden remains in the White House – and more investment screenings could be in store. Not less important will be the new composition and expertise on China in the newly elected European Parliament.

In the event of a second Trump presidency, the bipartisan stance on China would probably not change, but a more aggressive economic policy vis-à-vis China should be expected, coupled with an overarching sense of unpredictability. On China, Trump's policies could be highly divisive in Europe, and coordination with partners rather difficult. This would require the EU to take a more proactive role in shaping a 'China strategy' that would seek to reconcile different member states interests, as well as avoid Beijing exploring divisions among the EU27.

V. RUSSIA: STAYING THE COURSE

In 2024, the EU should continue to improve sanctions' implementation and enforcement to avoid circumvention and further restrict the flow of crucial components for weapons to Russia, as well as the growth of Moscow's export revenues. In response to Russia's progressive shift to a military economy, the EU should also better prepare itself for new stages of its war and enhance its defence capabilities, including strengthening cooperation with Ukraine. As Russia is likely to ramp up efforts to boost cooperation with "friendly" countries around the world, the EU27 should deploy a strategy towards the Global South to counter Russian narratives and propaganda and propose a common agenda that also responds to the South's interests.

Putin is convinced he can win a war of attrition against Ukraine⁴⁷ hoping the 2024 US presidential elections, war fatigue and rising global tensions will reduce the West's support for Ukraine.

Russia is likely to maintain its "as long as it takes" for Western countries to tire of the war approach and scale back military assistance for Ukraine, which could lead to a further significant deterioration of Ukraine's military capabilities and resilience. At the same time, Russia is likely to continue threatening to escalate the war while also reinforcing its rhetoric on "peace negotiations" with Ukraine to deter the West from greater involvement and to facilitate Russia's further occupation of Ukraine in the name of 'peace'.⁴⁸

Russia is likely to seek more cooperation with its allies including Iran, North Korea, and China, further increasing its reliance on military/dual-use supplies from these countries.⁴⁹ It will also focus on increasing its engagement and expanding its economic reach in the Global South, as well as consolidating anti-Western partnerships and coalitions with "friendly" countries to attract investments and overcome the consequences of sanctions.⁵⁰

Moscow is likely to take 2024 as an opportunity to interfere in and influence election processes,⁵¹ especially those to the European Parliament and the national votes that are due to take place in several EU countries as well as the Balkans and Moldova, giving a boost to populists, euro-sceptics and pro-Russian parties.

After Yevgeny Prigozhin's failed mutiny in June 2023, Putin's regime is more repressive than ever against government critics, strengthening security forces' consolidation, neutralising the radical patriotic camp,⁵² and silencing its political opponents. To minimise internal instability, the regime is likely to double-down on repression and will avoid new waves of mass mobilisation ahead of the presidential 'elections',⁵³ scheduled for March 2024. With the political opposition destroyed,⁵⁴ the ballot is expected to bring no surprises, allowing Putin to stay in power for a further six years. Elections will likely be used to validate and provide a political mandate for his military course and war against Ukraine, as well as further consolidation of his authoritarian rule.

Russia's economic performance has proved to be better than projected in 2023 contributing to Putin's confidence. A substantial fiscal stimulus and state military spending supported domestic demand and helped the country's economic recovery, with a 3.6% GDP growth in 2023 vs a 1.2% drop in 2022.⁵⁵ Increasing global oil prices, the further reorientation of Russia's trade (see Figure 5 below) and the insufficient effectiveness of Western energy sanctions helped rebound Russia's energy export and tax revenues⁵⁶ in the second half of 2023. This allowed Russia to reduce its budget deficit and sustain financial stability.⁵⁷

Russia's shift to a war economy is expected to intensify, with military spending set to increase to around €109 Billion or 6% of GDP in 2024 vs 3.9% in 2023.⁵⁸ Russia will continue its military build-up by extending production capacity and driving up industrial production.⁵⁹

However, macroeconomic and fiscal risks related to the war and new sanctions will persist (see Figures 6 and 7 and Table 2 on sanctions to Russia) including rapidly growing expenditures, a weakening and volatile rouble, and steady inflationary pressure. In 2023, the rouble lost about a third of its value due to foreign currency and capital outflow. With tighter capital controls and monetary policy expected in response to these challenges, Russia's economic growth is set to slow down in 2024.⁶²

Other difficulties include restricted access to long-term financing, higher costs and complexity of supply chains and cross-border payments for Russian businesses,⁶³ as well as reduced technology transfer, labour shortages in different non-defence industries.⁶⁴ Russia's economic performance in 2024 will also be significantly dependent on further Western sanctions pressure⁶⁵ and levels of circumvention.

What if... Russia turbocharges conflict in the Middle East or multiple conflicts and crises in Europe's vicinity

The possibility of Russia's involvement in further global fragmentation and geopolitical tension with the West is significant. In addition to economic confrontation (retaliatory measures, confiscating foreign investors' assets), Russia may foster an escalation of a series of crises and provocations in Europe's vicinity.

Russia's objectives might include enhancing pressure on the EU and its Western partners, undermining the democratic order in the EU and its support for Ukraine, and weakening Western unity. Russia may help stir a wider conflict in the Middle East or create further havoc beyond its war against Ukraine and the Israel-Hamas conflict. Indeed, any further crises in Europe's vicinity are likely to test the limits of EU unity and resolve.

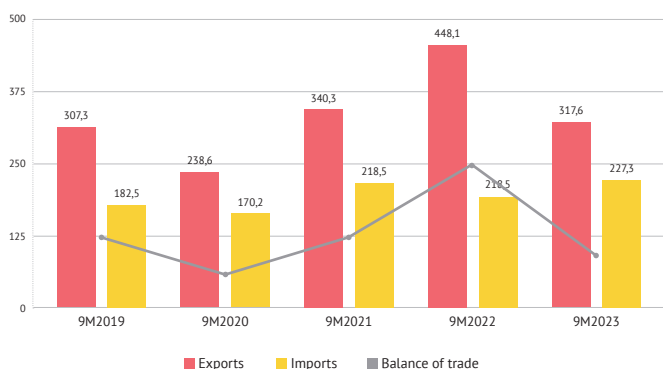
The Western Balkans countries are particularly vulnerable in this regard as traditional targets of Russia's interference, considering the significant influence that Moscow has in the region. The Kremlin can use different channels and levers for interference including "(dis)information campaigns, cyber-attacks and clandestine operations, combined with the support of proxy organisations and the use of political and economic influence".⁶⁶

To scale up crises and confrontations, Russia would likely be keen to intensify the partnership and coordinate actions with its allies and partners including North Korea, Iran, and China, which may further contribute to global fragmentation and instability.

Figure 5

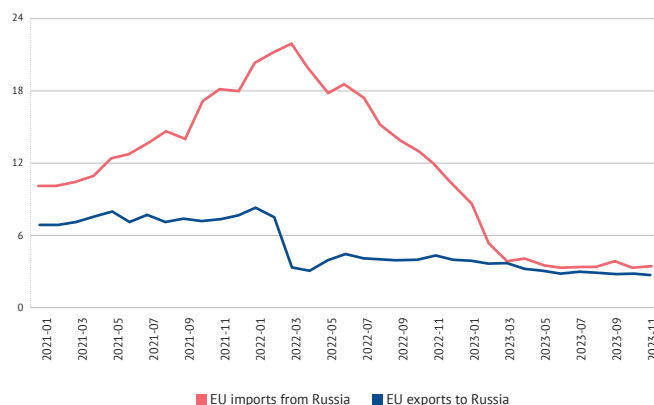
DYNAMICS OF RUSSIAN TRADE; GRADUAL DECOUPLING FROM EU

RUSSIA'S TRADE OF GOODS, JANUARY-SEPTEMBER 2019-2023, \$ BILLION



Source: [Bank of Russia](#)

EU TRADE IN GOODS WITH RUSSIA, SEASONALLY ADJUSTED, JANUARY 2021 – NOVEMBER 2023, € BILLION



Source: European Commission, Eurostat

The effect of sanctions has been compromised as Russia has managed to increasingly leverage existing loopholes and weak enforcement of the oil price cap by using its “shadow fleet”, which enabled it to sell oil at prices above the \$60 price cap and generate significant export revenues. Despite sanctions and export controls, Russia has boosted production of missiles, guided munitions, and drones⁶⁷ by rerouting supplies of crucial Western components through third countries.⁶⁸

Therefore, strengthening enforcement of export controls and energy sanctions, along with adopting the mechanism for using Russia’s frozen assets for Ukraine’s reconstruction will be a top priority for the sanctions’ coalition in 2024.

Figure 6

MAGNITUDE OF SANCTIONS PROGRAMMES TARGETING RUSSIA BY MAJOR SANCTIONING COUNTRIES, 22 FEBRUARY 2022 – 15 DECEMBER 2023

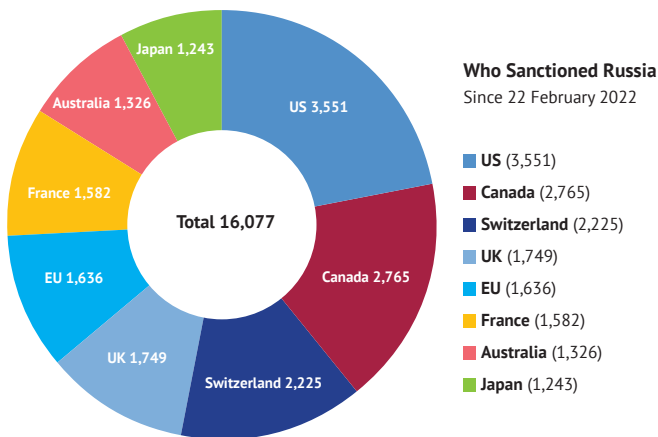
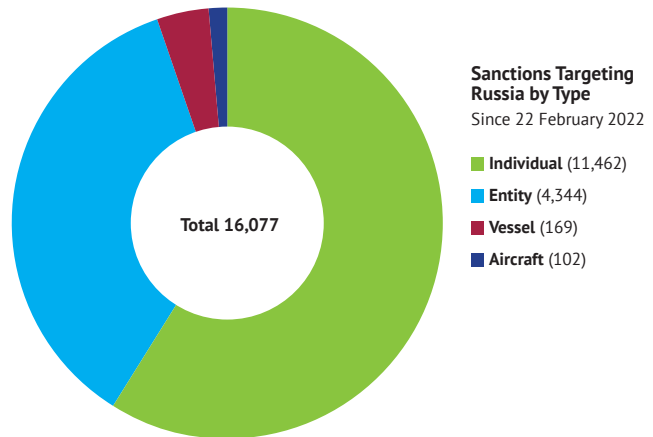


Figure 7

SANCTIONS OF MAJOR SANCTIONING COUNTRIES (EU, US, UK, JAPAN, AUSTRALIA, SWITZERLAND, CANADA, FRANCE) TARGETING RUSSIA BY TYPE OF SANCTIONS, 22 FEBRUARY 2022 – 15 DECEMBER 2023



Source: Castellum.IA

Table 2. Major sanctions, restrictive measures, and export controls on Russia adopted by the EU in 2023 (based on 10th (25 February 2023), 11th (23 June 2023), and 12th (18 December 2023) sanctions' packages.

ENERGY	
23 JUNE 2023	End of the possibility to import Russian oil by pipeline to Germany and Poland.
18 DECEMBER 2023	Import ban on liquefied propane (LPG) with a 12-month transitional period. Oil price cap: new notification rules for the sale of tankers to any third-country, strengthened information sharing mechanism, and more detailed attestation requirements to tackle the 'shadow fleet' used by Russia to circumvent the price cap.
TECHNOLOGY AND DUAL-USE PRODUCTS	
25 FEBRUARY 2023	The extension of export restrictions on sensitive dual-use and advanced technologies that contribute to Russia's military capabilities, including additional electronic components for drones, missiles, and helicopters, other vehicles, as well as bans on specific rare earths and thermal cameras with military applications. Addition of 96 Russian and third-country entities to the list subject to enhanced restrictions in relation to dual-use and advanced technology items (incl. entities registered in Iran). Extension of export restrictions on further 15 technological items found on the battlefield in Ukraine or equipment needed to produce such items.
23 JUNE 2023	Addition of 87 Russian and third-country entities to the list subject to enhanced restrictions in relation to dual-use and advanced technology items (incl. entities registered in China, the United Arab Emirates, Uzbekistan, Syria, and Armenia). Extension of export controls on dual use/advanced technology items, including chemicals, thermostats, DC motors and servomotors for unmanned aerial vehicles (UAV), machine tools and machinery parts.
18 DECEMBER 2023	Addition of 29 Russian and third-country entities to the list subject to enhanced restrictions in relation to dual-use and advanced technology items (incl. entities registered in Uzbekistan and Singapore).
FINANCIAL, IT CONSULTANCY AND OTHER BUSINESS SERVICES	
25 FEBRUARY 2023	Three Russian banks were added to the list of entities subject to the asset freeze and the prohibition to make funds and economic resources available. Measures to facilitate the divestment from Russia by EU operators.
23 JUNE 2023	Insertion of a temporary derogation to allow for the provision of prohibited services which are legally required for the divestment of Russian operators from the EU.
18 DECEMBER 2023	Prohibition to provide software for the management of enterprises and software for industrial design and manufacture to the Russian government or Russian companies. A ban on Russian nationals from owning, controlling, or holding any posts on the governing bodies of the entities providing crypto-asset wallet, account or custody services to Russian persons and residents.



INDUSTRY

25 FEBRUARY 2023	<p>Extension of export bans on goods that can be easily used to support the Russian war effort including vehicles (heavy trucks, semi-trailers, snowmobiles), electric generators, binoculars, radars, compass, construction goods (bridges, structures for buildings tower-like, fork-lifts trucks, cranes), electronics, machine parts, pumps, machinery for working metals, complete industrial plants, turbojets.</p> <p>Extension of import bans on Russian high-revenue goods: bitumen and related materials like asphalt, synthetic rubber, and carbon blacks.</p>
23 JUNE 2023	<p>Extension of the ban on export of luxury cars to all new and second-hand cars above a certain engine size (> 1,900 cm³), and all electric and hybrid vehicles.</p>
18 DECEMBER 2023	<p>A prohibition on the direct or indirect import, purchase, or transfer of diamonds from Russia (with transitional periods) – as part of an internationally coordinated G7 diamond ban. A direct ban on diamonds exported from Russia is in effect from 1 January 2024. A ban on Russian diamonds polished in a third-country will take effect as of 1 March 2024.</p> <p>Extension of export bans on EU industrial goods, which could contribute to the enhancement of Russian industrial capacities; including machinery and parts, construction-related goods, copper, and aluminium goods, processed steel, lasers, and batteries.</p> <p>Extension of import bans on Russian goods which generate significant revenues for Russia such as pig iron and spiegeleisen, copper wires, aluminium wires, foil, tubes, and pipes.</p>



ENFORCEMENT AND ANTI-CIRCUMVENTION MEASURES

25 FEBRUARY 2023	<p>Prohibition to transit dual use goods and firearms via the territory of Russia to third countries.</p> <p>A ban on Russian nationals from serving on governing bodies of member states' critical infrastructure companies.</p>
23 JUNE 2023	<p>New anti-circumvention tool allows the EU to restrict the transfer or export of specified sanctioned goods and technology to certain third countries whose jurisdictions are at continued and high risk of circumvention.</p> <p>Extension of the transit prohibition for advanced technology, aviation-related materials, etc, exported from the EU to third countries, via Russia.</p> <p>Tightening restrictions on imports of iron and steel goods processed in a third-country by requiring importers to prove that the inputs used do not come from Russia.</p> <p>Prohibition to sell, license, or transfer intellectual property rights and trade secrets used in connection with restricted goods.</p>
18 DECEMBER 2023	<p>Broadening the scope of the transit prohibition through Russia by adding certain economically critical goods.</p> <p>Obligation for EU exporters to contractually prohibit the re-export of certain categories of sensitive goods and technology to Russia, incl. goods related to aviation, jet fuel, and firearms.</p> <p>Notification requirement for the transfer of funds out of the EU by the EU entities directly or indirectly for more than 40% owned by Russians or entities established in Russia.</p> <p>Tighter obligation for member states to proactively trace assets of listed persons.</p>



MEDIA

25 FEBRUARY 2023

Two additional Russian media outlets have been added to the media ban.

23 JUNE 2023

Extension of the media ban to 5 additional channels. Additional provisions on information exchange and reporting.



TRANSPORT

25 FEBRUARY 2023

Private flights between the EU and Russia, directly or via third countries, should be notified in advance.

23 JUNE 2023

A total ban on trucks with Russian trailers and semi-trailers from transporting goods to the EU. Prohibition to access EU ports for vessels that engage in ship-to-ship transfers suspected to be in breach of the Russian oil import ban or G7 Coalition price cap.

Prohibition to access EU ports for vessels that manipulate or turn off their navigation tracking system when transporting Russian oil subject to the oil import ban or G7 price cap.



RESTRICTIVE MEASURES ON INDIVIDUALS AND ENTITIES

18 DECEMBER 2023

New listing criterion to include persons who benefit from the forced transfer of ownership or control over Russian subsidiaries of EU companies. Tighter obligation for member states to proactively trace assets of listed persons.

As of 18 December 2023, a total of 1 612 individuals and 331 entities are subject to restrictive measures (vs 1 386 individuals and 171 entities as of 20 January 2023). They include an asset freeze, a prohibition from making funds available to the listed individuals and entities, and travel bans. A prohibition of transactions with certain Russian state-owned enterprises across different sectors.

VI. UKRAINE: KEEPING THE COUNTRY ON TRACK UNDER GROWING EXISTENTIAL CHALLENGES

In 2024, the EU should preserve solidarity and fortify support to Ukraine. In cooperation with the US and other Western partners, the EU must secure uninterrupted military and financial assistance and deepen Ukraine's integration into Europe's security and defence architecture. The EU should also be prepared for different scenarios and develop a contingency plan for Russia's potential escalation. The EU should apply a merit-based approach and prepare a clear negotiating framework for Ukraine, ensure a gradual integration into the EU Single Market, and avoid Ukraine's accession process getting stuck.

2024 marks the start of the third year of Russia's war of aggression and attrition against Ukraine.

Assuming Putin's determination to continue his armed invasion and the West's incremental approach towards supporting Ukraine to restrain Russian escalation,⁶⁹ the war will likely grind on, imposing a growing burden on Ukraine and its partners.⁷⁰ Thus, Ukraine is likely to face increased uncertainty and pressure in 2024 amid rising concerns over continued Western support, political turbulence and 'domestic' policy focus due to elections in the US and the EU, and war fatigue in Western countries.

What if... support for Kyiv from the United States dries-up amid political upheaval in Washington and security threats worldwide

Any fragmentation or disruption of international assistance will further strengthen Putin's belief that he can win the war of attrition against Ukraine⁷¹ and will provoke intensified attacks on the battlefield and on Ukrainian cities and critical infrastructure.

The EU is unlikely to be able to fully compensate for a decline in US aid.⁷² As a result, depleted military capabilities and air defences in Ukraine are likely to result in massive casualties, devastating destruction, and occupation of a larger part of Ukrainian territory by Russia, which currently occupies 18 percent of the country. While insufficient financial support will undermine the macroeconomic stability and resilience of the country.

Elevated security threats will also spread in the region and possibly in Europe. Ukraine would likely be forced to seek a ceasefire or partial withdrawal agreement with Russia from a weak position. However, any such agreement would not bring lasting peace and stability to Ukraine and Europe and may eventually result in higher costs for the US and the Western coalition in the long term.

Securing sustainable military and financial assistance to Ukraine by US, the EU, and other partners will help prevent possible Russian escalation in Europe.











A potential intensification of geopolitical tensions and the possible escalation of multiple security threats and conflicts could divert international attention and military support for Ukraine.

Ukraine is likely to face increased uncertainty and pressure in 2024 amid rising concerns over continued Western support, political turbulence and 'domestic' policy focus due to elections in the US and the EU, and war fatigue in Western countries.

Ukraine will aim to advance on the battlefield as much as possible and simultaneously strengthen its ability to sustain a long-term war. A change in the approach to military assistance from Western partners (in terms of speed, scope, and air superiority) may significantly influence the course of the war. Ukraine will seek better secured and uninterrupted access to international support and longer-term security arrangements. Creating the necessary conditions for receiving a political invitation to join NATO at the 2024 Washington Summit will be a priority. Ukraine will also strive to develop its domestic defence industry, weapons production, and own air force,⁷³ to gradually reduce its foreign dependence on arms deliveries. President Zelenskyy is likely to continue pushing for his peace plan throughout 2024 (see Table 3 below).

A gradual recovery of the Ukrainian economy is projected to continue (+5% in 2023 and -28.8% in 2022),⁷⁴ but it will be constrained by significant uncertainty and risks⁷⁵ of prolonged hostilities, new large-scale destruction, and disruptions in financial aid. Ukraine's heavy dependence on international financial assistance is likely to persist, with external financing expected to cover over \$37 billion of the estimated budget deficit (\$42,6 billion in 2023).⁷⁶ To provide a more sustainable multiyear commitment, the EU's Ukraine Facility adopted by EU leaders on 1 February pledges €50 billion through 2024-2027 aimed to start the reconstruction process and support financial stability.⁷⁷

Table 3. Zelenskyy’s peace formula

Issue at stake	Aims
 Radiation and nuclear safety	<p>Ukrainian nuclear power plants and installations must operate safely under full sovereign control of Ukraine.</p> <p>Any form of nuclear blackmail must be stopped.</p>
 Food security	<p>It is necessary to ensure free, full and safe navigation in the Black and Azov Seas, restore sovereign control of Ukraine over Ukrainian ports, establish new ports and expand the assortment of Ukrainian goods transported by sea.</p>
 Energy security	<p>Destruction of critical civilian infrastructure is unacceptable. Ukrainian energy infrastructure shall be duly secured to protect the civilian population and critical infrastructure facilities.</p>
 Release of all prisoners and deportees	<p>All Ukrainian captives, including civilians, who are held by Russia, must be released by complete exchange of prisoners of war, the release of all unlawfully detained persons and the return of all internees and civilians forcibly transferred and deported, including children.</p>
 Implementation of the UN Charter and restoration of Ukraine’s territorial integrity and the world order	<p>The territorial integrity and sovereignty of Ukraine must be restored with respect to its entire territory within internationally recognised borders, as of the declaration of independence of Ukraine in 1991.</p>
 Withdrawal of Russian troops and cessation of hostilities	<p>The Russian Federation shall immediately, completely, and unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognised borders and cease the hostilities.</p>
 Restoration of justice	<p>The Russian Federation must be held to account for any violations of international law in or against Ukraine and that it must bear the legal consequences of all of its internationally wrongful acts, including making reparation for the injury, including any damage, caused by such acts.</p>
 Ecological safety	<p>Destruction of the environment is prohibited in the international law. The international community shall support Ukraine to ensure environmental security and to counter the environmental consequences of the war.</p>
 Preventing escalation and repetition of aggression	<p>Clear, positive, mandatory obligations and security commitments and arrangements should be provided to Ukraine.</p>
 Confirmation of the end of the war	<p>Achieving a truly comprehensive, just and lasting peace is possible only if the territorial integrity and sovereignty of Ukraine is restored within its internationally recognised borders and the international legal formalisation of the end of the war. A comprehensive legally binding international agreement confirming the end of the war is to be signed by the parties with the participation of guarantor states.</p>

Source: All text retrieved from the [President of Ukraine’s Official website](#)

Securing international support (see Figures 8 and 9 on support to Ukraine) will become more challenging with a prolonged war, as was the case at the end of 2023, with the US and EU struggling to find a political consensus on long-term aid packages for Ukraine.

International financial aid will also become strictly conditional on Ukraine meeting the requirements of the IMF-supported programme, led by anticorruption and rule of law reforms. At the same time, Ukraine will need to increasingly focus on strengthening its economic capacity by reviving domestic economic activity, developing export corridors, protecting critical infrastructure, supporting war-risk insurance, and facilitating business involvement in its reconstruction. Enhanced air defence capabilities will be essential for effective reconstruction during wartime.

Presidential elections slated for March 2024 are likely to be postponed, at least during active hostilities.⁷⁸ It would be difficult to ensure democratic standards

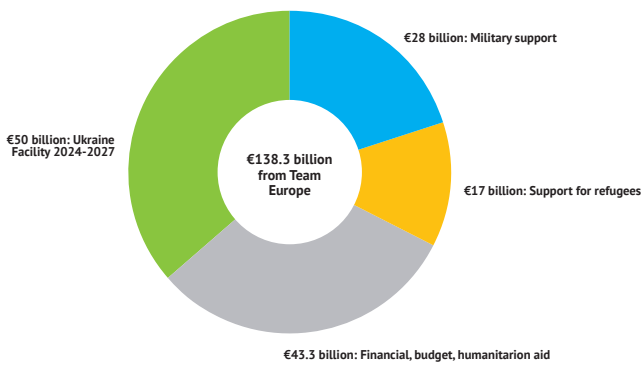
and freedoms during these elections, including equal voting rights for all voters (including soldiers on the front, those abroad and under Russian occupation), full freedom of speech, competitive participation of all political parties, physical safety and security for voters and international observers.⁷⁹ This may eventually undermine the legitimacy of current elected bodies.⁸⁰ At the same time, domestic political tensions are likely to grow amid wartime challenges, corruption allegations, and wavering international support.

Upon the historic decision to open EU accession negotiations at the end of 2023, Ukraine will be focusing on advancing its EU accession path without delay, backed by significant public support.

EU accession process will be inextricably linked with Ukraine’s reconstruction during and beyond the war, and will be decisive for Ukraine’s further consolidation, morale, and resilience in 2024 and beyond.

Figure 8

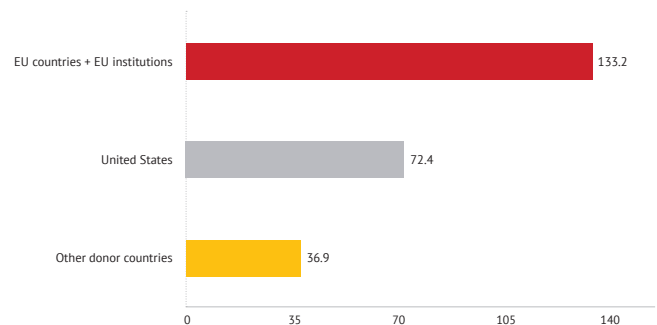
TOTAL EU ASSISTANCE COMMITMENTS (THE EU, ITS MEMBER STATES AND ITS FINANCIAL INSTITUTIONS) TO UKRAINE (INCL. UKRAINE FACILITY 2024-2027), 24 FEBRUARY 2022 – 1 FEBRUARY 2024



Source: European Commission "EU assistance to Ukraine"

Figure 9

GOVERNMENT SUPPORT COMMITMENTS TO UKRAINE: BY COUNTRY GROUP, € BILLION COMMITMENTS, 24 JANUARY 2022 – 31 OCTOBER 2023



Source: The Kiel Institute for the World Economy

Note: EU support commitments include the €50 billion "Ukraine Facility" for 2024-2027. US support, excluding the current \$60 billion package stuck in Congress.

VII. TÜRKİYE: ALL ABOUT ELECTIONS, AGAIN

As a major security and economic actor, Türkiye will have a vital role in the future of European security and stability. Thus, the EU must develop a clear strategy for relations with Ankara for 2024 and beyond, anchored to the so-called Borrell report.

In 2024, Türkiye's leadership aims to further consolidate power by retaking key cities in the upcoming 31 March local elections, strengthening the economy, and further expanding Ankara's regional and global influence. Relations with the West will remain volatile, while domestically, Türkiye will remain plighted by growing societal divisions and a further decline in fundamental rights and freedoms.

In 2024, Türkiye's leadership aims to further consolidate power by retaking key cities in the upcoming 31 March local elections, strengthening the economy, and further expanding Ankara's regional and global influence.

Despite being re-elected in May 2023, Türkiye's local elections are of strategic importance for President Recep Tayyip Erdoğan. First, to return the ruling Justice and Development Party's (AKP) control over key cities, and second, to settle a score with the opposition. In 2019, the AKP lost control of Türkiye's four major cities – including Istanbul and Ankara – to the main opposition Republican People's Party (CHP). The slogan "Istanbul again" has now become a key theme of the AKP's election campaign.

For the CHP, losing these cities would likely be catastrophic, further weakening the opposition's ability to impact political and democratic developments. The mayors of Istanbul and Ankara, Ekrem İmamoğlu and Mansur Yavaş, are both popular, charismatic individuals, which represents a major challenge for President Erdoğan. However, he should not be underestimated. He will use his well-known playbook of polarising rhetoric and a non-stop campaign demonising the opposition, including Özgür Özel, the new CHP leader.

Support from other opposition parties, particularly the İyi (good) Party of Meral Akşener – as was the case in 2019 and key to winning Istanbul – is important. For the time being, Akşener refuses that backing.⁸¹

The economy is also crucial to the AKP's success in the elections. Thus, the new orthodox fiscal policies⁸² adopted by the government following the 2023 elections are likely to remain. Finance Minister, Mehmet Şimşek, in tandem with the Central Bank, has proved to be quite successful. The implementation of strategic economic policies that have instilled new confidence in foreign investors. While inflation remains high – currently around 60-70 percent – based on the current economic trajectory⁸³ it is expected to significantly fall in 2024.

However, fundamental rights and freedoms may further decline across the board, particularly in the LBTGQ community, which continues to be under attack.⁸⁴ Independent media will remain thin on the ground. There is also a risk that the exodus of young white-collar professionals continues to increase.⁸⁵

Thanks to Türkiye's geography, it will remain incontestably influential in its near neighbourhood and increasingly beyond as the country emerges as a relevant 'middle power.' Ankara will continue to pursue its so-called "360-degree foreign policy"⁸⁶ which prioritises flexibility and strategic independence. It will also further develop its military-industrial capabilities.⁸⁷ Further enhancing Ankara's image on the global stage including its role in facilitating talks between Ukraine and Russia, diplomacy vis-à-vis the wider Middle East crisis, and global initiatives such as the annual Antalya Diplomacy Forum, will remain important.

Following a reboot of ties between Ankara and Athens,⁸⁸ calm prevails between Aegean and the Eastern Mediterranean. However, the Israel-Hamas war risks increasing regional instability. A long supporter of Palestinians and Hamas, Erdoğan has harshly criticised Israel,⁸⁹ but notably not cut diplomatic ties.

Relations with both the EU and the US, while much improved, are likely to remain unpredictable. Ties with the EU are expected to remain transactional. While the recommendations flagged in the November 29, 2023 "Borrell Report"⁹⁰ to revitalise relations are an important initiative, it remains to be seen whether the necessary political will – from both sides – can be found to take effective steps including related to the decades-old Cyprus problem. While Türkiye's ratification of Sweden's NATO membership was welcomed by the Alliance, relations are likely to continue to be subject to ups and downs. Nevertheless, Türkiye will remain a unique, and indispensable NATO ally. Sweden's ratification also allowed the US Congress to sign off on the sale of F16s jets to Türkiye – something that Ankara desperately wanted – bringing a positive boost to ties with Washington.

While Türkiye's ratification of Sweden's NATO membership was welcomed by the Alliance, relations are likely to continue to be subject to ups and downs.

Ultimately, at a time of global upheaval, when middle powers like Türkiye are increasingly influential, keeping Ankara close should be a transatlantic priority, especially considering the important role that the country can play in Europe's future security architecture, as well as in the outreach to the Global South where Türkiye is a relevant player.

VIII. THE MIDDLE EAST AND NORTH AFRICA: CONFLICT RETURNS TO THE REGION AS EU LOSES INFLUENCE

The EU should use 2024 to rebuild its credibility in the Middle East after the debacle that followed Hamas terrorist attack on Israel, pursue a more united approach to tackling security issues in the region and support the re-launch of the peace process. A good starting point should be a strong collective EU position and contribution in addressing the crisis in the Red Sea to avoid further escalation with unpredictable geopolitical consequences.

In 2024, developments in the MENA region will be largely shaped by the Israel-Hamas war.⁹¹ However, it is unclear how the situation on the ground will unfold or for how long Israel's military campaign will last, but its consequences are likely to linger for years to come.

International pressure to end the war is likely to increasingly grow as well as attempts to avoid a regional escalation. The future of Benjamin Netanyahu's far-right government is likely to be also on the line in the year ahead. The security and political dynamics of the region will be influenced by these developments for the near future and in the long-term.

The post-war period and the future status of Gaza are likely to be challenging issues not only for the region but also for the international community. The search for sustainable political and security solutions supported at local, regional and international level is likely to be marred by difficulties and setbacks throughout 2024.

Iran is expected to remain a destabilising factor in the region and continue to threaten regional security up to a threshold.

Iran is expected to remain a destabilising factor in the region and continue to threaten regional security up to a threshold. While Tehran would want to avoid a full-scale regional war, the risk of escalation from Iranian proxies is likely to be high in 2024.

The potential intensification of Iranian-backed Houthi attacks on commercial ships in the Red Sea, despite the US and UK strikes on Houthi's capabilities together with the consequences of shipping disruptions on global supply chains and commodities prices should be closely watched.

Maritime incidents in the Persian Gulf, such as harassing and seizing commercial vessels by Iran are also likely to continue. Despite talks during 2023,⁹² a return to the JCPOA or a new version of it is likely to remain on the shelf. The advancements of Iran's missile programme will continue to be an important regional threat in 2024. On top of this, the direction of Iran-Russia military cooperation is likely to pose further concerns for the US and the EU.

The next steps of the India-Middle East-Europe Economic Corridor (IMEC),⁹³ unveiled at the 2023 G20 New Delhi summit should be closely followed in 2024. The project holds significant potential for India and several countries in the region (such as UAE, Saudi Arabia, Jordan, and Israel) but also encounters a long road to implementation with geopolitical, logistical and financial challenges. This initiative also signals the growing role that India aims to play in the Middle East region and a potential growing rivalry with China in the region and its Belt and Road initiative.

The IMEC might also allow for the EU to enhance relations with the Middle East and curb China's influence. In 2024, the EU is likely to focus further on the roadmap for implementing the EU-Gulf strategic partnership.

Four Middle Eastern countries (Iran, Egypt, Saudi Arabia, and UAE) were invited to join BRICS in 2023.⁹⁴ This will offer Saudi Arabia and UAE more leverage to balance their relationships with global powers and diversify their political and economic engagement. 2024 will likely witness Gulf countries pursue further regional and global ambitions.

The September 2023 Morocco earthquake,⁹⁵ the Mediterranean storm Daniel and extreme heat highlight how vulnerable North Africa is to climate change. It is likely that in 2024, more focus may be placed on the readiness of countries in the region to deal with natural disasters and on the importance of cooperation and preparation of mitigation plans to deal with extreme weather events.

2024 will also bring a series of elections across the Middle East, including in Algeria, Iran, and Tunisia but little political change is expected.

Overall, the outlook for the MENA region in 2024 is bleak. The potential for escalation of the Israeli-Palestinian conflict at the regional level will remain high.

Overall, the outlook for the MENA region in 2024 is bleak. The potential for escalation of the Israeli-Palestinian conflict at the regional level will remain high with two most immediate risks: Hezbollah potentially opening a front in the North of Israel and the Houthis continuing and intensifying their campaign to attack commercial vessels and warships in the Red Sea despite US and UK strikes on Houthi positions in Yemen. The new EU's maritime security operation 'Aspides' impact in the region is to be followed closely. The EU and the US security agendas will be busy in the region.

What if... Russia and Iran upgrade their defence partnership?

Under this new cooperation framework, Iran would start to supply long-range missiles to Russia, both countries would exchange information on missile technologies and begin discussing co-production facilities. In addition, Russia would start supplying Iran with other advanced military technology.

These developments would have a further destabilising effect in the region and implications for European security. There is a high chance that Russia will start using these missiles to attack Ukraine.

Israel would be on high alert as the Iranian threat would consistently grow and these advanced technologies could be supplied to Iranian proxies in the region. Any informal talks between Iran and the US regarding the Iranian nuclear programme risk breaking down.

The US would likely seek ways to pressure Iran through further sanctions while also reaching out to the Gulf partners and potentially China and try to find ways to exert pressure on both Iran and Russia.

The EU would have to search for responses that go beyond upgrading existing sanctions on Iran and carve a strategy to address the Iranian threat in cooperation with the US and to find concrete leverage to tackle the threat of the Iran-Russia partnership. A re-election of Donald Trump could complicate these efforts if he adopts a too hardline approach to Tehran.

Women's rights: Lessons for the EU from Afghanistan – Special contribution by Shada Islam, EPC Senior Adviser

The EU's relevance, credibility and influence in a complex and challenging multipolar world requires replacing purely performative Western-crafted "feminist foreign policy" initiatives with policy options based on a deeper understanding of a country's culture, religion, society, and economic structures. Adapting to local conditions and listening to local voices is a must if EU actions are to be sustained over a longer period and have long-lasting results. Afghanistan has taught us that the key to the success of EU initiatives to improve women's lives is a willingness to be innovative, patient, and humble.

In 2024, support for gender equality and the promotion of women's rights are likely to remain an important centrepiece of the EU's foreign, security and development policies. However, the dire plight of Afghanistan's women and girls provides a distressing cautionary tale on the need for an urgent policy overhaul. The lesson from Afghanistan is simple: EU policymakers must discard traditional Western one-size-fits-all approaches to empowering women and explore new – and often unorthodox – policy choices.

The Taliban's mass oppression of Afghan women, described as "gender apartheid" by Sima Bahous, the Executive Director of UN Women,⁹⁶ is undoubtedly the result of the numerous edicts, orders and restrictions enacted by the Taliban since they took power two years ago.

However, as author and women's rights activist Rafia Zakaria rightly underlines,⁹⁷ Afghan women are also suffering the consequences of Western feminists' very visible support for the US-led military intervention in Afghanistan after the 9/11 terrorist attacks. As Zakaria argues, labelling the Western intervention as a war to liberate Afghan women has made the Taliban even more adamant in their rejection of all women's empowerment initiatives, which they view as part of a foreign, un-Islamic, agenda. Amnesty International⁹⁸ warns that this has also perpetuated a racist narrative that Afghan women are victims who need to be saved by the West.

Since they took power in August 2021, the Taliban's violation of human rights and the crackdown on women has prompted most states, including EU members, to withhold recognition and engagement. The EU, however, re-opened its delegation⁹⁹ in Kabul in 2022 and is providing desperately needed humanitarian aid, livelihood and basic needs support, through international and non-governmental organisations, with women and girls as priority beneficiaries. An EU aid package worth 140 million euros was released in October 2022 after assurances that Afghan girls and women would be involved in all aspects of the aid delivery chain.

Making women priority beneficiaries of EU humanitarian aid is a step in the right direction and a possible template for similar actions in Afghanistan and elsewhere in 2024. Most importantly, however, it is time that the EU and other donors recognise that after 20 years of failed attempts in Afghanistan to introduce women's empowerment norms which are in line with Western

standards, it is time to change tack in 2024 and to explore other, less conventional options. Here are some lessons learned.

Afghanistan illustrates the need to build the capacity of local women and take actions, which foster long-term change rather than relying solely on foreign interventions. It has spotlighted the shortcomings of a tired and condescending "white saviour" approach which, for all the media attention it receives, is culturally insensitive, denies the agency and resilience of local women and fails to acknowledge deeper political, social and cultural root causes of gender inequality. Attempts at women's empowerment have also paid scant attention to factors including ethnicity, socio-economic status, and access to resources.

Moving beyond the "same old" patterns will not be easy in the coming year. It is clear, however, that the international community must start listening to, investing in, and supporting Afghan women, many of whom are carving out pockets of hope by forming new civil society groups to address community needs, running businesses, and providing health, education, and protection services. It also means putting money behind organisations led by and assisting Afghan women and women-run businesses. Seventy-seven per cent of women's organisations did not receive funding in 2022. While figures for last year are not yet available, it is imperative that there is course correction in 2024.

There are also other options including providing financial support to widows and single mothers, finding creative ways to deliver aid to families without resources, and, according to one suggestion, the use a satellite-based connectivity system¹⁰⁰ – to provide educational resources to girls and young women that can function despite possible internet censorship¹⁰¹ by the government.

Additionally, Afghan women must be included in all conversations on their future with national and local authorities and European governments should work with other partners, including concerned Muslim states, to craft a coordinated strategy of pressure on the Taliban in 2024 and beyond.

The EU can and must also expand existing international protection and asylum possibilities for Afghan women in the year ahead. UN Women has called for an explicit codification of gender apartheid in international law to prevent a Taliban-like systematic and planned assault on women's rights in other countries.

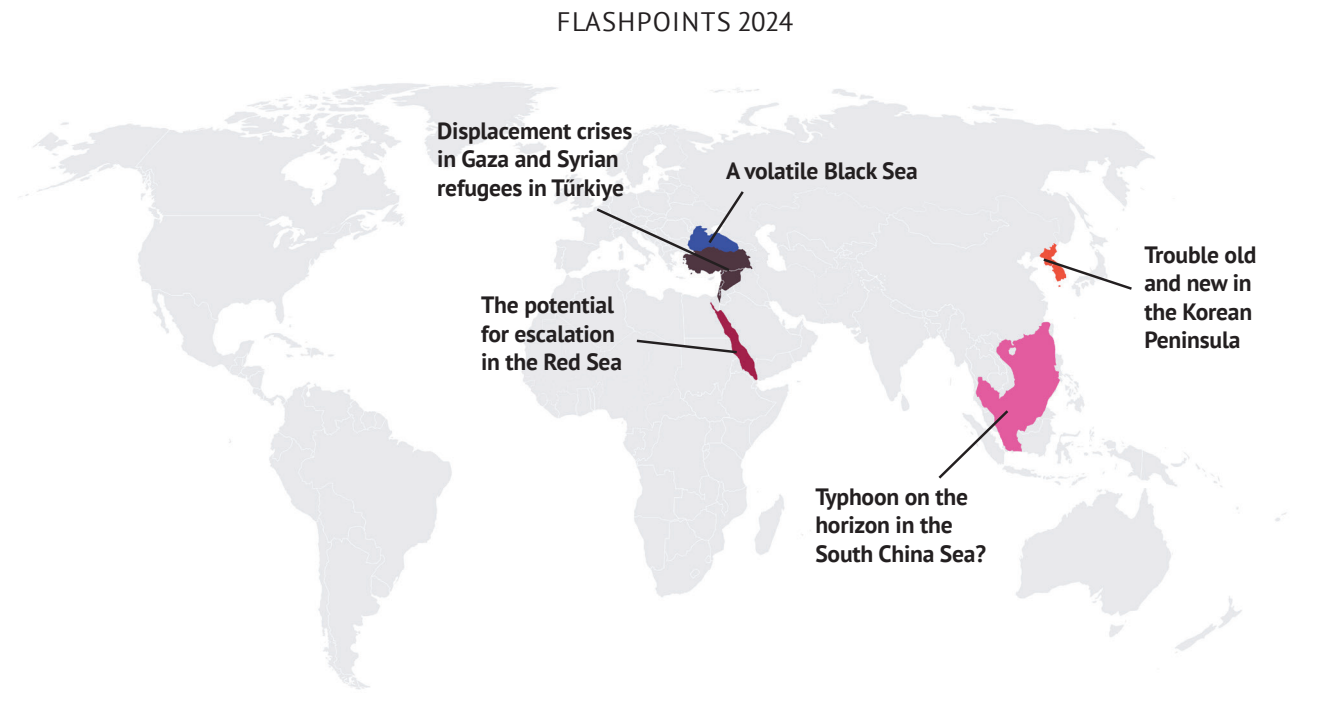
Afghanistan today is a sad example of very serious past policy failures but also a wake-up call to change course. Afghanistan has taught us that the key to the success of EU initiatives to improve women's lives is a willingness to be innovative, patient and humble. The way the EU and other states deal with women's rights in Afghanistan in 2024 and beyond is crucial to the future of 20 million Afghan women and girls. It will also determine the success or failure of the global battle for women's rights everywhere.

3. Flashpoints

In 2024, several flashpoints could potentially require the EU’s involvement or positioning, putting additional pressure on European leaders in the context of the permacrisis and electoral politics. The Outlook Paper

zooms-in on five areas that European policymakers should closely monitor either to prevent a potential crisis from escalating or respond quickly in case they flare-up:

Figure 10



Flashpoints: Key Issues to Follow in 2024

TROUBLE OLD AND NEW IN THE KOREAN PENINSULA

Revived in today’s emerging pluripolar order and against the backdrop of ongoing fighting in Ukraine and the Middle East, the peninsula’s Cold War-era conflict risks becoming more volatile than ever.

In 2023, tensions in the Korean Peninsula reached levels unprecedented since the end of the Cold War. The steps for rapprochement taken between 2017 and 2019 were all but undone, with the Democratic People’s Republic of Korea (DPRK) conducting record-breaking ballistic tests (both in kind and quantity)¹⁰² and threatening war preparations,¹⁰³ and the South’s defence white papers re-labelling the North as an “enemy”.¹⁰⁴ Further escalation in 2024 is likely to hinge on factors outside the souring bilateral relation. The DPRK has become a major munitions supplier¹⁰⁵ for the Russian military and embedded itself in the budding Sino-Russian partnership. At the same time, the fraught environment around Taiwan and the South China Sea has multiplied the fronts for US extended deterrence and risks undermining further Washington’s commitment on the European ‘front.’

TYPHOON ON THE HORIZON IN THE SOUTH CHINA SEA?

Catastrophic escalation between regional and global powers remains a possibility in the South China Sea in 2024. Last year, China maintained and even expanded its nine-dash line claim,¹⁰⁶ under which it restricts navigation along the Paracel and Spratly Islands and disputes territorial claims by members of the Association of Southeast Asian Nations (ASEAN). Reaffirming its policy, Beijing published new maps that claimed ownership over the entire sea, deployed nuclear submarines,¹⁰⁷ and chased off foreign vessels in incidents that have become routine.¹⁰⁸ But the risk of escalation goes beyond these brinkmanship tactics. With China’s defence budget growing¹⁰⁹ even amidst economic slowdown and the US shoring up into the Indo-Pacific through different coalitions, the regional scuffle could turn into a great power standoff. The EU’s role and sway in such a scenario remains unclear, but all diplomatic means should be tried in averting a crisis that would disrupt maritime trade and supply chains and could precipitate the world into a global conflict, not to speak of the costs for the global economy.

A VOLATILE BLACK SEA AS WAR GRINDS ON

The Black Sea will continue to be an extremely volatile area in 2024.

Russia withdrew in July 2023 from the UN-brokered Black Sea Grain Initiative and threatened to target all the cargo vessels shipping out from Ukraine. In response, Ukraine established a 'humanitarian corridor' that avoids international waters, and multiple cargo ships have been sailing through. Protecting the sea lines of this corridor will be a major challenge. The risks from sea mines and direct Russian military action on Ukrainian port infrastructure and vessels will be very high.

Ukraine has used a combination of attacks on Russian positions in and around Crimea, the use of unmanned vehicles to target the strategic Kerch Bridge, and missile attacks on Russian naval assets. These types of operations will most likely continue in 2024. Western support will also continue to be essential for Ukraine although 'war fatigue' risks settling in especially in light of European Parliament and other elections in the Euro-Atlantic region.

Zooming out, the most important questions for NATO in 2024 will be twofold: (i) how to help secure Ukrainian exports passing through the Black Sea and (ii) how to support allies and partners bordering the Black Sea to develop capabilities and increase resilience to tackle the Russian traditional and hybrid threats.

THE POTENTIAL FOR ESCALATION IN THE RED SEA

The Red Sea will continue to be a flashpoint in 2024. The potential for escalation will very likely remain high.

The attacks on commercial vessels orchestrated by the Houthis since November 2023 have disrupted international shipping, insurance premiums and freight costs have been increasing and the supply chain has suffered disruptions.

In response, the US launched a multinational initiative with the aim to ensure the safety of commercial shipping lines. However, the Houthis continued to target vessels transiting the region with drones and missile attacks. In early January, the US and UK launched targeted strikes against military targets in Yemen with the aim of reducing Houthis' capabilities to continue the attacks.

There is uncertainty surrounding the effectiveness of these strikes in deterring the Houthis from continuing to disrupt commercial shipping in the Red Sea. A sustained response from the US-led coalition might be required to reduce Houthi's capabilities. This could create further escalation as Iran is likely to continue its support for the Houthis.

One of the most important aspects to follow will be the impact of the EU maritime security operation Aspides in the region, which was launched in February 2024 and how the operation will be integrated with the US initiative.

DISPLACEMENT CRISES IN GAZA AND SYRIAN REFUGEES IN TÜRKIYE

As the war between Israel and Hamas continues unabated following the October 7 attack, the EU is confronted with not one, but two displacement crises in the Middle East. Just a year prior, the region appeared to be on a different track: both Israel's political normalisation process with several Arab countries and elections in Türkiye were seen as possible gamechangers. By early 2024, this process had completely derailed, leading to a return to old fronts, and renewed attention around the Palestinian cause. With no clear plan for the trapped Gazan population, 85% (or approximately 1.9 million) of which is displaced, and little willingness by neighbouring countries to take refugees in, the humanitarian situation will no doubt be a key preoccupation for the EU in 2024. Whether and when a tipping point will be reached, where the displacement crisis turns from being local to regional due to wider conflagration, remains open. In the meantime, EU leaders should do their utmost to quell fears of a new "migration crisis" in Europe.

Syrian refugees will be the other preoccupation in 2024. The standstill in accession talks with Türkiye at the end of 2023 does not bode well for EU-Türkiye relations in general, much less for migration cooperation. Not only will the EU have to consider how it can support the roughly 3.6 million Syrians in Türkiye – and whether further funding can be secured –, the dire economic situation in Lebanon and clashes between Israel and Hezbollah at the Southern border will require the EU to reassess its humanitarian assistance to Syrian refugees more broadly, stretching its already limited resources. This could coincide with renewed discussions on the return of Syrian refugees, which not just neighbouring countries, but several EU countries have routinely pushed for.

4. Policies and emerging challenges: The securitisation of everything?

The gradual shift of global politics from a predominant model of cooperation to one of competition, confrontation, or even conflict, is likely to continue in 2024. This era of contested inter-dependence and increasing vulnerabilities, where geopolitics and geoeconomics meet,¹¹⁰ is likely to raise new challenges and require a rethink of existing EU policies.

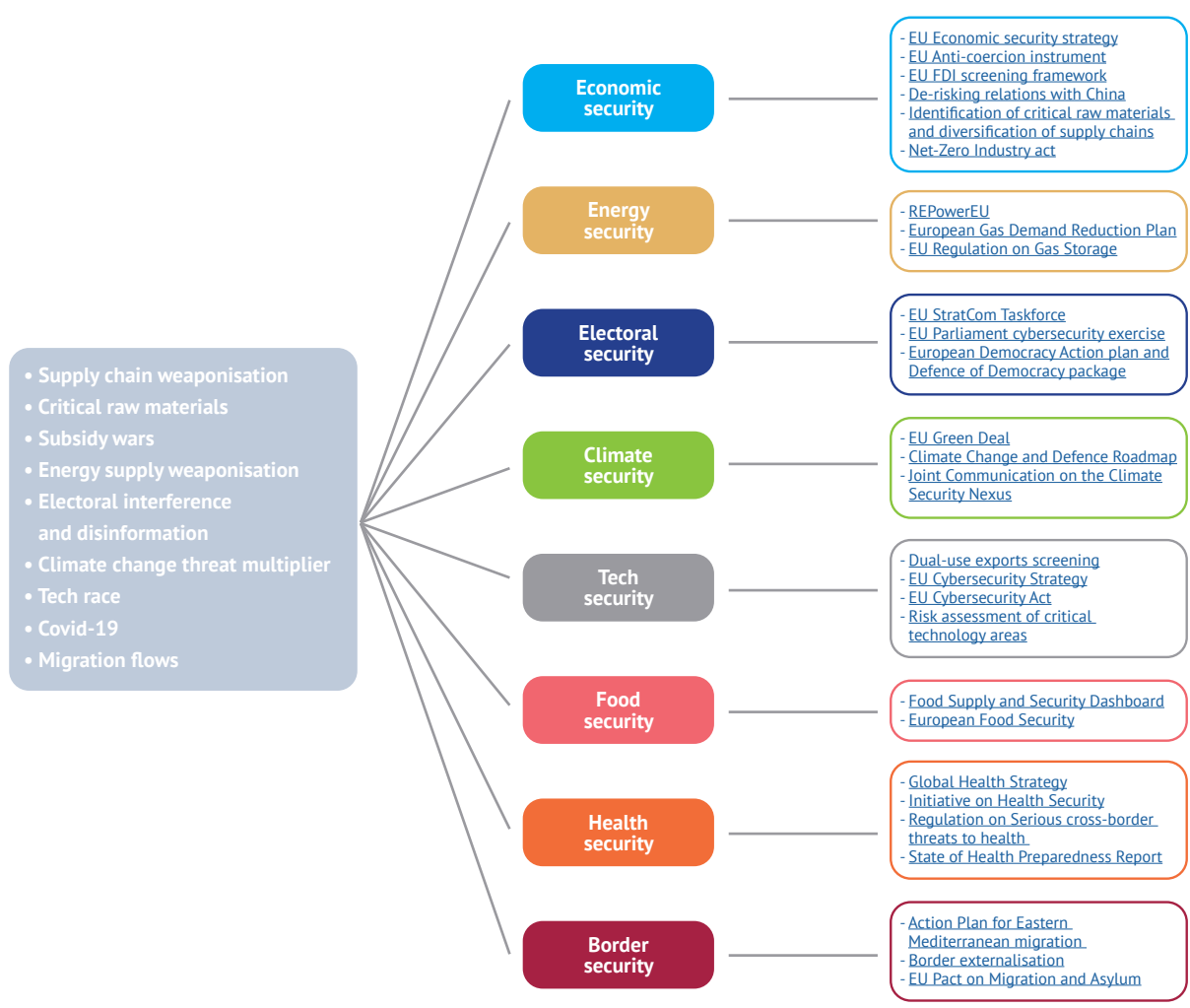
An emerging trend of ‘securitisation’ that seems to permeate most EU policy areas is likely to intensify in 2024.

An emerging trend of ‘securitisation’ that seems to permeate most EU policy areas (see Figure 11 below) is likely to intensify in 2024. Although a natural response to the weaponisation of goods, energy, food, information, migration, health, democracy and elections, European policy- and decision-makers should consider the global implications of a Union that gradually becomes more defensive on the world stage or attempts to securitise everything. This risk is particularly acute as Europeans go to the ballot box and no government or politician wants to be seen detached from the concerns that many have after a protracted period of permacrisis.

In 2024, the Outlook Paper investigates five emerging challenges or policy areas that are likely to continue growing in relevance in the decade ahead.

Figure 11

THE SECURITISATION OF EVERYTHING



Although some of them are not new they could have more bearing in a year of elections that could also bring unpredictable geopolitical consequences: the need to rethink the **EU social contract** and the pressures that plague it; the seemingly unresolvable challenge of **migration** in a declining demographic context; the promises and **challenges of AI** for the Union and its ability to be a frontrunner or a laggard; the revival of **EU enlargement policy** after last year's historic decisions on Ukraine, Moldova and Georgia; and the adaptation of **EU defence policy** to a new security environment. In all these policy areas, the ideas of security and protection are either explicit or implicit in the attempt to respond to social anxieties, real and imaginary.

In a special contribution for the 2024 edition, EPC Senior Advisor, Jamie Shea, zooms-in on **NATO** and its historic July Washington Summit amid the US election campaign to the White House.

I. CRACKS IN THE EU SOCIAL CONTRACT

While EU efforts to build economic security are likely to continue in 2024, the Union should see social security and health security as part and parcel of that policy equation, adopting a more joined-up and holistic approach to social issues. Healthcare systems in the EU have been shaken to the core during the COVID-19 pandemic and inequalities in access to medicines and innovation between the EU27 increased over time. Healthcare systems, however different in form and shape, are likely to continue facing the twin challenges of changing demographics and an ageing workforce in 2024 and should prepare for it. The next mandate of the EU institutions offers an opportunity to reflect on a more holistic institutional structure. An Executive Vice President for the Well-being Economy should be appointed in the next European Commission with the mission to oversee different policy areas and take a more systematic, long-term, intergenerational approach and make sure it is rooted in more holistic policymaking processes within the Commission.

Healthcare systems, however different in form and shape, are likely to continue facing the twin challenges of changing demographics and an ageing workforce in 2024.

The EU social contract is under pressure. 2024 could be a turning-point if current mega trends¹¹¹ such as climate change, an ageing population, the future of work and digitalisation, as well as inequalities in healthcare systems are not properly addressed at the EU level and continue to aggravate.

Social issues, health, and climate change are deeply interconnected. The COVID-19 pandemic and the Russian full-scale invasion of Ukraine pointed to the vulnerability of our health and social systems as well as the EU's dependency on other parts of the world. They also showed that the policy challenges of our times cannot be tackled at the national level alone but need a joined-up and more holistic approach. In 2024, this will be no different.

At the same time, social fragmentation and political polarisation in EU member states are rising trends. In a year that marks the end of the current EU institutional cycle, and while the Strategic Agenda 2024-2029 will have to be adopted, those developments do not bode well for the Union as member states are likely to increasingly look inwards, potentially undermining decision-making at the EU level.

Labour shortages are already a reality in sectors such as healthcare, software and engineering and are likely to intensify because of a growing skills gap with all the challenges this presents in terms of accessibility, availability, and quality of services, as well as tax implications.

Labour shortages are already a reality in sectors such as healthcare, software and engineering and are likely to intensify because of a growing skills gap¹¹² with all the challenges this presents in terms of accessibility, availability, and quality of services, as well as tax implications. Advancing the digital and green transitions requires new skills and competencies, and they are not easily available. This is aggravated by the fact that climate change has a disproportionate effect on the most vulnerable in our societies, leading to job losses and employment transitions.¹¹³

With elections taking place throughout the EU in 2024, presenting labour migration and labour mobility as possible solutions will not become any easier with migration high on the political agenda, as the outcome of recent elections in Italy and the Netherlands have shown. More women are needed in the labour market and social protection systems need to become less rigid to adapt to an ageing society and different ways of working as well as reskilling and upskilling of the workforce. The rapid development of Artificial Intelligence (AI) in the years ahead requires a deep rethink of the societal implications of the manifold impacts of this new disruptive technology.

It is likely that, due to the 2024 European Parliament elections, there will be a gradual shift from global politics to national and regional realities.

The recent elections in the Netherlands are a point in case showing the total absence of the EU in the national elections campaign notwithstanding the fact that the populist party that won in its programme advocates for leaving the EU.¹¹⁴

When social democratic parties struggle to support and claim credit for domestic welfare recalibration based on social investment initiatives, populist parties are likely to explore that and present themselves as the saviours of the welfare state. Arguing that social policies and healthcare systems need to be designed at the national level with no role for the EU in these areas, populist parties are likely to exclude immigrants and non-native citizens from benefit schemes.

The rise of populist parties should lead EU institutions to rethink strategic alliances and their social policy agendas. The EU27 must acknowledge the common societal challenges and social risks they face as well as the need for unified responses.

II. EU MIGRATION AND ASYLUM: A DECISIVE YEAR AHEAD

In 2024, EU leaders should manage expectations on the ability of the New Pact on Migration and Asylum to crisis-proof the Union's common asylum system in the short-term, while avoiding further outsourcing migration management responsibilities to third countries for political and electoral gains.

2024 will be decisive for EU migration and asylum policies as it marks the moment when the New Pact on Migration and Asylum, a set of comprehensive reforms proposed by the European Commission in 2020,¹¹⁷ will begin to move from policy to practice.

With little time before the European Parliament elections in June and the shaping of a new legislative agenda, EU policymakers will in early 2024 be focused on, firstly, putting finishing touches on the agreed reforms and secondly, on how to deliver a more reliable migration and asylum system. Paving the way for such a system will be crucial, as the EU's inability to adapt and crisis-proof its migration and asylum policy framework has over time rendered it more vulnerable.

The enduring lack of unity on migration has been described as a “dissolving force” for the EU, one that risks remaining despite the occasional political convergence.

The enduring lack of unity on migration has been described as a “dissolving force” for the EU,¹¹⁸ one that risks remaining despite the occasional political

What if... the EU fails to address intergenerational fairness and a new social contract?

If the EU institutions fail to address the social risks related to fighting climate change and an ageing population, the Union's green and social agendas will likely be severely undermined. Furthermore, intergenerational fairness is becoming more important than ever. Young Europeans are confronted with challenges generations before them were not faced with,¹¹⁵ such as less disposable income and the risk of poverty as well as eco-anxiety due to extreme weather events.¹¹⁶ This inequality between different age groups in societies comes on top of growing inequalities within and between EU member states.

The consequences of air pollution and an EU-wide approach to dealing with health data or reforming our economic model are just a few examples of policies that member states are unlikely to be able to develop on their own. Discussions around legal migration and access to employment are also unlikely to get any easier in 2024 if we look at the outcome of recent elections in different EU countries. However, the EU has no choice but to develop coherent and comprehensive policies to address the challenges of an ageing population and a shrinking workforce.

If the EU fails to come up with such strategic policymaking, member states will divide and conquer and divergences are likely to grow, to the detriment of EU cohesion and growing inequalities between member states, regions and citizens.

convergence. Focusing on strengthening and crisis-proofing the EU's migration and asylum system is also significant given current levels of the geopolitical uncertainty, where the interplay of economic hardship, political instability and conflict, and climate change are shaping cross-border movements.

The political agreement on the New Pact in December 2023 served as an important signal to voters that the Union can achieve reforms in one of the most divisive policy areas.¹¹⁹ However, to make a palpable difference, the Pact will require solid implementation, including the mobilisation of financial and operational resources. Without the means to ensure the workability of the Pact's rules, gaps between policy and practice are likely to quickly re-emerge. Lengthy procedures, low return rates due to weak readmission cooperation – an issue not covered by the agreed reforms –, and non-compliance by states such as Hungary and Poland already plague the current system and could worsen throughout 2024.¹²⁰ Thus, the inability to achieve a reliable level of functioning and greater resilience to systemic shocks could have a disillusioning effect on citizens expecting to see change, weakening confidence in the EU, and also undermine mutual trust between EU member states.

It would also likely provide fodder for right-wing, populist forces in 2024, much like in the Dutch elections, who see the solution to the EU's dysfunctional asylum system in strengthening its external borders and outsourcing responsibilities to curtail irregular migration to non-EU countries. Such propositions are likely to be unworkable but appeal to some European voters.

With elections ahead and an expected increase in migrant arrivals, governments are likely to further increase the pressure on the Commission during 2024 to engage with non-EU countries to reduce irregular arrivals – including some led by authoritarian regimes. This reliance on non-EU countries has become a cornerstone of EU migration policy, ostensibly to make up for lacking unity inside the Union. While this cooperation may have reduced irregular arrivals along some routes, the EU has not sufficiently accounted for the costs such partnerships entail, given its interest in cooperating beyond just migration.

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While paying large sums of money to foreign governments has become more commonplace, the EU also appears increasingly willing to accept the reputational costs. Indeed, migration control is prioritised at the cost of the economic and social development of non-EU countries. This trend of outsourcing responsibilities is likely to continue undermining the Union's pursuit of 'strategic autonomy' as foreign governments use irregular migration as leverage to obtain political guarantees and financial commitments.¹²¹ In the current geopolitical climate, EU leaders are likely to find themselves slipping further into dependencies they have committed to reducing in other policy areas.

Against this background, and considering the renewed politicisation of migration, a step change in EU migration policy could be consequential not just for the Union, but also for EU partner countries. If the EU can undertake balanced and workable reforms by 2024, the bloc could depart from crisis-mode thinking, and ensure mutual trust between member states and more sustainable cooperation with non-EU countries, including in situations of migratory pressure.

In addition, the EU must manage public expectations. It should neither oversimplify nor exaggerate the potential positive impact of the New Pact reforms while better explaining, and demonstrating, how migration cooperation can advance both EU and non-EU countries' short- and long-term interests.

III. NAVIGATING THE AI LANDSCAPE: EUROPE AT A CROSSROADS

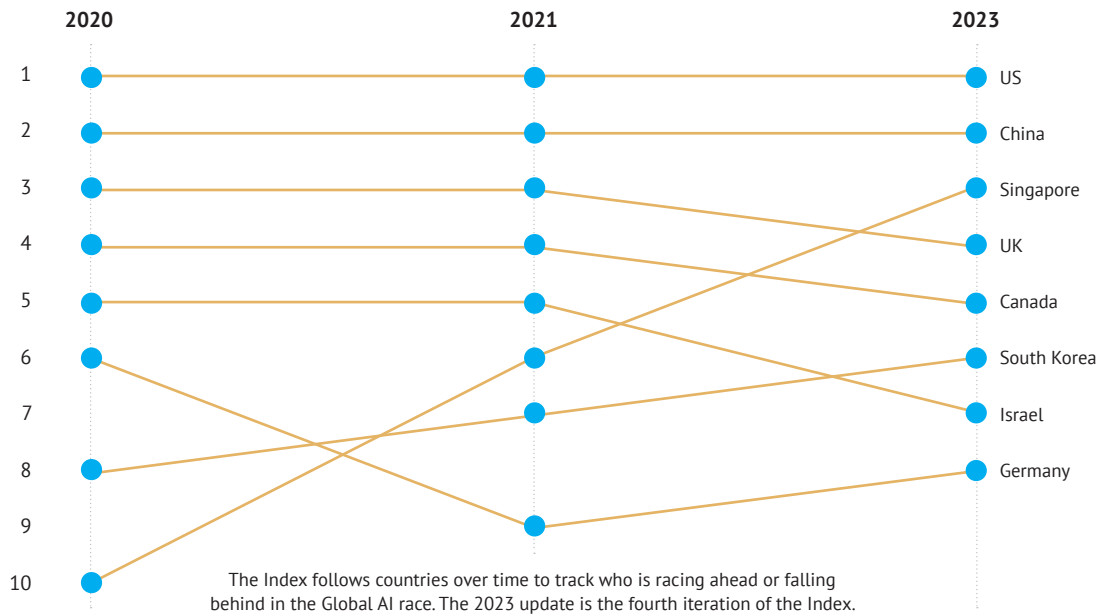
As the mandate of the current Commission comes to an end in 2024, the EU should pay particular attention to making Europe more competitive in the global Artificial Intelligence (AI) race, which will imply a mindset change towards implementing the AI Act, the first-ever regulatory framework promoting a European approach to trustworthy and human-centric AI.¹²² Once the Act enters into force, the key priorities should be to set up effective bodies overseeing the enforcement and coordination mechanisms, such as the AI Office and the AI Board.¹²³ Additionally, a secondary focus should be on advancing complementary rules focusing on what is not strictly covered in the AI Act, such as the AI Liability Directive and the Platform Work Directive.

In 2024, the EU faces a crossroads in the global AI race. A renovated focus on regulatory efforts spurred by the favourable AI Act momentum is unlikely to be enough to save Europe's beloved 'Brussels effect' from potentially fizzling out. The EU should confront its waning powers and double down on two critical areas in the year ahead and beyond: industrial policy and diplomacy. Only by doing so can Europe become more competitive against an increasingly competitive and divided international environment.

Years of de-industrialisation and the EU's late geopolitical awakening¹²⁴ are behind the need for Europe to catch up on AI. Understanding its critical role in securing EU innovation and competitiveness, at her 2023 State of the Union Speech, Commission President von der Leyen announced the opening of the high-performance computing network to European AI start-ups. A smart choice that will increase access to computing power, but that alone is unlikely to be enough. Only through the right mix of incentives, the implementation of the European Strategy for Data¹²⁵ to spur data sharing and reuse, and efforts to bridge the skills gap, can the EU regain its industrial edge. Hence, in 2024 the EU should propose a new digital industrial policy and a financing framework that will keep European AI champions competitive, which are badly needed for Europe's economic security.

Years of de-industrialisation and the EU's late geopolitical awakening are behind the need for Europe to catch up on AI.

IN THE GLOBAL AI RACE, GERMANY AND FINLAND (NOT SHOWN) ARE THE ONLY EU COUNTRIES IN THE TOP 10



Source: “[The Global AI Index](#)”, Tortoise Media, 2024.

Efficiently implementing the EU AI Act will be as important as industrial efforts to move faster in the global AI rule-setting. Lingerin g challenges remain to be addressed, mainly concerning enforcement and governance. Specifically, if details surrounding the scope and approach of the Act have been exhaustively discussed, the same cannot be said for enforcement mechanisms. Besides the designation of the bodies that will compose the regulatory ecosystem – the Commission’s AI Office and the competent national authorities gathered in an AI Board – and a general outline of their powers, there is still some degree of uncertainty surrounding enforcement.

Efficiently implementing the EU AI Act will be as important as industrial efforts to move faster in the global AI rule-setting.

Thus, in 2024, it will be important for the EU to get a head start in setting up AI regulatory bodies and convincing businesses to switch to an implementation mindset that will allow them to stay ahead of the regulatory curve. This last objective could be achieved by promoting pre-emptive compliance among businesses in the form of voluntarily adopting the AI Pact.¹²⁶ On the governance side, the EU will have to ensure the AI Act’s smooth functioning with existing legislation while keeping the political momentum alive and pushing for sector-specific,

complimentary legislation such as the AI Liability Directive¹²⁷ and the Platform Work Directive.¹²⁸

Adding to the challenges above, Europe also finds itself in a diplomatic danger zone. While European policymakers were deep in the negotiations and trade-offs of the AI Act, other agreements were being reached outside the EU, hinting at the concretisation of other international AI standards. Most notably, the 2023 US Executive Order on AI¹²⁹ anticipated many issues the EU wanted to lead on, like Generative AI, while leading American AI companies and their Chinese counterparts were engaging in diplomatic discussions over potentially strong commitments to mitigate emerging technology risks.¹³⁰

Similarly, the UK secured a diplomatic triumph by making China, the US, and twenty-six other countries sign the Bletchley Declaration,¹³¹ effectively recognising the potential harm of frontier models and pledging cooperation to design “human-centric, trustworthy and responsible” AI.¹³² These are all extraordinary achievements if analysed against the backdrop of the sour Sino-US relations and heightened competitiveness of the global AI race.

While these efforts might have redirected the spotlight outside of the EU, there is still an opportunity to return to the centre stage of AI diplomacy. Effective implementation of the AI Act, together with strong engagement in multilateral and bilateral discussions – such as the Hiroshima AI Process¹³³ and the India¹³⁴ and US¹³⁵ Trade and Technology Councils (TTCs) – provide Europe a chance to export its AI approach and regain its ‘regulatory frontrunner’ status.

2024 is likely to be both a transitional and a ‘wake-up call’ year for Europe. Indeed, as the new year starts to unfold, the EU finds itself at the crossroads between a past term of renewed interest for digital policy and a new term that will be defined by political uncertainty and heightened geoeconomic tensions in a fragile international environment. In such context, Europe has no choice but to resolve internal disputes and scale up if it wants to remain a relevant player in the AI race and save the Brussels effect.

IV. EU ENLARGEMENT: QUO VADIS?

In 2024, the EU should initiate a serious debate concerning the future architecture and governance of a Union at 30-plus. The commitment of EU institutions and member states to engage in this reflection geared to action will determine whether the rhetoric of the ‘geopolitical imperative’ of enlargement and its renewed momentum can be translated into tangible reality.

The December 2023 European Council’s decision¹³⁶ to initiate accession negotiations with Ukraine and Moldova, along with granting candidate status to Georgia, marks a watershed moment for EU enlargement, reviving an almost dormant policy. Just two years ago, these countries could hardly fathom an enlargement perspective, and much less so EU membership. Now, this has become a reality. This geostrategic shift is expected to have a transformative effect on the Eastern trio.

The December 2023 European Council’s decision to initiate accession negotiations with Ukraine and Moldova, along with granting candidate status to Georgia, marks a watershed moment for EU enlargement.

For Ukraine, the green light to open EU accession talks is likely to provide a robust incentive to persist in pursuing challenging and costly political reforms, as war grinds on. The urgency for change is underscored by the limitations of the Deep and Comprehensive Free Trade Agreement, which, while providing a solid foundation for economic relations, does not cover the extensive judicial and public administration reforms required by the accession process. Nonetheless, without further sectoral integration and incremental access to the EU’s internal market, the likelihood of sustaining and intensifying political reforms diminishes.¹³⁷

In Moldova, the Council’s positive decision for accession talks is likely to legitimise and invigorate Maia Sandu’s pro-Western government’s efforts towards political and administrative reforms. Additionally, this development

is expected to influence the Republic of Moldova’s relations with Transnistria. As Russia’s support wanes in the breakaway region,¹³⁸ the prospect of its reintegration into Moldova becomes more viable. Nonetheless, it is likely to be challenging for Brussels to articulate a clear and cohesive line regarding how countries with frozen conflicts and territorial disputes can eventually join the EU. This issue is not only pertinent to Moldova but also extends to Georgia, with 20% of its territory under Russian control, and Ukraine which is still under Russian aggression.

Despite EU accession being a declared goal of major political parties in Georgia, in opposition and government, the Council’s historic decision is unlikely to alleviate the country’s long-standing issue of political polarisation, which remains its *Achilles’ Heel* in governance.¹³⁹ With parliamentary elections looming in 2024, it is foreseen that the candidate status might be politically leveraged by the government for electoral gains, portrayed as their exclusive achievement. From a regional perspective, closer ties between Brussels and Tbilisi are expected to amplify the EU’s transformative influence in the strategically significant South Caucasus region. This closer relationship will likely enhance regional connectivity, economic cooperation, and the EU’s leverage on issues related to the Common Foreign and Security Policy (CFSP), an area where Georgia currently lags behind.¹⁴⁰

Progress towards EU enlargement in the Western Balkans is anticipated to be closely tied to their ability to address concerns regarding rule of law standards, diminish political polarisation, and combat corruption. The recent elections in Serbia, tainted by allegations of irregularities and fraud, highlight the issue of growing authoritarianism,¹⁴¹ which is expected to remain a significant problem in the Western Balkans in 2024 and beyond. This trend is not only likely to have adverse effects on the region’s democratisation efforts but could also exacerbate tensions, thereby undermining regional stability. Longstanding domestic and regional disputes, including the conflict between Kosovo and Serbia, the rising secessionist rhetoric from Republika Srpska, and the ongoing dysfunctionality in Bosnia and Herzegovina, are likely to continue unresolved.

Tangible progress on EU integration for North Macedonia and Montenegro in 2024 will heavily depend on the effectiveness of new political leadership in both countries. North Macedonia faces the crucial task of completing its constitutional reform to override Bulgaria’s veto, by acknowledging Bulgarians as one of the state’s founding peoples. Although the government endorses this reform, it currently lacks the essential two-thirds parliamentary majority.¹⁴² The impending parliamentary and presidential elections in 2024 could turn this issue into a highly contentious topic in political discourse, potentially impeding consensus building. Furthermore, North Macedonia must urgently reinforce the integrity of its judicial council, a critical reform likely to be postponed until post-elections, adding complexity to its EU membership aspirations.

What if... A pro-Russian candidate wins Moldova's Presidential elections?

As Moldova approaches its crucial presidential and parliamentary elections in 2024 and 2025, the stage is set for a fiercely competitive political landscape, shadowed by the spectre of Russian interference. The local elections in Moldova have already demonstrated unprecedented external meddling,¹⁴³ serving as a stark prelude to the possible challenges in the upcoming electoral battles. The resurgence of pro-Russian opposition is expected to loom large following the court's reversal of a ban on a controversial pro-Russia party, previously barred from local elections.¹⁴⁴

The potential ascendancy of pro-Russian factions could pose a critical risk: the possibility of a national referendum against EU membership, which could derail Moldova's path towards European integration if successful. These parties if victorious could lead to a profound erosion of democratic institutions in Moldova, exacerbating socio-political divisions in a country that has made significant strides towards completing the EU accession requirements. Furthermore, a triumph of pro-Russian parties would send a perilous signal to countries striving to escape Russian influence.

For Ukraine, this could profoundly undermine support in its own struggles against Russian aggression. Belarus's autocratic regime could gain a semblance of legitimacy, and in Georgia, anti-Western factions could gain momentum. This would provide Georgia's ruling Georgian Dream government with additional rationale to strengthen its balancing act between the West and Russia.

In Montenegro, the potential of becoming the 28th EU member rests on the new government's ability to rectify existing deficiencies and revive the stagnated accession process, hindered by a deep-seated political crisis spanning over three years.

In Montenegro, the potential of becoming the 28th EU member rests on the new government's ability to rectify existing deficiencies and revive the stagnated accession process, hindered by a deep-seated political crisis spanning over three years. Montenegro's full alignment¹⁴⁵ with the EU's Common Foreign and Security Policy (CFSP), combined with its small population of 600,000 and the absence of regional or bilateral disputes, significantly enhances its prospects for successful EU accession in the near future.

The revival of the EU enlargement process, described by Commission President von der Leyen as "a call of history",¹⁴⁶ is likely to only be successful with a substantial mobilisation of political, institutional, and financial efforts from EU member states to adequately prepare the Union for expansion. At the same time, the countries hoping for enlargement will need to capitalise on the current momentum, accelerate their reform efforts, and guide their nations towards building a common European future.

V. EU SECURITY AND DEFENCE: SHORT TERM NEEDS VERSUS LONG TERM CONSIDERATIONS

The EU should be consistent and continue with the implementation and consolidation of the security and defence measures undertaken since the start of Russia's full-scale invasion of Ukraine. Emphasis should also be placed on long-term thinking about Europe's military needs and financial requirements.

2024 will be a year to further implement security and defence initiatives at both EU and NATO levels, while both organisations deal with Russia's aggression on Ukraine which enters its third year and an increasingly more complex geopolitical environment at Europe's doorstep (e.g. Caucasus and Middle East).

Security and Defence are likely to feature high ahead of the European elections in June as well as in the European Council's Strategic Agenda 2024-2029 and in the priorities of the next European Commission.

Security and Defence are likely to feature high ahead of the European elections in June as well as in the European Council's Strategic Agenda 2024-2029 and in the priorities of the next European Commission. Two years since the adoption of the Strategic Compass,¹⁴⁷ the main aim will be to maintain the current momentum and continue the implementation process according to the planned timeline. The status of the Rapid Deployment Capacity, the future of the European Peace Facility (EPF) and the implementation of several EU strategies in the maritime, space, and military mobility areas are expected to top the agenda.

Military mobility is likely to become a more central issue in debates regarding European security, especially in view of the role the EU plays in enhancing military mobility through funding the development of dual-use transport infrastructure, easing bureaucratic customs barriers, and protecting critical infrastructure.

This is likely to be closely interlinked with NATO and the implementation of the regional defence plans adopted by allies at the Vilnius Summit in 2023.

Threats in the maritime domain (see Figure 13 below on undersea cables in Europe) are likely to also top the European security agenda. Following the Baltic connector sabotage,¹⁴⁸ the protection of sea and subsea critical infrastructure will be among the main priorities for both the EU and NATO. Protecting commercial shipping in the Red Sea (see flashpoints on page 33) will be equally essential to prevent further disruptions of global supply chains. Missile defence in Europe is also likely to be a priority. However, disagreements are likely to continue vis-à-vis finding a common European perspective and a common way forward, given the competing initiatives launched by Germany (The Sky Shield Initiative) and France that have divided EU member states.

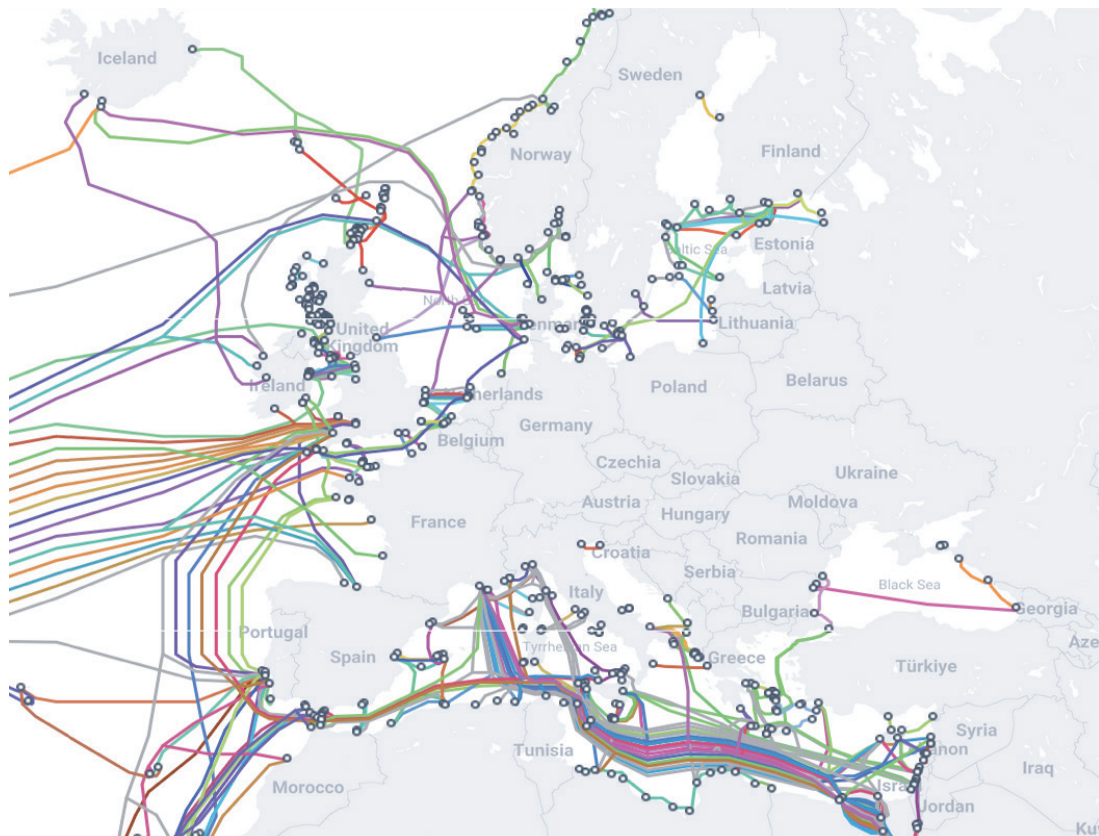
More debates on developing capabilities at the European level versus acquiring off-the-shelf equipment should be expected. There will be pushes to increase the budget dedicated to defence at the EU level, and to think long-term about the funding needed to develop joint European capabilities, including the issuance of joint EU debt to boost military spending. Calls to expand the mandate of the European Investment Bank (EIB) to invest in defence may also become more frequent.¹⁴⁹

There will be pushes to increase the budget dedicated to defence at the EU level, and to think long-term about the funding needed to develop joint European capabilities, including the issuance of joint EU debt to boost military spending.

The increase of national defence budgets across the EU and NATO members is likely to continue but could become a more contentious political issue in the context of upcoming elections due to competing priorities and the social and economic hardship many Europeans have experienced since COVID-19. Emphasis will probably be placed on replenishing stocks and acquiring essential equipment such as air defence systems, infantry vehicles, tanks, and fighter jets. However, it is uncertain whether these increased budgets will translate into a long-term commitment to increase defence investments.

Figure 13

SUBMARINE CABLES IN EUROPE



Source: submarinemap.com

The EU needs to become a much more credible security player to provide stability in its neighbourhood, but principally to be able to defend itself – potentially without US support in the future.

The development of EU-US cooperation on defence is something to watch closely in 2024, together with the potential implications of the result of the US presidential elections, which could spell trouble for the transatlantic alliance. Irrespective of the ballot box outcome, but more surely and rapidly if Donald Trump is re-elected, Europeans need to reckon with their current security and defence capabilities and strengthen NATO's European pillar. The EU needs to become a much more credible security player to provide stability in its neighbourhood, but principally to be able to defend itself – potentially without US support in the future.

What if... the EU creates a special fund for security and defence?

This would be implemented through a temporary instrument based on loans and grants that could ensure more funding for EU initiatives such as the European Defence Fund (EDF), incentivise further joint European development and acquisition of military equipment, and finance investments in EU member states. The fund could be modelled on the Next Generation EU plan with joint EU debt.

This initiative would demonstrate that the EU is taking more responsibility in the field of security and defence, especially in case the US reduces its involvement in European security. The European pillar in NATO would be further strengthened.

At the same time, more money is unlikely to solve existing differences among member states: Some would continue to believe that acquiring off-the-shelf equipment should be the priority to face ongoing security challenges, while others are keener to investing in and developing long-term European capabilities.

The implementation of such a special fund would likely encounter multiple difficulties, such as agreeing on short and medium-terms priorities or debt sustainability. There is also a risk that such a mechanism would mean less investment in other relevant European sectors creating, discontent among EU citizens, especially in a year plagued with elections.

2024: A decisive year for NATO? – *Special Contribution* by Jamie Shea, EPC Senior Adviser

As a core deliverable of the NATO 75th anniversary Summit to be held in Washington in July, the EU and NATO should announce a new Transatlantic Defence Trade and Industrial Partnership Initiative. Its aim is to remove barriers to technology sharing across the Atlantic and to facilitate partnerships between defence companies to ramp up production of equipment and ammunition, both to support Ukraine and to restock the Allies own supplies for collective defence. The EU should pledge to open its defence capability programmes (such as Permanent Structured Cooperation, the European Defence Fund and the European Peace Facility to participation by non-EU Allies). The United States should commit to opening its market to greater competition and fair treatment of non-Allies as part of a genuine and non-protectionist two-way street in defence trade. This will require modifications to existing US export control rules such as ITAR (International Traffic in Arms Regulation).

As a core deliverable of the NATO 75th anniversary Summit to be held in Washington in July, the EU and NATO should announce a new Transatlantic Defence Trade and Industrial Partnership Initiative.

NATO turns 75 in 2024, demonstrating that the alliance has evolved far beyond the time-limited defence pact that it was originally designed to be. NATO is now the overarching framework of security and stability in Europe, allowing European integration within the EU to move forward. Yet at a time of political uncertainty on both sides of the Atlantic, the 2024 Summit must demonstrate that there is still sufficient political commitment in Washington and the major European capitals to sustain NATO for the dangerous decades ahead.

It was relatively easy to do this at the two previous NATO Summits (Madrid and Vilnius) that were dominated by Ukraine and a message of allied unity to assist Kyiv “as long as it takes”. Yet the Washington Summit will be under the shadow of elections in Europe and the US, with the likelihood of populist parties gaining ground, increased “Ukraine fatigue” and the war in Ukraine overshadowed by the conflict in the Middle East, which might also escalate to involve Iran, or tensions in Asia with China and North Korea. If Hungary is still holding up Sweden’s membership in the alliance, the mood will be glum.

To ensure a successful Summit in 2024, the allies should be prepared to address these “out of area” concerns and to show the US Congress and the public the added value that the EU Common Security and Defence programmes and military missions contribute to the United States own global security burdens. Even more important at a time when one Republican candidate for the Presidency openly questions the US membership of the alliance.

Yet, questions remain about how far the Europeans are willing to go, particularly in taking on more of the burden of arming Ukraine, contributing to a Middle East peacekeeping role or doing some of the heavy lifting in Asia. Yet the turnover in the European Council, Commission, Parliament and External Action Service leaderships after the June European elections may diminish the European voice and profile.

Europeans have every interest in focusing the Summit on beefing up NATO’s deterrence of Russia and conventional defence in Eastern Europe, especially if it looks like Putin could prevail in Ukraine and seek vengeance against NATO’s front-line allies. Following the failure of Ukraine’s spring offensive and the prospect of a long-drawn-out war with no ultimate clear winner, the dilemma of whether to give precious defence resources to Kyiv or keep them at home to deal with a more dangerous Russia could become more acute for the allies, barring massive increases in defence budgets.

Europeans have every interest in focusing the Summit on beefing up NATO’s deterrence of Russia and conventional defence in Eastern Europe.

Not allowing Putin to prevail in Ukraine is still NATO’s best defence strategy. Hence, the priority is to buttress Kyiv’s capacity to continue to resist Russia’s attacks by approving the long-term military and budgetary assistance that is currently being held up in the US Congress. Somehow NATO’s task is to better convey the message that help to Kyiv is not an optional exercise in charity but an existential requirement of Western defence overall. What the Summit needs to avoid is the image of a beleaguered President Zelenskyy pleading for survival assistance before a group of sceptical allies. So, NATO should produce a long term, properly funded strategy to train and equip the Ukrainian forces for at least a decade, and develop an autonomous Ukrainian arms manufacturing capability, and present that to Zelenskyy as a common endeavour in Washington.

Assistance to Ukraine will be coupled with the question of Ukraine's future membership of the alliance. Zelenskyy will no doubt make the same push for a specific date and a clear roadmap of conditions as he did last year in Vilnius. But NATO is not ready to move yet. In the meantime, the EU has agreed to start membership negotiations with Kyiv. NATO needs to switch the narrative in advance to its long-term military assistance strategy and defuse a potentially divisive debate on future enlargement. Until the US comes on board (and Biden has been as hesitant as Trump) NATO cannot move credibly forward.

More usefully for the immediate, the EU and NATO can work together on a package of initiatives and trust funds to reform Ukraine's defence institutions and build its resilience against hybrid warfare such as cyber-attacks or disinformation campaigns. The Western Balkans also deserve more attention, particularly Kosovo, where NATO has deployed extra troops, and Bosnia, where the Dayton Peace Agreement is in danger of unravelling as the Serb entity agitates for secession. NATO may have to take over the international military stabilisation role from the EU in Sarajevo.

There is no alternative to higher defence spending by the allies to convince the US that Europe is a reliable partner. Simultaneously, this would modernise NATO's own armed forces and those of Ukraine, strengthening NATO's collective defence while increasing Europe's own military capabilities and strategic autonomy in the event of a US disengagement.

Biden will undoubtedly try to use the NATO Summit to underscore his global leadership and foreign policy credentials. Yet Trump and his camp will also try to instrumentalise the Summit to discredit the US commitment to internationalism and to complain that the US is getting a bad deal.

It has always been unfair for the US to measure Europe's burden sharing largely in terms of narrow military spending. Yet a US election campaign with MAGA supremacists and isolationists attempting a comeback is not the moment for Europeans to question the commitment they made in Vilnius to recognise 2% of GDP for defence as the floor rather than the ceiling. Biden will undoubtedly try to use the NATO Summit to underscore his global leadership and foreign policy credentials.

Yet Trump and his camp will also try to instrumentalise the Summit to discredit the US commitment to internationalism and to complain that the US is getting a bad deal. Therefore, NATO will need a clever communications strategy in 2024 to pre-empt a populist effort to hijack the event and pull it into US domestic politics.

Yet, ultimately, NATO in 2024 is all about resolving two fundamental contradictions: First, how does the alliance deal with a situation where its primary mission, the collective defence of allies on their own territory, depends first and foremost on preventing a non-NATO country – Ukraine – from collapsing in the face of Russia's onslaught? Even after two years of war in Ukraine, the allies have not yet understood this new paradigm fully and adjusted their commitments accordingly.

How does the alliance deal with a situation where its primary mission, the collective defence of allies on their own territory, depends first and foremost on preventing a non-NATO country – Ukraine – from collapsing in the face of Russia's onslaught?

Second, how does an alliance that has largely retreated from a global role in the wake of its interventions in Afghanistan and Libya to refocus on European defence, deal with a world where more conflicts and geopolitical rivalries are challenging NATO's security and strategic interests? Notwithstanding Ukraine, NATO has faced increased tensions in the Western Balkans, and two of its partners – Armenia and Azerbaijan – have fought two wars. The situation in the Middle East remains explosive, and the alliance has put China on its agenda and repeatedly invited Australia, Japan, New Zealand, and South Korea to its summits without defining what its concrete role and added security value could be. Washington needs to mark a better (and more coherent) balance between NATO's relevance to defence in Europe and to preserving the international liberal order in the wider world.

There is a gap between those parts of the 2024 Summit Declaration, which are words followed by credible, robust actions, and those parts are just words that need to be narrowed.

5. Recommendations

2024 is likely to be a testing and unpredictable year for the EU. However, with European Parliament elections slated to take place in June 2024, it also represents an opportunity to renew and re-start and prepare for the challenges that lie ahead.

As Europe deals with the permacrisis and continues learning the language of power it should avoid unlearning the language of influence and attraction in an increasingly pluripolar world. There are several **actions** that the EU should take in the coming year to achieve that:

- ▶ **Set strategic goals** for the coming decade and consider how to achieve them in light of Europe's watershed moment of 24 February 2022. In a world of limited resources, priorities and trade-offs should be considered.
- ▶ **Foster better coordination** between the European External Action Service, the European Commission and its Directorates-General. The continued policy of 'silosation' within the EU undermines its overall ability to project power and influence.
- ▶ Identify the tools and processes that can be mobilised within the current EU Treaties to **build up its capacity and freedom to act**, as well as its executive power in global affairs. If there are areas that need treaty change, prepare a roadmap with the needed reforms.
- ▶ **Continue building partnerships with like-minded countries** (e.g. Japan, Australia, UK, Norway, Canada, Korea) to achieve common goals, but, in the current geopolitical vortex, pragmatically engage with those that continue to be reliable partners on key policy sectors (Algeria, Azerbaijan, Brazil, India, Kazakhstan, Qatar, and South Africa).
- ▶ **The EU and the current US administration should use the existing window of opportunity** ahead of the European and the US Presidential elections to setup a network of transatlantic guardrails to mitigate risks for the bilateral relationship and help withstand adverse future political headwinds.
- ▶ **In the event of tensions (and even breakdown) at the EU-US executive-to-executive level after 2024**, partnerships and thematic collaborations should be already in place or established between European and American political parties, the European Parliament and the US Congress (or parts thereof), US states and EU countries and/or regions, mayors from both sides, businesses, as well as civil society organisations – from chambers of commerce and foundations to think tanks and NGOs. Although, these may be seriously tested in the event of a Trump 2.0 administration, they could provide channels of communication and engagement between both sides of the Atlantic.
- ▶ **The EU should continue its pragmatic approach to relations with the United Kingdom** and explore all possible synergies in security and foreign policy, especially with regard to support for Ukraine, as well as in view of a potential disruptive Trump 2.0 presidency.
- ▶ **Europeans should also step-up defence spending significantly** to convince the US that Europe is a reliable partner. Simultaneously this would modernise NATO's own armed forces and those of Ukraine, strengthening NATO's collective defence while increasing Europe's own military capabilities and strategic autonomy in the event of a US disengagement.
- ▶ As a core deliverable of the NATO 75th anniversary Summit to be held in Washington in July, **the EU and NATO should announce a new Transatlantic Defence Trade and Industrial Partnership Initiative**. Its aim is to remove barriers to technology sharing across the Atlantic and to facilitate partnerships between defence companies to ramp up production of equipment and ammunition, both to support Ukraine and to restock the Allies own supplies for collective defence.
- ▶ In 2024, after years of neglect, **the EU should re-engage Latin American countries in a dialogue of equals to restore trust**, while linking its push for trade to the region's long-term interests and sustainable development. Throughout 2024 and beyond, the EU should also prepare for an increasingly confident and politically heterogeneous LATAM, which will make diplomacy and convergence with the region more challenging.
- ▶ In the **Indo-Pacific, the EU should seize the political momentum** and, as part of its strategy for partnerships' diversification, should **elaborate a robust strategy to re-engage**, both economically and politically, countries in the region.
- ▶ While **EU-China** relations seem to be heading towards a moment of relative stabilisation, **both actors should start thinking on how to manage their structural problems in the long run**. Regardless of who will sit in the White House, coordination between the EU, the US and international partners is essential to harmonising economic security policies, especially vis-à-vis China.
- ▶ In 2024, **the EU should continue to improve sanctions' implementation and enforcement** to avoid circumvention and further restrict the flow of crucial components for weapons to **Russia**, as well as the growth of Russia's export revenues.
- ▶ In response to Russia's progressive shift to a military economy, **the EU should also better prepare itself for new stages of the war and enhance its own defence capabilities**, including strengthening cooperation with Ukraine.

- ▶ As Russia is likely to ramp up efforts to boost cooperation with “friendly” countries around the world, **the EU27 should deploy a strategy towards the Global South** to counter Russian narratives and propaganda and propose a common agenda that also responds to the South’s interests.
- ▶ In 2024, **the EU should preserve solidarity and fortify support to Ukraine**. In cooperation with the US and other Western partners, the EU must secure uninterrupted military and financial assistance to Ukraine and deepen Ukraine’s integration into the security and defence architecture of Europe.
- ▶ As the war of attrition continues, **the EU and NATO should also be prepared for different war scenarios** and develop joint contingency plans (civil and military) for a potential Russian escalation in Ukraine and beyond.
- ▶ **The EU should continue to apply a merit-based approach on enlargement** and prepare a clear negotiating framework for Ukraine, ensure Kyiv’s gradual integration into the EU Single Market, and avoid **Ukraine’s accession process** getting stuck.
- ▶ As a major security and economic actor, **Türkiye** will have a vital role in the future of European security and stability. Thus, **the EU should develop a clear strategy for relations with Ankara for 2024** and beyond anchored on the so-called Borrell report.
- ▶ **The EU should use 2024 to rebuild its credibility in the Middle East** after the debacle that followed Hamas terrorist attack on Israel, pursue a more united approach in tackling security issues in the region, and support the re-launch of the peace process. A good starting point should be a strong collective EU position and contribution in addressing the emerging crisis in the Red Sea to avoid further escalation with unpredictable geopolitical consequences.
- ▶ **The EU’s relevance, credibility and influence in a complex and challenging multipolar world requires** replacing purely performative Western-crafted “feminist foreign policy” initiatives with **policy options based on a deeper understanding of a country’s culture, religion, society, and economic structures**. Adapting to local conditions and listening to local voices is a must if EU actions are to be sustained over a longer period and have long-lasting results. Afghanistan has taught us that the key to the success of EU initiatives to improve women’s lives is a willingness to be innovative, patient, and humble.
- ▶ As ‘**securitisation**’ emerges as a trend that permeates most EU policies, **European policy- and decision-makers should consider the global implications** of a Union that gradually turns inwards or attempts to securitise everything.
- ▶ While EU efforts to build economic security are likely to continue in 2024, **the EU should see social security and health security as part and parcel of that policy equation**, adopting also a more joined up and holistic approach to social issues.
- ▶ In 2024, **EU leaders should manage expectations on the ability of the New Pact on Migration and Asylum** to crisis-proof the EU’s common asylum system in the short-term, while avoiding further outsourcing migration management responsibilities to 3rd countries for political and electoral gains.
- ▶ As the current Commission comes to an end in 2024, **the EU should pay particular attention to making Europe more competitive in the global Artificial Intelligence (AI) race**, which will imply a mindset change towards implementing the AI Act, the first-ever regulatory framework promoting a European approach to trustworthy and human-centric AI.
- ▶ In 2024, **the EU should initiate a serious debate concerning the future architecture and governance of a Union at 30-plus**. The commitment of EU institutions and member states to engage in this reflection geared to action will determine whether the rhetoric of the ‘geopolitical imperative’ of enlargement and its renewed momentum can be translated into tangible reality.
- ▶ **The EU should be consistent and continue with the implementation and consolidation of the security and defence measures** undertaken since the start of Russia’s full-scale invasion of Ukraine. Emphasis should also be placed on long-term thinking about Europe’s military needs and financial requirements.
- ▶ **The EU should pledge to open its defence capability programmes**, such as Permanent Structured Cooperation, the European Defence Fund and the European Peace Facility, to participation by non-EU Allies.

Conclusion: Beyond 2024

This Outlook Paper ventures into 2024, but the effects and implications of the topics covered will undoubtedly last beyond this year.

2025 could become an inflection-point for Europe (and the world). It will largely depend on how the EU27 addresses most of the central global challenges they were already facing (e.g. Russia's war of aggression and support to Ukraine, the Middle East conflict, US-China strategic competition, etc.), as well as on the outcomes of the many elections that take place throughout the year around the globe, including for the European Parliament.

Assuming there are no delays in the leadership transition at the EU level and that, at the start of 2025, the European house is in order and policymaking is entering cruise speed, the Union should lay the foundations and start implementing its new strategic agenda 2024-2029. The well-being economy, climate change, economic security, green industrial competitiveness, enlargement, security and defence, trade, and AI are likely to continue to be high on the policy priorities for the next cycle. The ease (or lack thereof) in which EU legislation in these areas will advance is likely to depend on the makeup of the EP and the compromises and trade-offs that political parties need to negotiate to get key files over the finishing line.

The well-being economy, climate change, economic security, green industrial competitiveness, enlargement, security and defence, trade, and AI are likely to continue to be high on the policy priorities for the next cycle.

The world is also likely to come knocking on the Union's door in 2025 with old or new problems.

On 20 January 2025, the US will inaugurate a new president: either Joe Biden or Donald Trump (assuming they were the contenders) will take the oath of office. Although a Biden win is not without irritants for transatlantic relations, as the last years have shown, a Trump victory is likely to turbocharge geopolitical competition and create problems for the EU on many fronts – from Ukraine, NATO and security, to trade, energy, and climate change.

A second Trump presidency would likely be the most consequential international event of 2025 as it could sharpen and accelerate negative global trends of the last years.

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Indeed, if unresolved favourably or even worsened during 2024, Russia's war on Ukraine would likely also be impacted by who sits in the White House. A Trump presidency may force Kyiv to the negotiation table with Russia, putting a spanner in the European security architecture. A Biden presidency, while supporting Ukraine, will likely face challenges in Congress to up its support to Kyiv. Either possibility requires a stronger commitment to Ukraine's protection by Europeans, force the EU to invest much more and better in its own security and defence, and be a more reliable regional power or risk growing irrelevance.

A 2025 scenario of Ukrainian, European (and Western) defeat in the face of Russian aggression is not only possible, but increasingly likely if US support dries up and the EU27 continue being ambivalent and are unable to set strategic goals backed up with the necessary means and ways to achieve them. 2024 is likely to test this to the limit.

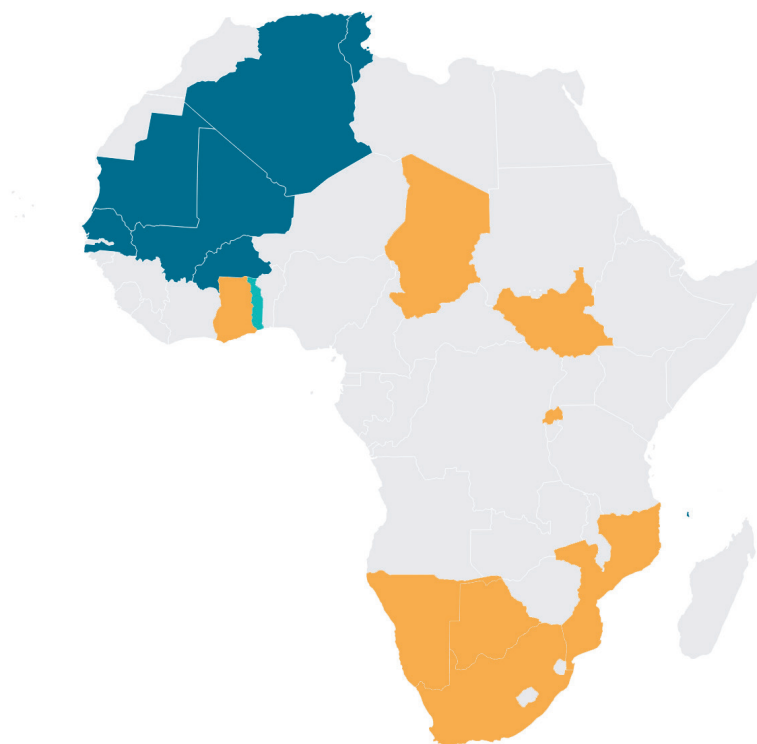
The EU's geopolitical dawn could quickly turn into a twilight if Europeans fail to understand what is at stake and risk losing power and influence in an increasingly pluripolar world.

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Annex I. Select 2024 elections and national congresses

2024 Elections: Africa

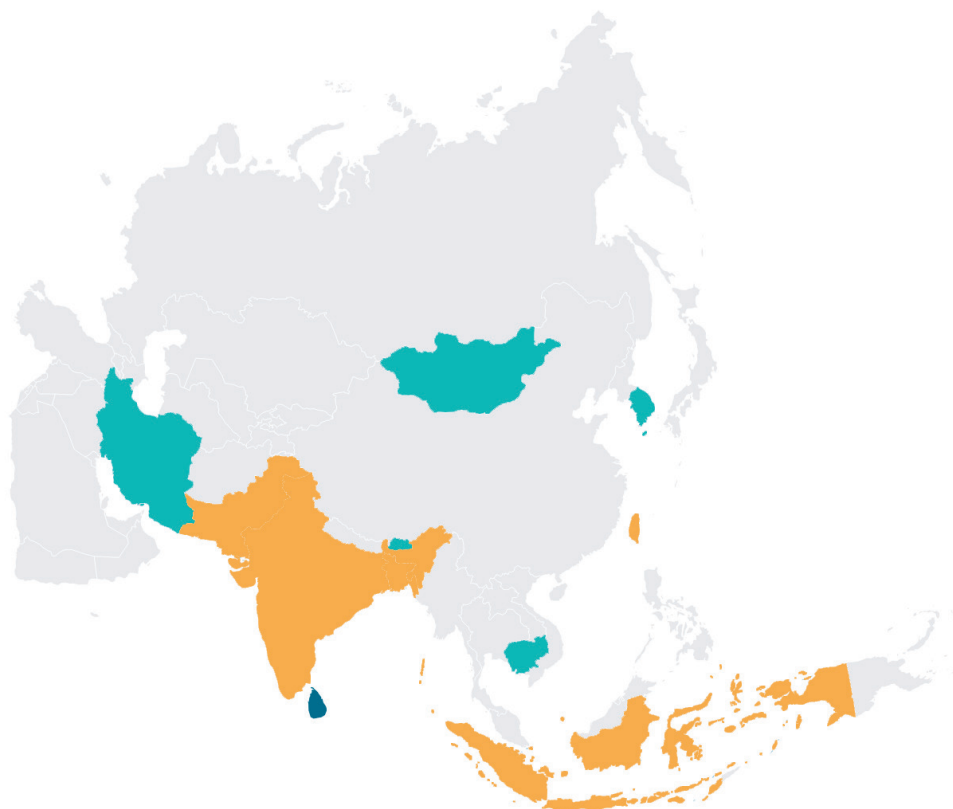
■ General elections
 ■ Presidential election
 ■ Parliamentary elections



COUNTRY	DATE (EXPECTED DATE)	ELECTIONS TYPE
Algeria	December (TBD)	President
Burkina Faso	TBC	President
Botswana	October (TBD)	National Assembly and President; Local councils
Chad	October (TBD)	National Assembly; President
Comoros	14 January	President
Ghana	7 December	Parliament of Ghana; President
Mali	4 February	President
Mauritania	22 June	President
Mauritius	30 November	National Assembly
Mozambique	9 October	Provincial Assemblies; National Assembly; President
Namibia	November (TBD)	National Assembly; President
Rwanda	1 July	Chamber of Deputies; President
Senegal	25 February	President
South Africa	May (TBD)	National Assembly and President; Provincial legislatures
South Sudan	December (TBD)	National Assembly; President
Tunisia	24 November	President
Togo	13 April	National Assembly

2024 Elections: Asia

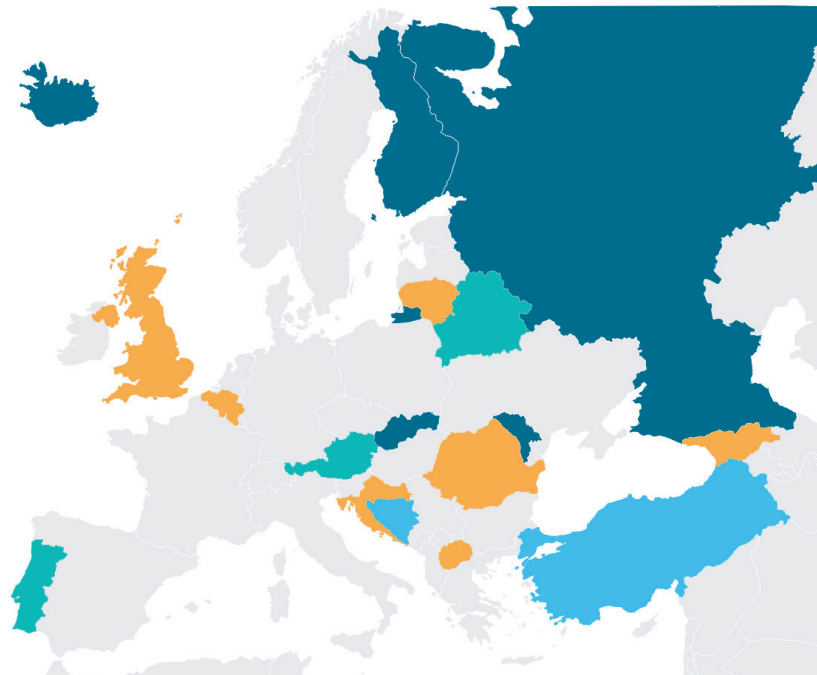
■ General elections
 ■ Presidential election
 ■ Parliamentary elections



COUNTRY	DATE (EXPECTED DATE)	ELECTIONS TYPE
Bangladesh	7 January	President; Jatiya Sangsad (Parliament of Bangladesh) and Prime Minister
Bhutan	9 January	National Assembly and Prime Minister
Cambodia	25 February	Senate of Cambodia
India	Between April and May	Municipalities; Lok and Rajya Sabha (lower and upper house of the Parliament of India), and Prime Minister
Indonesia	14 February	People's Consultative Assembly; President
Iran	1 March	Iranian Majles (Parliament of Iran)
Mongolia	28 June	State Great Khural (Parliament of Mongolia)
South Korea	10 April	National Assembly
Sri Lanka	September (TBD)	President
Pakistan	8 February	National Assembly; President
Taiwan	13 January	Legislative Yuan (Parliament of Taiwan); President

2024 Elections: Europe & Neighbourhood

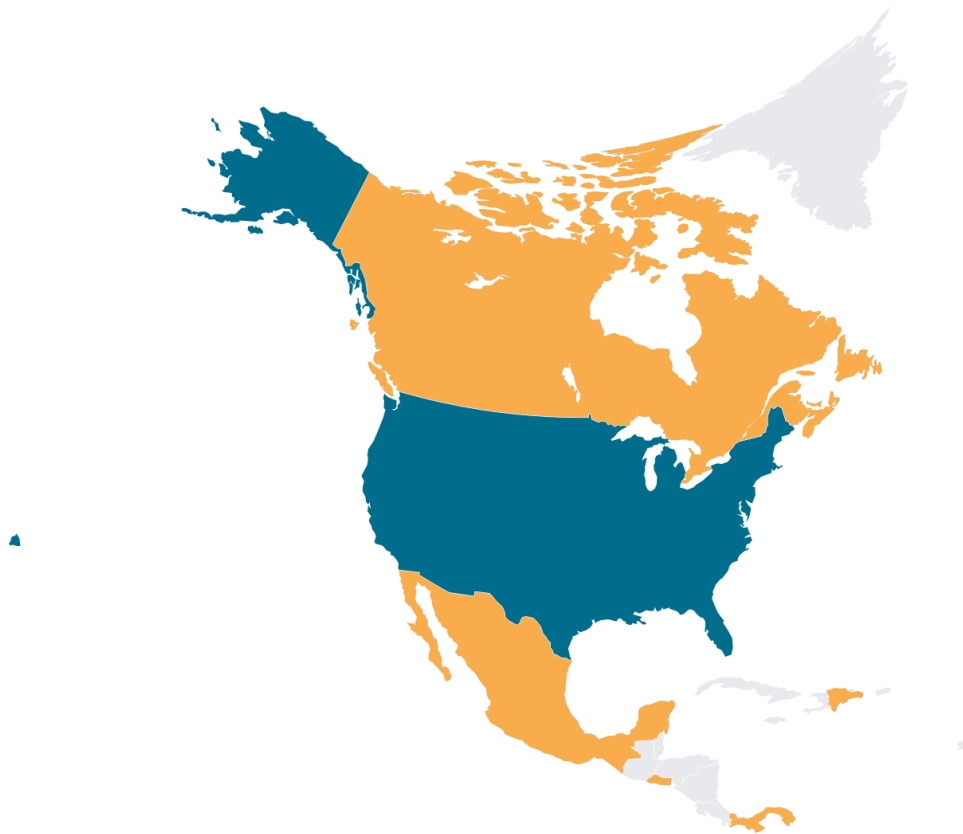
■ General elections
 ■ Presidential election
 ■ Parliamentary elections
 ■ Local elections



COUNTRY	DATE (EXPECTED DATE)	ELECTIONS TYPE
All EU Member States	6-9 June	European Parliament
Austria	September (TBD)	National Council and Chancellor
Belarus	25 February	House of Representatives
Belgium	9 June	Chamber of Representatives; Regional parliaments
Bosnia and Herzegovina	6 October	Municipalities
Croatia	22 September (parliamentary) and December (presidential)	Sabor (Parliament of Croatia) and Prime Minister; President
Finland	28 January	President
Georgia	26 October	Parliament of Georgia and Prime Minister; President
Iceland	1 June	President
Lithuania	12 May (presidential) and 6 October (parliamentary)	President; Seimas (Parliament of Lithuania) and Prime Minister
Moldova	Autumn (TBD)	President
North Macedonia	1 April (presidential) and 8 May (parliamentary)	President; Assembly of the Republic and Prime Minister
Portugal	10 March	Assembly of the Republic and Prime Minister
Romania	29 September (local), November (presidential and parliamentary)	Municipalities; Parliament of Romania and Prime Minister; President
Russia	15 March	President
Slovakia	April	President
Türkiye	31 March	Municipalities
United Kingdom	TBD	House of Commons and Prime Minister

2024 Elections: North and Central America

■ General elections
 ■ Presidential election



COUNTRY	DATE (EXPECTED DATE)	ELECTIONS TYPE
Canada	TBC (speculative but very likely)	House of Commons and Prime Minister
Dominican Republic	19 May	President; Chamber of Deputies; Senate
Mexico	2 June	President; Chamber of Deputies; Senate of the Republic
Panama	5 May	President; National Assembly
El Salvador	4 February (presidential and parliamentary) and 3 March (municipal)	President; Legislative Assembly; Municipal councils
United States	5 November	President

2024 Elections: South America

■ General elections
 ■ Presidential election
 ■ Local elections



COUNTRY	DATE (EXPECTED DATE)	ELECTIONS TYPE
Brazil	6 October	Municipalities
Uruguay	27 October	President; Chamber of Representatives; Senate
Venezuela	Second half of 2024 (TBD)	President

2024 Elections: Oceania

■ General elections ■ Local elections



COUNTRY	DATE (EXPECTED DATE)	ELECTIONS TYPE
Australia	Various dates between March and October	Legislative councils or assemblies of Tasmania, Queensland, the Northern Territory, and the Australian Capital Territory
Palau	12 November	President; National Congress
Solomon Islands	17 April	President; National Parliament of Solomon Islands
Tuvalu	26 January	President; Parliament of Tuvalu

Annex II. Key EU meetings and international summits in 2024

Key EU meetings and international summits 2024

ORGANISATION	DATE	EVENT	LOCATION
Council of the EU	January - June 2024	Belgian presidency of the Council of the EU	Brussels, Belgium
World Economic Forum	15-19 January, 2024	World Economic Forum	Davos, Switzerland
European Council	1 February, 2024	Special European Council Summit	Brussels, Belgium
Munich Security Conference	16-18 February, 2024	Munich Security Conference	Munich, Germany
World Trade Organisation	26-29 February, 2024	WTO Ministerial Conference	Abu Dhabi, United Arab Emirates
European Council	TBD, 2024	EU-South Africa	City TBD
European Council	TBD, 2024	EU-Brazil	City TBD
European Council	TBD, 2024	EU-Chile	City TBD
European Council	TBD, 2024	EU-Mexico	City TBD
European Political Community	Spring 2024	4th European Political Community Summit	United Kingdom
European Council	20 March, 2024	Tripartite Social Summit	Brussels, Belgium
European Council	20-21 March, 2024	European Council Summit	Brussels, Belgium
European Parliament	22-25 April, 2024	Final European Parliament Plenary before elections	Strasbourg, France
United Nations	21-24 May, 2024	Global Supply Chain Forum	Bridgetown, Barbados
European Council	TBD, 2024	EU-Republic of Korea	City TBD
European Council	TBD, 2024	EU-Central Asia	City TBD
G7	13-15 June, 2024	G7 Summit	Fasano, Italy
European Council	27-28 June, 2024	European Council Summit	Brussels, Belgium
NATO	9-11 July, 2024	NATO Summit	Washington, D.C., United States
European Parliament	18-19 July, 2024	European Parliament Constitutive Plenary	Strasbourg, France
Shanghai Cooperation Organization	July, 2024	SCO Summit	Astana, Kazakhstan
Council of the EU	July - December, 2024	Hungarian presidency of the Council of the EU	Brussels, Belgium

ORGANISATION	DATE	EVENT	LOCATION
United Nations	10-24 September, 2024	79th Session of the UN General Assembly (UNGA 79)	New York, United States
United Nations	22-23 September, 2024	Summit of the Future Sustainable Development Goals Summit	New York, United States
BRICS	October, 2024	BRICS Summit	Kazan, Russia
European Council	October, 2024	European Council Summit	Brussels, Belgium
European Commission	November, 2024	Start of the new Commission mandate	Brussels, Belgium
United Nations	11-24 November, 2024	COP29	Baku, Azerbaijan
G20	18-19 November, 2024	G20 Summit	Rio de Janeiro, Brazil
European Council	December, 2024	European Council Summit	Brussels, Belgium
ASEAN	April/May & October/ November, 2024	44th and 45th ASEAN Summit	Laos

ENDNOTES

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The **Outlook Paper** is published yearly and identifies and anticipates developments in the EU's global relationships and policies for the coming year. It is not an exercise in prediction but rather an attempt to guide the EPC and EU community through a new year.

Every year, the EiW team, in collaboration with other EPC programmes, will select topics depending on their relevance for the EU and analysts' expertise. A central theme, key actors and regions, policies, emerging challenges and chronologies of key events within and outside the EU will always be included. What is likely to change each year are the countries and issues covered.

The Outlook Paper will also include a "Look Back" section that revisits the previous edition. This will be a critical feature to review and reassess previous assumptions and ensure the continued quality of our analysis.

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