



## The European Union – global risks, local side effects

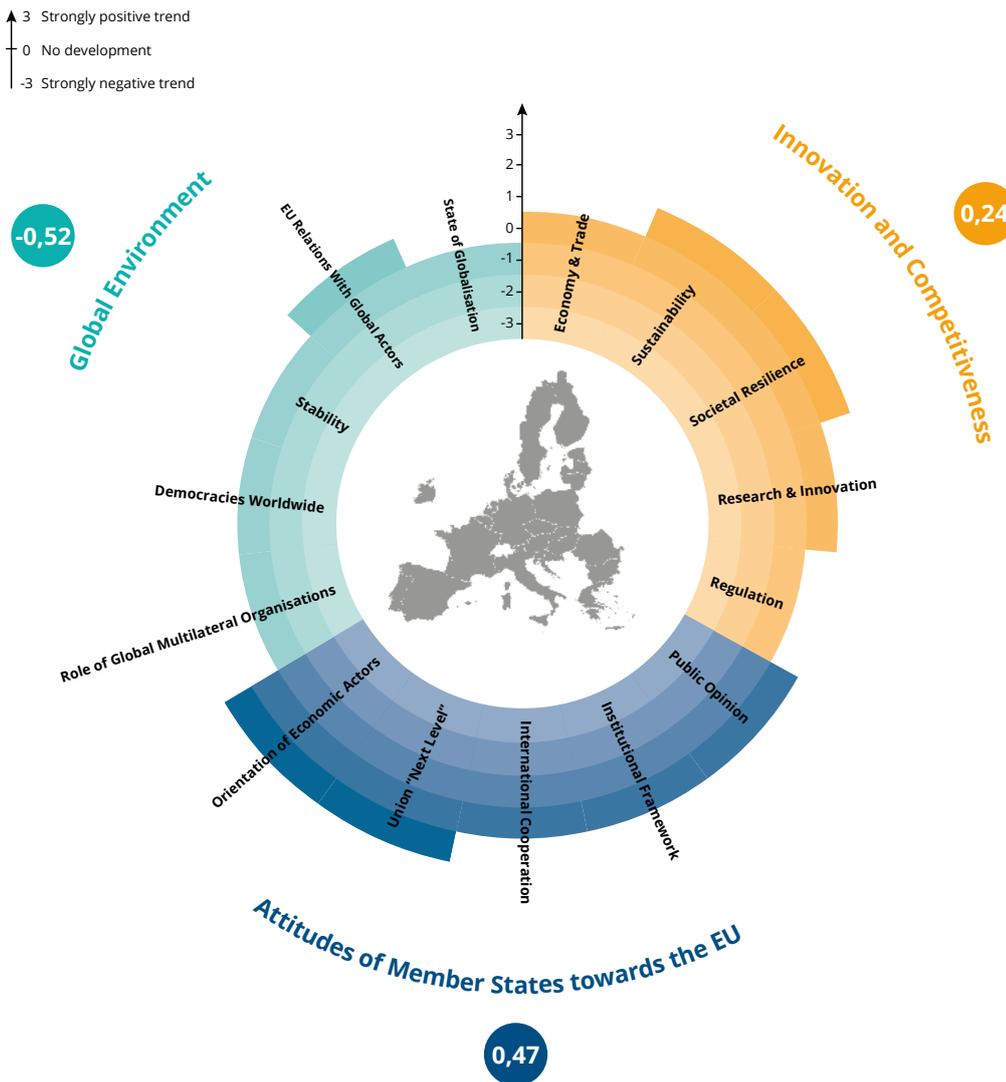
### Results of the Panorama Analysis 2024

*Tim Peter, Toni Michel*

- ▶ The results of this year's Panorama Analysis, which monitors developments in 2023 compared with 2022, show that the European Union (EU) is needed on all fronts, but is becoming increasingly entangled in blockades.
- ▶ To become a strong global political player, the days of national vetoes against important initiatives must end. The Weimar Triangle should work towards this with determination.
- ▶ The existing global order is crumbling, while the climate, wars and conflicts and their consequences are presenting the world and Europe with immense and increasingly multi-layered problems of local to global significance.
- ▶ The EU should respond to these challenges with differentiated and subsidiary approaches according to the formula "Big on big things, small on small things".
- ▶ The EU is proving to be socially resilient and can therefore venture a "real" transformation in order to overcome its economic stagnation.

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The Panorama Analysis of the Konrad-Adenauer-Stiftung is a multi-thematic year-on-year assessment of the development of the European Union (EU) and its global environment. It comprises three dimensions: (i) Innovation and Competitiveness, (ii) Attitudes of Member States towards the EU, (iii) the Global Environment. These are each based on five indicators, which in turn are based on several criteria per indicator. The main results of the Panorama Analysis 2024 are presented below.

## Economic stagnation, but stability

A year-on-year comparison shows three different developments for the EU in the Innovation and Competitiveness dimension, which can be summarized as stagnation, stability and self-inflicted setbacks.

Progress in the Economy & Trade and Research & Innovation indicators stagnated compared to the previous year. For example, the growth rate of inflation-adjusted economic output for the EU in 2023 amounted to just 0.4 percent. In international university rankings and venture capital investments, the EU continues to lag far behind competitors such as the USA. Yet a competitive education and research landscape should form the basis for the EU's future prosperity.

In contrast, the EU is proving to be socially resilient and has made progress in the area of sustainability. Inflation has fallen significantly, the unemployment rate is consistently low and income distribution remains stable. In addition, the expansion of renewable energies continues to progress in a generally good financing environment for clean tech.

Socially resilient  
and progress in  
sustainability

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As already shown in last year's Panorama Analysis, the regulatory environment in the EU continued to deteriorate in 2023. In particular, the degree of economic freedom in the EU has continued to decline, with interventions in the European Single Market remaining at a high level since the Coronavirus pandemic and the energy price shock.

## Europe – popular, but increasingly blocked

There are clear positive and negative swings in the attitudes of member states towards the EU. Satisfaction among the population continues to rise significantly – the number of citizens who are convinced of the benefits of the EU for their country even reaches a high of 72%. This shows that Europe is increasingly appreciated, especially in times of global crises.

In addition, the number of formal infringement procedures is falling sharply, which strengthens overall legal cohesion. There has also been an improvement in the area of sustainable fiscal policy and intra-European mobility – the European Union and its member states are clearly recovering from the previous years of crisis.

These positive impressions are tempered by a look into the engine room of the EU's domestic and foreign policy decision-making: major difficulties in international advocacy for support of the Ukrainian defense effort, a cacophony of member states' positions in relation to the Middle East conflict and the ongoing problems in establishing and expanding a powerful European defense industry since 2022 mean that the EU does not appear to be a geopolitically unified and powerful actor. It remains plagued by the behavior of veto players in both its external and internal actions – the instrument of blockade is obviously recognized as effective and used accordingly.

The EU is plagued by  
veto players.

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## Stormy seas in the global environment

Despite individual positive developments such as the globally decreasing number of countries acutely threatened by terrorism, the Global Environment dimension is characterized by a significant negative trend. The number of victims of wars and conflicts is once again increasing significantly, forcing more people to flee their homes. At around 275,000, the number of irregular arrivals to the EU in 2023 reached a new high since 2016 with around 374,000.

Authoritarian states  
are increasingly  
forming alliances.

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Authoritarian states are resolutely working on alliances to assert their interests. This can be observed both in the form of ad hoc cooperation, such as between Russia, Iran and North Korea in the context of the war of aggression against Ukraine, and in the growing momentum of authoritarian formations such as the Organization of Turkic States and the Shanghai Cooperation Organization. However, the BRICS, which are particularly popular in Russia's discourse, are stagnating. Interestingly, these constellations are not yet visible in the work of international organizations but can be expected in the coming years. The United Nations (UN) system is stagnating. The UN Security Council in particular is increasingly unable to prevent vetoes. With only 50 resolutions adopted, its number is lower than it has been for ten years.

Transatlantic relations and the EU's relationship with China have been improving slightly overall, but the medium-term trends of a structural shift in US core interests away from Europe and the further militarization of Chinese foreign policy lead to the conclusion that this is a snapshot rather than the beginning of a sustainable development.

Against this backdrop, the global implementation of important international treaties continues to suffer: the Paris Climate Agreement is making little progress and the goals of the 2030 Agenda will not be implemented by the end of the decade. The increasing and overlapping crises are affecting poorer countries in particular and are preventing both adaptation to the consequences of climate and conflict and investment in the future. In the meantime, globalization is also faltering, as evidenced by stagnating ton-miles in container shipping, for example. In short, the existing global order is increasingly being called into question.

## Recommendations for Germany and the EU

In order to overcome its economic stagnation, the EU should venture a "real" transformation. The social stability with a shortage of skilled workers and low unemployment offers a suitable time for this. Instead of preserving old structures, the framework for new business models should be created. Investments in a flourishing education and research landscape are particularly crucial for this.

In terms of foreign policy, the window of opportunity is closing to make the EU a genuine global political player. Ambitious initiatives should be launched with the necessary political weight, particularly in the format of the Weimar Triangle of Germany, France and Poland, in order to strengthen the EU's ability to act. In addition, the EU and its member states should invest in civil societies, democratic actors and partnerships in order to counter the growth of authoritarian systems.

Ambitious initiatives  
to strengthen the EU's  
ability to act

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In view of the global environment, the following should guide the EU: *Big on big things, small on small things*. The increasing differentiation of global, regional and local challenges requires decisive joint action on fundamental issues on the one hand, and more subsidiarity for tailor-made answers and legitimacy on the other.

## Method

With the Panorama Analysis, the Konrad-Adenauer-Stiftung aims to provide an annual multi-thematic assessment of the EU and its environment. To this end, external and internal experts from various sectors identified three areas (dimensions) that are of particular importance to the EU: (i) Innovation and Competitiveness, (ii) Attitudes of Member States towards the EU, (iii) the Global Environment. These dimensions were analyzed using qualitative and quantitative indicators based on international rankings and indices, assessments by experts from the Konrad-Adenauer-Stiftung and reports and data from international organizations and think tanks. The year-on-year change in the respective indicator or dimension is measured on a scale of -3 to +3.

## Imprint

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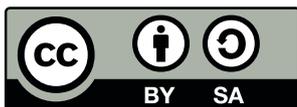
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