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How Europe can learn to stop worrying and love power

By overcoming its weaknesses and using its strengths, the EU could start imagining a multilateral system without the US

US President Donald Trump and European Commission President Jean-Claude Juncker may have averted a trade war last month, but the challenges confronting the European Union are far from resolved. In today's increasingly Hobbesian global environment, the EU can survive only by increasing its capacity to project power – no easy feat for an entity that was formed precisely as a repudiation of power politics.

With the 1957 Treaty of Rome, Europe shed what remained of its militaristic impulses and focused on building a sprawling and peaceful single market. From then on, Europe's only means of projecting power would be its trade policy.

Yet that policy has never been guided by strategic thinking, leaving the EU with only limited global influence, despite its tremendous success in world markets. The time has come for Europe to re-establish itself as a true global player, not by attempting to emulate a classic superpower, but rather by consolidating and deploying different types of power.

Europe already has considerable normative power – that is, the capacity to create global standards through the so-called Brussels effect – which can be seen in its efforts to rein in technology companies. The recently enacted General Data Protection Regulation (GDPR), for example, set guidelines for the collection and processing of personal information of individuals within the EU.

Now, digital platforms – including powerful American companies – are scrambling to adjust. The 'Big Four' US tech firms – Alphabet Inc. (Google's parent company), Apple Inc., Facebook, and Amazon – are also facing pressure from the EU stemming from their dominant market position.

Yet the EU has often failed to recognize its normative power, let alone take full advantage of it. This both reflects and reinforces weakness in three areas: self-esteem, risk awareness, and the capacity for action.

The Iran question

Self-esteem includes the belief that the EU is a worthy undertaking, the confidence to express that publicly, and recognition of the EU's true potential for power projection. Such a dispensation is severely lacking in many parts of the EU, beginning with Germany, which, despite having regained confidence in its own future, jealously guards its resources.

As Trump berates Germany for accumulating surpluses without contributing sufficiently to transatlantic defence, the country should be all the more motivated to use its capabilities to strengthen Europe. But while the discourse in Germany on resource-sharing has begun to shift, concrete changes will take time.

Europe's unwillingness to nurture and deploy its clout contrasts sharply with America's assertive use of its market power to advance its interests and preferences. For example, since Trump announced his decision to withdraw from the 2015 Joint Comprehensive Plan of Action (JCPOA) – better known as the Iran nuclear deal – and reinstate sanctions on Iran, many European companies, fearing loss of access to the US market, have decided to withdraw from the country.

Rather than waiting for someone else to push back against the Trump administration's demolition of multilateral structures, Europe must take the initiative, imagining a system without the US.

To convince European companies to remain in Iran, the European Commission updated the 1996 Blocking Regulation, which forbids actors under EU jurisdiction from complying with extraterritorial sanctions, allows companies to recover damages from such sanctions, and nullifies the effect in the EU of any foreign court's judgment based on them. But the update has proved ineffective, as exemplified by the situation faced by the Society for Worldwide Interbank Financial Telecommunication (SWIFT), the secure messaging system used for global cross-border financial transactions.

As Iran learned in 2012, losing access to the SWIFT network essentially means losing access to the international financial system. Yet that is exactly what the US is pushing for: if SWIFT fails to cut off Iran by early November, it will face countermeasures. SWIFT's compliance with that

demand, however, would all but destroy any remaining incentive for Iran to remain in the JCPOA. This would amount to a major political failure for Europe, because SWIFT is under EU jurisdiction.

The lack of European initiative

Europe has shown a self-defeating lack of confidence in the euro as well. Although the euro is the world's second most important currency, it lags behind the dollar on almost all metrics, increasing the EU's vulnerability to US trade sanctions.

The second weakness the EU needs to address is risk awareness. For example, China needs access to Europe's industrial technology to realise its economic ambitions, and it needs access to European ports to complete its Belt and Road Initiative. Yet Europe is allowing itself to be effectively plundered, not least by China's takeover of ports and airport facilities. The EU-China relationship must be made more reciprocal, with the EU – and, in particular, the Southern and Eastern European countries that have welcomed Chinese investments with open arms – recognising the security risks posed by China's activities.

For that to happen, however, Europe will need a more united approach to Russia, which, despite posing less of a threat to the EU than China does, is keen to highlight – and exacerbate – internal division. How can one blame Greece for selling ports to the Chinese, while Germany pursues the Nord Stream 2 pipeline project, which will increase Europe's energy dependency on Russia?

All of this is complicated by escalating tensions between Europe and the United States, which, among other things, is spoiling cooperation to contain China. This is where the capacity for action comes in. Rather than waiting for someone else to push back against the Trump administration's demolition of multilateral structures, Europe must take the initiative, imagining a system without the US.

This means not only ensuring that the international trade regime can survive without the US, but also developing a military capability that can increase the EU's geopolitical credibility and shift the global balance of power. Here, French President Emmanuel Macron's initiative to create a European military force beyond NATO is essential. Its success will hinge on a united, cooperative approach that potentially even includes the United Kingdom. The challenge is obvious. But the payoff – for the EU and the world – would be well worth the effort.

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