

The Strategic Repositioning of the European Union in the New Global Geopolitical Context

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Abstract

The transformations in the world economy, the globalization of information, the globalization of security issues have brought non-state powers to the position of main actors of the contemporary geopolitical phenomenon, in which transnational, international or supranational organizations play a special role. The unprecedented period of peace and stability that Europe went through at the end of the 20th century and the beginning of the 21st century is due to the existence of the European Union. The European Union is a relevant actor in the international arena; the emergence of the European Union radically changed the European and global geopolitical balance. Having an extensive network of economic relations worldwide, carrying out crisis management missions and humanitarian actions, the European Union cannot be omitted from any geopolitical analysis. In a very dynamic and unpredictable global geopolitical and geoeconomic context, the European Union launched on June 20, 2023 the European Strategy for Economic Security, a strategy that emphasizes bilateral and plurilateral cooperation - in different formats and degrees of institutionalization, from the G-7 to high-level economic talks, investment partnerships and commodity clubs. The European Union wants to reduce, for the next decades, the economic risks related to dependence on China. The strategy outlines how the European Union - a key trading partner for both China and the United States - is trying to manage its economic dependence on Beijing and avoid the kind of economic rupture with Russia that followed the invasion of Ukraine. The paper aims to analyze what China's "risk reduction" means for Europe and, at the same time, to understand how the European Union's approach to economic security will shape future relations in terms of geopolitics and geoeconomics at the international and regional level.

Keywords: European Union, economic security, risks, geopolitics, geoeconomics.

JEL Classification: F13, F15

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1. Introduction

The economic space, in the analysis of the behavior of the actors in the geopolitical field, is, today, a vital element for understanding the mutations caused by the globalization and regionalization of the world. After the end of the cold war, ideological rivalry was replaced by economic rivalry, so the center of gravity

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of the analysis shifted from military strategy to the dispute over economic interests. Today, the economic space is increasingly perceived as a "boundless world". Rivalries of interests in the economic sphere have gained momentum and increased in intensity in the last decade of the 20th century and the beginning of the next, so that some analysts believe that the world is in a global transition (Hlihor, 2005). Edward N. Luttwak states that we are witnessing the transition "from the political world characterized by interstate international relations to a business world that ignores current borders", and the "logic of conflict" will be replaced by the "grammar of commerce" (Luttwak, 1990; Roberts et al., 2019). The economic space seems to become a priority in the dispute of interests, something that made some analysts say that we are actually witnessing, in international relations, the transition from geopolitics to geoeconomics. (Hlihor, 2005)

In the post-Cold War period, the neoliberal economic order has become increasingly internationalized and legalized. This highly globalized post-Cold War economic order, which we call the Neoliberal Order, came under increasing strain after the 2008 financial crisis, paving the way for the emergence of a new geo-economic order (Roberts et al., 2019). The term "geoeconomics" is used in different ways to describe actions at the micro level or changes at the macro level. Essentially, geoeconomics is defined as "the use of economic tools to promote and defend national interests and to produce beneficial geopolitical outcomes." (Roberts et al., 2019; Søylen, 2012)

"The imaginary geographies of geoeconomics are distinct from those of geopolitics in that they promote the plan character of the economy instead of various kinds of political divisions and inequalities, represented by iron curtains, empires and clashes of civilizations". Thus, geoeconomics focuses on the creation of networks and not on "blocs", on transnational connections and not on national territories. (Bogzeanu & Băhnăreanu, 2017)

The objectives of this emerging geoeconomy no longer relate, for Edward Luttwak, to the conquest of territories or diplomatic influence; it is about "maximizing highly qualified employment in cutting-edge industries and high value-added services". The central objective is to "conquer or preserve a desirable position within the global economy". The approach developed by Edward Luttwak undoubtedly marks a useful step forward in understanding the new international architecture and the interplay of its constituent actors. Above all, the appearance of geoeconomics as a concept seems essential to us in that it testifies to the strong entry of economic questions – particularly from their commercial angle but not only – into the agenda of global geopolitics. Overall, the concept of

geoeconomics is today much more global than initially envisaged by the founder of the neologism; it embraces a truly global dimension, which can in no way be limited to Western countries alone. (Lorot, 2009)

Analyzing the geopolitical map of the 21st century, in the last decades, three phenomena have structurally and functionally influenced the configuration of international relations, the rise and fall of power centers, the evolution and destiny of the world community: the energy crisis and security, globalization and the world economic crisis, each decisively influencing the models socio-political that succeeded them, the balance of power in international life and the geopolitical maps of their times. Since 2009, the Davos Forum has analyzed the phenomenon of the world crisis and its implications: the food, economic, financial crisis, the increasing influence of states with emerging economies, such as China and India, and of rich states in general, of the capitalist system in particular and the problem of terrorism. Although concrete solutions and important decisions were left to wait, theses such as: "the end of globalization", "the return to protectionism", "the need for new rules", "the need for an energy security treaty", "the crisis of oil and water", "the danger of global warming". All discussions aimed at a single goal: redefining and remodeling the world generated by the current crisis. China, India, Russia, Brazil will be the new "empires" (power centers - s.n.) of the century that will dispute their supremacy with the current world leader, the USA. The first two decades of the new century were characterized by a "necessary unipolarism", in which the USA pursued and imposed, sometimes through military force, its neocolonial interests and ambitions. The emergence of the new powers generated a multipolar system, a "disarchic multipolarity", devoid of harmony, without a common goal. Which can either propel us into a state of conflict between empires, with disastrous consequences for world peace and stability, or lead us to adopt a new joint development model, which establishes new rules for all actors and an "architecture for mutual benefit". A set of factors determined the current reality in international life: a) the rise and revival of the BRICS states; b) increasing the role of non-state actors, c) changes in the power structure; d) the fragility of the American economy; e) the type of power that underpins US policy: military force and American-centrism; f) the pressures of international public opinion. The multiplication of power centers does not mean a better, more stable and secure world. Analyzing the new geopolitical situation of the world, especially the profound changes in the Asian area, H. Kissinger compared it to that characteristic of 19th century Europe, "with the great powers competing for supremacy using war as a continuation of politics by other means. The 21st century will be defined by the emergence and rise to the status of regional powers Japan, China, South Korea, in the Asia-Pacific area; Israel, in the Middle East;

Russia, Turkey and Poland, in the European and Eurasian area. In this context, the USA will probably maintain its hegemony in this century as well. It will remain a "great global power", the "center of gravity of the international system", which can project its power in both basins: Atlantic and Pacific. (Nazare, 2021)

After several decades of increasing global economic integration, the world faces the risk of policy-driven geoeconomic fragmentation (GEF). The COVID-19 pandemic and the war in Ukraine have deepened the cracks in the global economic order. Both the war and related sanctions imposed by the western countries of Russia and Belarus led to major dislocations in energy and agricultural commodity markets, as many countries also imposed bans on the export of agricultural products and fertilizers. This deepening geopolitical confrontation has wreaked havoc on European energy markets, leading to extreme volatility and fears of energy shortages. Production chains and financing networks that performed relatively well in benign global conditions have proven less resilient in times of COVID-19 and heightened geopolitical tensions. Rising geopolitical tensions have led to increased protectionism and the increasing use of cross-border restrictions for reasons of national security. (Aiyar et al., 2023)

The international relations have in many ways become more complex than in previous centuries, multipolarity is simply the normal state of international politics, resulting from the interaction between states that seek to increase their power so that they can pursue their interests more effectively. Today's multipolarity is undoubtedly more uneven and less fluid than earlier great power concerts, given the preponderance of Washington's global alliance system and China's ability to compete with the US only in some facets of power (e.g. trade and investment, diplomacy, and military power in the Taiwan Strait but not further afield). Today several great powers exist which are constantly competing for markets, resources and influence, hence the balance of power between them is constantly evolving – and tensions are permanent. (Paikin et al., 2023)

2. Problem Statement

The specialized literature analyzes the changes that have appeared in geopolitical, geostrategic and geoeconomic terms, both at the global level, but also specifically in the case of the European Union. The positioning of the European Union in the new geopolitical context and the tools used to strengthen its position are the subject of numerous works, the most relevant being (Paikin & Katsioulis, 2023), (Paikin, Islam & Bishop, 2023), (Alcidi & Kiss-Gálfalvi, 2023), (Matthijs & Meunier, 2023), (Bogzeanu & Băhnăreanu, 2017). Reference works for the study area of geoeconomics are (Luttwak, 1990), (Lorot, 2009), (Søilen, 2012), (Roberts,

Moraes & Ferguson, 2019), (Aiyar, et al. 2023). The present study presents, as an element of novelty, the essential milestones regarding the repositioning of the European Union in the new strategic geopolitical and geoeconomic context, emphasizing the response of the European Union to the transformations taking place in the world economy.

3. Research Questions/Aims of the research

The strategic geopolitical and geoeconomic repositioning of the European Union in the current international environment is part of the broad area of global analyzes regarding the developments in the world economy and the tendencies to redefine the centers of power. In the context of modeling a multipolar world, the main research objective of this study is to highlight the attitude adopted by the European Union towards the events taking place in the world economy and to indicate which is the tool used by the European Union to increase the level of economic security and at the same time reduce geopolitical and geoeconomic risks. The paper aims to analyze what China's "de-risking" means for Europe and, at the same time, to understand how the European Union's approach to economic security will shape future geopolitical and geoeconomic relations internationally and regionally.

4. Research Methods

The research methodology uses various methods: the logical analysis method, the systemic method, the comparative method, the historical method and the situation analysis. The period of study covers the period after the Second World War to the present, with special attention being paid to the period 1990-2023 and 2008-2023. A possible method of determining the interests of actors in the geopolitical field is comparative analysis. The dominant features of the geographical space from an economic point of view are identified, such as, for example, natural, strategic, political, spiritual, military, etc. resources. Historical analysis and situational analysis used in geopolitical theory can be used to observe and research the geopolitical area in order to highlight the nature and intensity of interests that actors have at a given time in a geographic space, the place they have in a power equation and the perception they have of the geopolitical field.

5. Findings

5.1 The European Union – geopolitical and geoeconomic profile

European security aims to establish, maintain and even promote security beyond European borders. For about two decades, the phrase "European security" referred, without reason and perhaps, to the role of NATO, the EU and the

OSCE in this context. The EU, an intergovernmental and supranational integration organization, has confirmed the power of liberal principles, anchored in the community of universal values and common interests, to generate and maintain prosperity, security and stability. Starting with the economic-financial impasse at the end of 2008, the EU has been affected by a series of internal and external crises - the Arab Spring, the economic recession and the sovereign debt crisis, the Ukrainian crisis, the migrant crisis, terrorist attacks, Brexit, energy problems -, which put the European community's capacity for resistance and cohesion to a hard test. (Bogzeanu & Băhnăreanu, 2017)

The geopolitical analysis applied in the European space is atypical, given that we are not dealing with a national actor. The definition and assessment of the EU's power is shaping up to be a complex process, with many particularities and generator of controversies. This is because the Union is, in fact, an organization of sovereign national entities, but, at the same time, it exercises influence over them and over third parties. If we propose to analyze the level of power of the EU, by comparison with that of other relevant international actors, we could conclude that it gathers considerable power resources, which could indicate a substantial role in the international arena. However, the possession of significant power resources does not guarantee the achievement of the desired objectives, a fact demonstrated by many of the events in the recent history of humanity. The EU is no exception to this rule: although it gathers a significant amount of power resources, the Union cannot always operationalize them to achieve the set objectives. From this perspective, the EU situation has both advantages and disadvantages. Its success and future in the international arena depends on how it chooses to build its relations with the other relevant actors of the international arena, so that its objectives are achieved. (Bogzeanu & Băhnăreanu, 2017)

The collapse of Europe's security order coincides with a period of global transformation. Both these phenomena threaten to change the international environment that the EU has grown accustomed to – and that has served its interests relatively well. Both also raise major questions about the sort of actor the EU wants to be. (Paikin et al., 2023)

In this context, the developments of the EU's internal reform and the enlargement process with strong geopolitical connotations suggest a regional focus for the EU's core strategic priorities.

Crucially, the EU's response to the crisis of the pan-European order threatens to undermine its influence at the global level. With nascent European security competition assuming a structural form the longer the war in Ukraine continues,

the misdiagnosis of a global order in crisis could bring about a vicious cycle in which the EU's influence is increasingly marginalised, even if its economic clout and partnership in multilateral contexts are still sought out when the interests of other actors align. (Paikin et al., 2023)

The Ukrainian crisis has demonstrated that the specifics of the EU to interact with the states in the immediate vicinity, focused on the consolidation of economic relations, as a tool for promoting the values that were the basis of the European construction, can generate geopolitical effects. The cause of the crisis was, in this context, attributed to the Union's specific way of acting on the international arena, of approaching relations with other actors, which was done with the ignorance of geopolitics and power relations. (Bogzeanu, 2017)

But, EU has already proved capable of innovating and reinventing itself in a volatile world (Matthijs & Meunier, 2023).

The increasing integration of the pan-Eurasian security space, when combined with a nuanced understanding of the contemporary (and mixed) foundations of the international order, reveals the extent to which Europe's own security order will depend not only on the EU's ability to demonstrate its own resilience, but also its ability to develop new tools and approaches that allow it to reach beyond its own normative orbit and into a more normatively diverse 'Eurasian' space. On top of shared challenges and geographic phenomena, such as climate change and the opening up of Arctic maritime routes, political developments over the past several years have helped to weave the European and Asian strategic theatres increasingly into an interconnected security complex. (Paikin & Katsioulis, 2023).

5.2 The security strategy of the European Union – the economic dimension of the security of the Economic Union

Today, there is a broad consensus on the European model for inclusive economic growth, based on sustainable competitiveness, economic security, trade and open strategic autonomy and fair competition, as a source of prosperity. Sustainable competitiveness builds on productivity growth, environmental sustainability, macroeconomic stability and fairness. Economic security is the ability of the EU economy to withstand shocks and protect own interests, thanks to resilient and diversified supply chains and its well performing businesses. By pursuing an open strategic autonomy, the EU commits to open trade, while taking its responsibility in shaping a more sustainable and fairer world, building its own capacities to increase resilience and asserting itself against coercive and unfair practices. (European Commission a, 2023)

Launched on June 20, 2023, the European Strategy for Economic Security may represent a possible (partial) response of the European Union to current geopolitical and geoeconomic developments; the strategy emphasizes bilateral and plurilateral cooperation - in various formats and degrees of institutionalization, from the G-7 to high-level economic talks, investment partnerships and commodity clubs.

The priorities of the economic security strategy of the European Union are:

- Promoting the competitiveness of the European Union by increasing the resilience of the economy and supply chains, as well as by strengthening innovation and industrial capacity, while maintaining the social market economy.
- Protecting the European Union against jointly identified economic security risks by making better use of the tools already available to the European Union, such as trade defence, foreign subsidies, 5G/6G security, foreign direct investment screening and control exports, as well as the new tool to combat economic constraints.
- Creating partnerships with countries that share the European Union's concerns about economic security, as well as those that have common interests and are willing to cooperate with the European Union to make the transition to a more resilient and secure economy. (European Commission b, 2023)

The main types of risks facing European economies are:

Risks to the resilience of supply chains, including energy security – Risks of price increases, unavailability or shortages of critical products or production factors in the EU, including but not limited to those related to the green transition, those necessary for a stable and diversified supply of energy and pharmaceuticals.

Risks to the physical and cyber security of critical infrastructure – Risk of disruption or sabotage of critical infrastructure such as pipelines, submarine cables, power generation, transportation, electronic communications networks that undermines the safe and reliable provision of goods and services or data security in the EU.

Technological security and technology leakage risks – The risk to the EU's technological progress, technological competitiveness and access to cutting-edge technologies, including through malicious practices in the digital sphere such as espionage or illicit knowledge leakage. In some cases, technology leaks risk strengthening the military/intelligence-gathering capabilities of those who might use them to

undermine peace and security, particularly for dual-use technologies such as quantum technologies, advanced semiconductors or intelligence artificial, and therefore requires specific measures

risk mitigation.

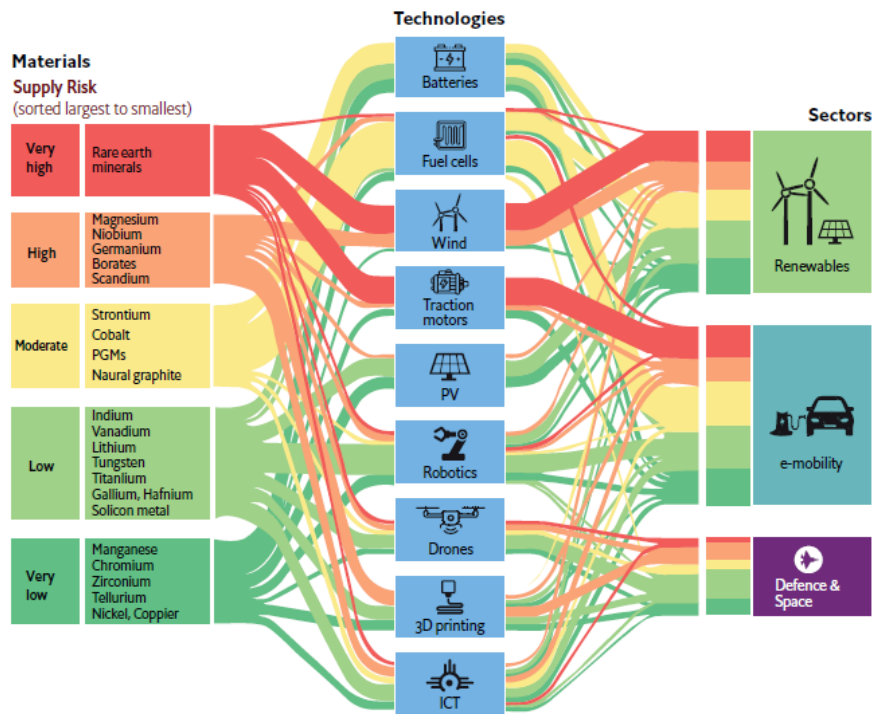
The risk of weaponization of economic dependencies or economic coercion – The risk of third countries targeting the EU, its Member States and EU businesses with measures affecting trade or investment to force a policy change that falls within the legitimate scope of policies.

To mitigate these risks, the EU Economic Security Strategy is based on:

1. Promoting EU competitiveness and growth, strengthening the single market, supporting a strong and resilient economy and promoting the EU's research, technological and industrial base.
2. Protecting economic security through a range of policies and instruments, including new specific instruments where necessary.
3. Creating partnerships and further strengthening cooperation with countries around the world. (European Commission b, 2023)

“De-risking” from China has become the focus of the EU’s policy towards China. Despite a generally tense context, EU-China economic relations remain strong. Goods export and import flows reached a record high in 2022. Alongside the US, China is the EU’s most important trading partner—accounting for 9% of European goods exports and more than 20% of European goods imports. Chinese investment into the EU has dropped since the introduction of new EU investment screening rules in 2020, but EU investment in China grew by over 90% in 2022, despite covid-related economic restrictions in China and slower growth in global foreign direct investment (FDI) into China. The EU’s trade dependence on China exposes Europe to both economic and security threats. (EIU, 2023)

Figure 1. Critical raw materials and technologies that are key for the EU's green transition: supply risk assessment



Source: adapted from (EIU, 2023), p. 2

Supply-chain disruptions during the covid pandemic and the war in Ukraine have shown that relying on a single supplier for key inputs is risky. Europe is particularly overreliant on China when it comes to resources that are key to the EU's green transition. China accounts for almost all of Europe's supply of rare earth elements and 97% of its lithium imports—a key input for electric-vehicle batteries. Europe also sources about 80% of its solar panels from China. (EIU, 2023)

What does de-risking really mean? To date, what de-risking means for the EU remains unclear. Rhetorically, it suggests a less aggressive and comprehensive approach than the “decoupling” of economic linkages promoted until recently by the US. In practice, it has meant efforts to reduce the EU's economic dependence in areas where trade and investment ties might pose risks to security. Key to this agenda is the diversification of strategically important supply chains, both to boost resilience and to hinder the access of hostile countries to sensitive technology—such as advanced semiconductors. China, while not explicitly mentioned by these

policies, is their target. Diversifying away from China in critical sectors will be the focus of the EU's China policy in the coming years. This reflects Europe's anxiety that worsening geopolitical relations could inflict economic shocks. In the event of a diplomatic dispute, China could curtail supplies of key raw materials or impose trade restrictions, with severe consequences for European economies. (EIU, 2023)

A full EU-China economic decoupling is unlikely. A complete severing of EU-China trade ties would be both impossible and undesirable. According to the European Central Bank, in the event of a full decoupling of supply chains across geopolitical lines, the euro zone's gross national expenditure would decline by over 2%—significantly more than that of the US or China, owing to the greater trade openness of the euro area. This figure would be much higher for countries that have especially close trade ties to China, such as Germany. (EIU, 2023)

Conclusions

The security and stability of the European space were thought of in a strong connection with the success of an organization founded on typically liberal principles and values. Europe and the Euro-Atlantic community are often considered in specialized studies as illustrative exponents of the security community, by this it is understood that the state actors that make it up maintain peaceful relations, based on mutual trust. Belonging to a security community implies the idea that its members will always solve their problems peacefully and not by means of arms. The EU is the most eloquent example of successful integration, this process being considered the essential factor in the security equation at the European level. In the conflicts of interest in the contemporary geopolitical field, economic strategies tend to gain scope and diversify as an instrument of pressure. In contemporary geopolitical rivalries, especially in asymmetric conflicts, states continue to use the access/restriction to resources and the control of commercial, financial markets and energy routes as tools of struggle. (Bogzeanu, 2017)

We are currently witnessing the rise of geopolitics and the essential modification of the geopolitical equation; a new geopolitical landscape will endanger Europe's economic security, but also global cooperation. A strong industrial base is a prerequisite for the independence, autonomy and prosperity of the European Union and to be able to cope with unpredictable shocks and changing geopolitics.

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