

EUROPE AS A CENTRAL POWER:

Leading the Like-Minded, Building
Partnerships Worldwide

DANIEL **GROS**, NATHALIE **TOCCI**

IEP@BU Policy Brief
n.63

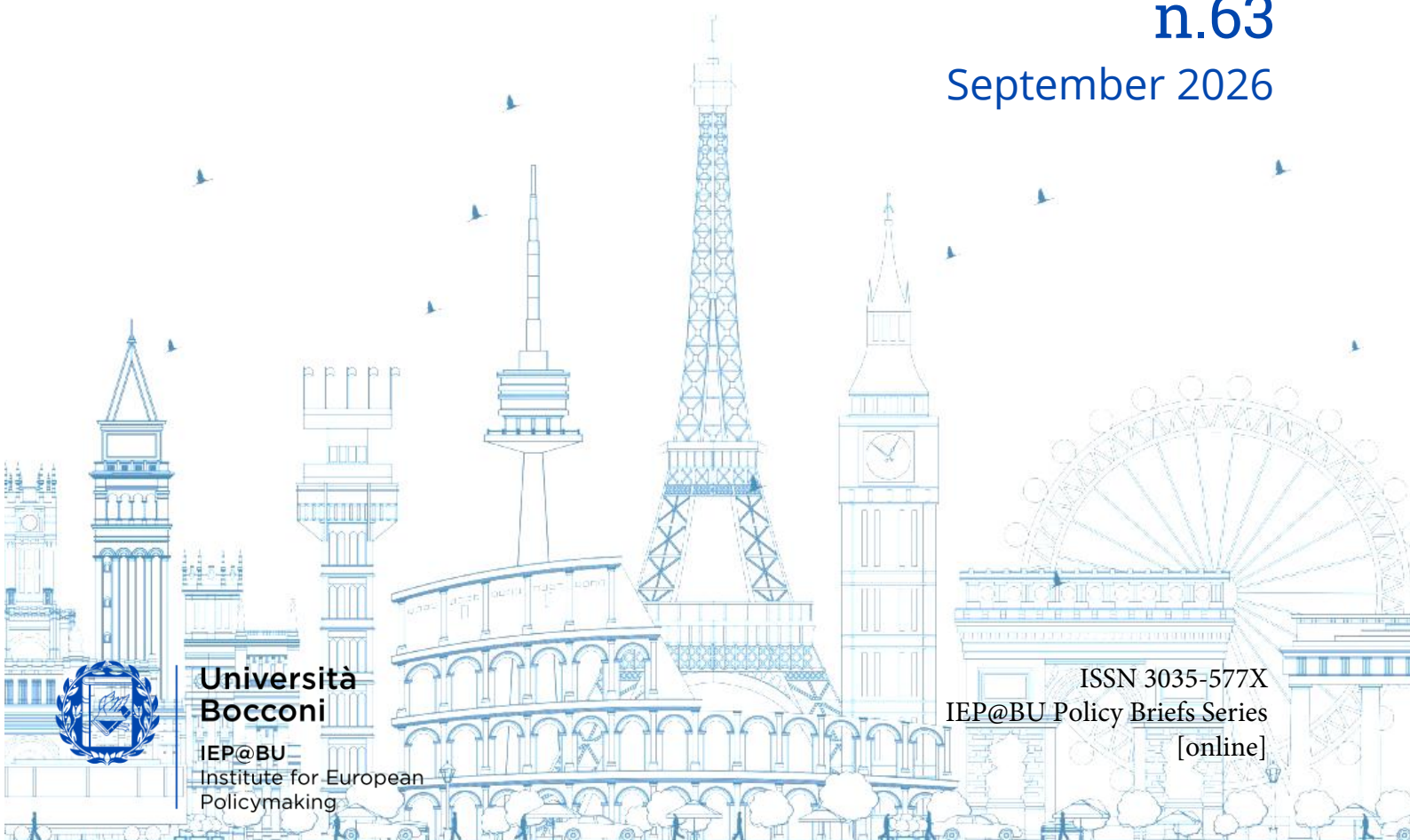
September 2026



**Università
Bocconi**

IEP@BU
Institute for European
Policymaking

ISSN 3035-577X
IEP@BU Policy Briefs Series
[online]



Amidst growing great power rivalries and imperial designs, a vibrant debate about the role and responsibilities of middle powers has emerged. The middle power debate has undergone a radical shift, tracking the convulsions of international relations, which often revolve around great power dynamics of cooperation and conflict.

It began as a discussion about the budding role of the Global South, amidst the growing confrontation between the Global West and the Global East. Canadian Prime Minister Mark Carney, at the Davos 2026 conference, then reframed the middle power mission as a quest to save and re-imagine a rules-based international order. Europe sits uneasily in this debate, seeing itself as too small if divided and too large if united, and unsure whether, how, and to what extent it should shed its traditional understanding as a principled global player and endorse the cruder transactional turn in international relations. In this brief, we map the evolution of the middle power debate in time and space, pointing to its contradictions. We then turn to Europe: it is precisely in the reconciliation of these middle power contradictions that Europe can carve out its global role.

The EU is uniquely positioned to avoid the middle power versus big power game. It should not aspire to become a big power, but rather a central one, i.e. a power that is central to bringing some order and some restraining rules in the present environment where the two superpowers consider everybody else to be part of their empires.

The Genesis of the Middle Power Debate

The middle power debate emerged in a specific context. Global rivalries were rising, in particular between the United States and China, and that rivalry came to the fore during the first Trump administration. Europe was disoriented. It began its slow strategic awakening regarding China, no longer viewing Beijing's economic statecraft through naively benevolent eyes. But it remained wed to the free-market ethos that had guided it for decades, and watched the first Trump administration reach a phase one trade deal with China, fearing being left behind. Against this backdrop, in 2020 the EU, under Germany's rotating presidency of the Council, made its last push to finalize the Comprehensive Agreement on Investment with China, after 35 rounds of negotiation starting in 2013. It was one of Chancellor Angela Merkel's last acts, a duly symbolic one for a leader who had embodied the European creed of peace through trade.

No sooner had Donald Trump lost the 2020 election to Joe Biden than the US-China rivalry was recast through a normative lens. Under the Biden administration, the strategic rivalry with China was no longer framed in transactional terms and reduced to purely sectoral disputes, be it over tariffs, 5G, maritime security, cyber, or arms control. These tensions and disagreements, and the economic competition underpinning them, were grouped together



under a common ideational umbrella: a conflict between political systems and ideologies.¹ The political-ideological framing of the US-China rivalry did not exclude other power centers, of which the EU and Russia were two. However, while claiming their autonomous "right to choose," these were drawn to one side or the other because of the political values they stood for. Some were quick to warn against this depiction of a democratic Global West confronting an authoritarian Global East, pointing to the risks of painting a black-and-white either/or caricature of the world.² But warnings aside, the Zeitgeist of the time was "democracy versus autocracy."

This framing solidified two years later, when Russia launched its large-scale invasion of Ukraine. The war in Ukraine brought North America and Europe closer than ever before, as they joined forces in the defence of democratic Ukraine against authoritarian Russia. This war led to the erasure of grey zones in Europe, as NATO expanded to include Finland and Sweden, and the EU revived its accession process in the Western Balkans and accepted Ukraine, Moldova and Georgia as candidate countries.³ Europeans and Americans believed that by doing so they were protecting democracies from the expansionist ambitions of autocracies. This was never the full picture, as the rise of far-right extremism and populism in Europe signaled that the main vulnerabilities in the Global West came from within. The border separating democracies and autocracies is far fuzzier than what many hoped and portrayed, with plenty of hybrid systems in between.⁴ But precisely because of this ontological fear, Western countries comforted themselves with the narrative of a liberal international order that liberal democratic Western countries and their like-minded partners set out to defend.

In the Global East, China has formally denied siding with Russia, affirming its neutrality in the Ukraine war. And on the crucial question of the use of tactical nuclear weapons, it has reportedly put some brakes on Moscow's nuclear saber-rattling.⁵ However, while heavily tilted in China's favour, the friendship between Vladimir Putin's Russia and Xi Jinping's China has strengthened, with China not just buying Russian oil but also exporting dual-use technologies essential for Moscow's war effort.⁶ And in East Asia, Beijing, which has always pressed for

¹ Brands, Hal (2021) 'The emerging Biden doctrine', *Foreign Affairs*, 21 June, <https://www.foreignaffairs.com/articles/united-states/2021-06-29/emerging-biden-doctrine>

² Krastev, Ivan (2021) 'Biden can't decide what counts as a democracy', *New York Times*, 12 May

³ Nathalie Tocci (2024) 'The EU must soon open its doors to new members – its survival depends on it', *The Guardian*, 24 September, <https://www.theguardian.com/commentisfree/article/2024/sep/11/eu-new-members-viktor-orban-western-balkans>

⁴ Ivan Krastev (2026) 'On Why Even Dictators Can't Escape Democracy', in in Yascha Mounk, *The Good Fight Podcast*, 14 April.

⁵ Veronika Melkozerova (2026) 'Zelenskyy: China urged Putin not to use nuclear weapons in Ukraine', *Politico Europe*, 10 July, <https://www.politico.eu/article/volodymyr-zelenskyy-china-urged-vladimir-putin-not-use-nuclear-weapons-in-ukraine/>

⁶ Alexander Gabuev (2025) 'With Putin in Charge, Russia's Vassalage to China Will Only Deepen', *Commentary*, Carnegie Russia Eurasia Center, 8 September, <https://carnegieendowment.org/russia-eurasia/politika/2025/09/russia-china->



reunification with Taiwan, now does not rule out that this could happen by force. When Xi bid farewell to Putin after a summit in 2023, foretelling changes they were driving together "the likes of which we haven't seen for 100 years," in the eyes of many Western onlookers, a threatening authoritarian Global East revealed its true colours.⁷ A conflict between the Global West and the Global East thus consolidated, militarily fought by Russia in Ukraine, while economically and technologically revolving around China, from which the US invoked decoupling, and Europeans softened the language and called for de-risking instead.

Amidst this growing confrontation between the Global East and West, much of the Global South has refused to align with one grouping. These countries are willing to take a stance, for instance in UN General Assembly voting. They take principled positions when this fits their worldview, such as condemning Israel's violations of international law, but have also taken uncomfortable positions like denouncing Russia's war of aggression against Ukraine. In this respect, many countries in Africa, Asia, and Latin America are not as guilty as some countries in the West of hypocrisy. However, they have fallen short of consistent action, be it sanctions or the recourse to international tribunals, when the target in question is a friend or partner like Russia. In this respect, countries in the Global South have fallen into the same double-standards trap they rightly criticize the Global West for. They too tend to act on the mistaken assumption that crimes are committed by adversaries, not by friends.

Within the vast universe of the Global South, a subset of countries stands out. What became known as the middle powers, or the "power South," includes countries like India, Brazil, South Africa, Saudi Arabia, Indonesia, Turkey, the UAE and Qatar.⁸ These countries have not limited themselves to refusing to act against the violations perpetrated by powers in the Global East and West. Unlike the "poor South," they do not simply want to keep out of great power wranglings. The middle powers of the Power South have gone much further, actively leveraging their non-aligned status and elevating what has become known as multi-alignment as a foreign policy doctrine.⁹

The middle powers of the Global South claim that their multi-alignment has enabled them to cultivate close ties with all, and this has enabled them to lead mediation efforts.¹⁰ Hence, talks between Russia and Ukraine have been hosted in Turkey and Saudi Arabia; Pakistan has been

meeting-results

⁷ 'China's Xi tells Putin of 'changes not seen for 100 years'', *al Jazeera*, 22 March 2023, <https://www.aljazeera.com/news/2023/3/22/xi-tells-putin-of-changes-not-seen-for-100>

⁸ Amitav Avharya (2026) *The Once and Future World Order: Why Global Civilization Will Survive the Decline of the West*, Quercus Publishing Plc.

⁹ Koerber Stiftung (2025) *Bandung at 70*, <https://koerber-stiftung.de/site/assets/files/52434/koerber-70yearssincebandung.pdf>;

¹⁰ Galip Dalay, Faisal Devji and Nathalie Tocci (2025) 'Bring Back the Spirit of Bandung', 25 June, *Foreign Policy*, <https://foreignpolicy.com/2025/07/11/brics-middle-powers-bandung-global-order/>



instrumental in negotiations between the US and Iran; and Qatar has elevated itself as a mediation powerhouse in conflicts across Asia, Africa, Europe and Latin America too.

There is a darker side too, not only because these freelance mediation efforts have often failed to deliver durable results and may be indirectly undermining formal multilateral bodies starting with the United Nations. And not even only because most of these middle powers are either outright authoritarian countries or, more often, hybrid regimes that straddle the porous democracy-autocracy divide. Most disturbingly, it is because a dominant feature of the multi-aligned power South is growing nationalism, cynicism and transactionalism in foreign affairs. Narendra Modi's India has been most explicit in this respect. As Indian foreign minister S. Jaishankar put it, India pursues multi-alignment because it is aligned only to its national interest.¹¹ Underpinning multi-alignment is a sense of middle power opportunism: A cynical world in which everyone overtly just looks out for itself, rejecting the notion of acting for anything or anyone greater than themselves.

The Middle Power Mission to Save the Rules-Based International Order from predatory great powers

Then came the reelection of Donald Trump in the United States and the start of an administration with a radically different view of the world. MAGA 2.0 morphed from just a crude pursuit of transactional deals into a broader legitimization of empire. The great powers began oscillating between enduring competition and an incipient, and in some ways even more worrying, imperial collusion. Both Russia and the US are determined to recreate their respective spheres of influence – the former in Eastern Europe, the latter in the so-called Western Hemisphere, as articulated in the 2025 US National Security Strategy. With China added to the mix, there may come a time when such imperial ambitions collide, whether in Eastern Europe, the Arctic, or the Asia-Pacific. For now, however, there appears to be greater willingness in Washington, Moscow, and Beijing to concentrate their efforts on securing their respective spheres of influence rather than confronting one another. Whether in competition or collusion, this world of aspiring empires is one which sees much of the rest of the world – big and small, poor and powerful – squarely on the colonial menu. It is a world in which great powers openly embrace the law of the jungle: The lions at the top of the food chain may eventually turn on one another, but for now they are busy devouring those below.¹²

¹¹ Suhasini Haidar (2025) 'India's interests are best secured by strategic autonomy: Jaishankar at JNU', *The Hindu*, 6 October, <https://www.thehindu.com/news/national/indias-interests-are-best-secured-by-strategic-autonomy-jaishankar-at-jnu/article70132525.ece>

¹² Nathalie Tocci (2026) 'Pragmatic Failure', *The Ideas Letter*, 25 June, <https://www.theideasletter.org/essay/pragmatic->



All of a sudden, being not only a small power but a middle one too became a dangerous proposition. It is against this backdrop that, in a celebrated speech at Davos earlier this year, Canada's Prime Minister Carney aptly characterized the state of global relations as a rupture, and set forth a radically different vision and mission for the middle powers in a dangerously Hobbesian world.¹³ It is in the interest of the middle powers – understood as influential players in the international system which, however, lack the ability to unilaterally assert their will in the world – to join ranks and work together in mini-, multi- and pluri-lateral arrangements and institutions. They would do so not simply to reaffirm the old order which had long become a fiction, even though there are features of that order that ought to be saved. Based on a realistic – but not realist – view of the world, the middle powers would lead the way collectively to reaffirm, reform, revamp and reimagine the norms guiding international society.

And so the middle powers became both the multi-aligned opportunists that extract gain amidst the rubble of a liberal international order, and the key to reasserting order in a fractured world. Both stories have elements of truth, while being in tension with each other. Europe has struggled with both iterations of the middle power debate. Learning to navigate its contradictions could help chart its way in the world.

Europe and the Uncomfortable Middle Power Debate

Europeans have sat uneasily in the middle power debate. Some European countries have embraced the concept, elevating themselves into the group. France and the United Kingdom, with their seats in the UN Security Council, fall into this category, as well as Germany, for long Europe's reluctant leader, which has become more at ease with assuming growing responsibilities, notably in areas like defence. Right behind there is Italy too, with its seat in both the G7 and the G20, alongside the above countries. And yet deep down all recognize the fundamental truth in the words of Paul-Henri Spaak, one of Europe's founding fathers, well over half a century ago: there are only two kinds of states in Europe – small states, and small states that have not yet realized they are small. In a Europe of nation states acting disjointly, if not being outright divided, no country, including the largest, makes it into the ranks of the middle, let alone the great powers.

At the same time, Euro-enthusiasts are quick to point out that if Europe is united, as indeed it

failure/

¹³ Davos 2026: Special address by Mark Carney, Prime Minister of Canada, 20 January, 2026 <https://www.weforum.org/stories/forum-institutional/davos-2026-special-address-by-mark-carney-prime-minister-of-canada/>



is in critical areas of the economy, development and trade, it represents a great, and not just a middle, power.¹⁴ The basis for this view is that in economic terms the European Union is in a similar league (albeit somewhat smaller) to the US or China. Moreover, the EU is several times larger than the next economy, be it the UK, Japan or even India. The EU therefore does not want to be considered a middle power, but a big power (at least in geoeconomic terms). It is aware that to stop being lamented as an economic giant and a political dwarf, it must be able to defend itself against an encroaching Russia, and become less vulnerable to and dependent on others, including both rivals like China and presumed allies like the US. And it knows that to do so it must deepen its integration in areas like finance, energy and defence, streamline its decision-making by extending qualified majority voting, and enlarge to new members in the Balkans and Eastern Europe. All easier said than done: even the most optimistic amongst the Europhiles, like us, recognize that there is still a long way to go.

However, even in its present state of incomplete integration, the EU does already possess considerable levers of power, albeit mainly in the economic field, like trade, FDI and regulation of tech companies. These levers have acquired new importance in a world in which the great powers use economic coercion as a sort of Swiss Army knife to bulldoze the smaller/middle powers everywhere. Moreover, the industrial and technological **ingenuity** of Ukraine is transforming EU soft power through financial support into very hard power that has stymied a supposedly great military power like Russia on the battlefield.

But what makes the middle power debate uncomfortable in Europe is not just size. Trickier still is purpose. The middle powers are both like-minded liberal democracies like Canada, Japan, South Korea and Australia with whom to fight for a rules-based order, but also the fast-and-loose and often undemocratic multi-aligned power South: Where should Europe stand?

At first sight, the answer is a no-brainer. Values should be the decisive criterion.

Unable to define itself through language, ethnicity, culture, or religion, which would have exposed the continent's divisions, post-War and post-Wall Europe identified itself through civic liberal principles revolving around rights, democracy, international law, and multilateralism. There had been an old Europe of nationalism, colonialism, fascism and Soviet communism that had sown death and destruction across the continent and the world. Europe's renaissance would be enshrined in the repudiation of that past, uniting in diversity through European integration, international cooperation, democracy, and the rule of law. The reality was always messier than this rosy picture showed. European policies towards Africa or the Middle East were often accused of double standards. Even so, European documents and

¹⁴ Special Address by President von der Leyen at the World Economic Forum, 20 January, https://ec.europa.eu/commission/presscorner/detail/da/speech_26_150



public pronouncements remained unambiguously anchored – however hypocritically – to the language of liberal norms. Based on this, Europe's positioning is crystal clear, standing with Carney's vision of like-minded middle powers working together to deepen a liberal rules-based multilateral cooperation.

But Europe itself has become increasingly cognizant that the world is far more plural and more diverse. By the mid-2010s, Europe's world – based on rights, integration, and multilateral cooperation – was fraying. Violence erupted on the continent, while war, repression, and state collapse spread across North Africa and the Middle East. Globally, Europe was in relative decline, and its patron, the US, was less able and willing to act as the global policeman. This meant that Europeans could no longer lecture the rest of the world on democracy or easily condition aid and trade on the adoption of European standards. Europe had to concentrate instead on investing in its defence and become less ashamed to explicitly further its interests in the world, ranging from migration management to critical mineral extraction and fossil fuel contracts. Plus, with the rise of nationalist populism in Europe, the most pressing priority became protecting those values at home rather than promoting them abroad.¹⁵

This realization came with an acknowledgment that European foreign policy had to become more pragmatic, intersecting with the transactionalist variant of the middle power debate. Initially this was not interpreted as a call to shed liberal values, but rather to adopt a more realistic, humble, and less Eurocentric view of the world.¹⁶ But principled pragmatism soon gave way to publicly voiced cynicism and the danger of abdicating values altogether.¹⁷ Nowhere is this clearer than in the Middle East today, where a broad majority of European governments have responded with studied ambiguity – a calculated vagueness that conveys cynicism: knowing what international law requires and choosing to look away.¹⁸

Caught in the contradictions of size and purpose, how can Europe chart the way forward?

Europe as Leader of the Like-Minded Middle Powers

If Europe sticks to its founding ideals it should work with the like-minded among the middle

¹⁵ Nathalie Tocci (2026) 'Pragmatic Failure', *The Ideas Letter*, 25 June, <https://www.theideasletter.org/essay/pragmatic-failure/>

¹⁶ A Global Strategy for the EU Foreign and Security Policy, June 2016, https://www.eeas.europa.eu/eeas/global-strategy-european-unions-foreign-and-security-policy_en

¹⁷ Speech by President von der Leyen at the EU Ambassadors Conference 2026, 9 March, https://ec.europa.eu/commission/presscorner/detail/da/speech_26_576

¹⁸ Nathalie Tocci (2026) 'Europe's reaction to Trump's war on Iran is a disaster – for Europe itself', *The Guardian*, 16 March, <https://www.theguardian.com/commentisfree/2026/mar/16/europe-reaction-donald-trump-war-iran-legal-iraq>



powers. But how?

The rest of the West is scrambling to regroup, rearm, and reduce its dangerous dependencies. The challenge is massive, materially and psychologically. Europe is on the frontline of this challenge, squeezed by Russia's threat and the US's betrayal. But Canada, Japan, South Korea, Australia, Mexico and others don't fare much better. The involvement of the Canadians, Japanese and Koreans in the coalition of the willing on Ukraine points to the unifying effect that Trump is having on the Rest of the West. Canada's participation in the European Political Community is further evidence of this, as is the ability of France and the UK to rally a 40-country strong coalition in support of the reopening of the Hormuz Strait. And there is no doubt that if Europe and its like-minded partners get their act together, they wouldn't be a pushover. The Rest of the West still includes some of the richest countries in the world.

However, Carney's middle powers do not spontaneously organize themselves as a group. The Prime Minister of Canada and the President of Finland, Alexander Stubb, have recently argued that middle powers should join "ad hoc coalitions that work, issue by issue"¹⁹. But ad hoc groups focused on specific issues unravel and are thus unlikely to create the dense web of connections necessary to constrain the beggar-thy-neighbor attitude spreading in a world without rules. Moreover, leaders of individual middle powers have little incentive to invest political capital in initiating new coalitions when most of the benefits are widely diffused.

Herein lies an opportunity for the EU. It could provide the crystallization point for these middle powers by offering to lead, not as a hegemon, but as a "primus inter pares." There would be no need for a big international agreement or new institutions. Instead, the EU could show through concrete policy choices and a new informal mechanism for cooperation that it recognizes the value of working with like-minded partners.

The list of potential partners is long. The closest ones in Europe are Switzerland, Norway or the UK, but Canada and, further away, Japan, Korea and Australia are also high-income, stable democracies and typically align with the EU on multilateral rule-setting, supply chain resilience, and digital governance.

The combined economic weight of these like-minded middle and small powers is not far from that of the EU alone. The combined GDP of the EU and like-minded countries would be larger than that of the US, and its combined industrial power would be close to that of China.

There would be no need for a formal treaty to get the group going. The starting point could be a summit in Brussels that yields a political declaration on a Compact for Open and Resilient Economies (CORE). One key element of the Compact would be that participating countries

¹⁹ The Economist, July 8, 2026, <https://www.economist.com/by-invitation/2026/07/08/prepare-for-a-world-of-ad-hoc-coalitions>



would pledge to consult each other before taking trade or industrial policy decisions that might have a significant impact on other participants. The EU in particular would promise not only to solicit comments from its partners before important pieces of legislation in these areas, but also to allow others the right to participate (without vote) in some of the many working and expert groups that thrash out the details of proposals for legislative and other EU decisions before they come to a formal vote. The final decisions would be taken following exclusively internal EU procedures.

But partners in CORE would be allowed to participate in the shaping of decisions on trade and industrial policy. Something similar is already foreseen on a much larger scale in agreements with very close neighbours, like Switzerland. The internal legal order can accommodate such an informal and flexible arrangement under Article 217 of the EU Treaty.²⁰ This approach would go beyond the free trade agreements the EU already has with all the potential like-minded partners. These FTAs work as a "hubs and spokes" system, each with its own bilateral committee that mainly deals with difficulties after the EU has taken a decision. These bilateral arrangements would continue to operate as before because each FTA is different. But the CORE framework would constitute an overall umbrella for much wider ex-ante consultations. The slow and deliberative decision-making process of the EU becomes an advantage in this case. Centralized polities like the US or China do not have the many stakeholders and participants that offer close friends a chance to plead their case. Pledges to coordinate and collaborate by a big power are not credible if the most important decisions depend on one person or on one purely domestically focused institution.

Political declarations are useful only if they translate into concrete policies. There are two ways in which the Compact could be made more concrete: escaping the straitjacket of national preferences and providing mutual assistance against economic coercion. Starting with the latter, a concrete element of the CORE Compact could be a pledge for mutual assistance against external economic coercion (economic coercion within the group would of course be proscribed). The EU, being much larger, is the only one to have a meaningful anti-coercion instrument. Article 7 of the EU anti-coercion instrument (2023 EU Regulation 2675) already foresees the EU "shall enter into consultations or cooperate with any third country affected by the same or similar economic coercion or with any other interested third country."

The CORE Compact could contain similar language to trigger multilateral consultations with the group in case any one of them is subject to economic coercion. This would provide all participants with some degree of protection. Cooperation could mean that the other members

²⁰ For an in-depth discussion of the potential of using Article 217 see the study of the European Parliament on [The meaning of 'association' under EU law- A study on the law and practice of EU association agreements-](#)



of the CORE group pledge to maintain free trade in the case of export controls of a strategic good directed against any one of them.

The CORE Compact should also press for the extension of costly national preferences to the entire group. The Industrial Accelerator Act of the EU intends to give preferential treatment in public procurement to goods "made in Europe" (or rather made in the EU). The justification is that this is what the US and China are doing, and the EU cannot remain the only large economy with an open market because it risks losing its industrial base to predatory competition.

A strategy of relying on "made in the EU" would be very costly. The share of the EU in the global economy and industrial output is only about 15%, and declining. Reshoring entire supply chains will be next to impossible. The CORE approach would provide an alternative, namely, to pursue a strategy of "made with Europe" under which the EU would count inputs coming from CORE participants as equivalent to "European." Given the much larger economic area covered by the CORE group, it would be much more efficient to rely on goods "made with Europe," rather than goods made in the EU. Moreover, a number of potential partners in this group have capabilities that the EU is lacking (raw materials from Canada or Australia, chips from Korea or biotech from Switzerland).

Switching to a "made with Europe" strategy would not only be more cost-effective; it would also earn the goodwill of its partners whose combined markets remain vital for EU exporters.

One can of course argue that supplies from CORE partners would remain less reliable than intra-EU supplies. But the risk of supply interruptions from these like-minded partners should be close to zero, not only because of the geopolitical alignment, but also because these middle powers know that, individually, their leverage at the global level is close to zero. Other participants in the CORE group would of course make a similar pledge, namely that any national preference would be extended to other members of the group.

Apart from these two general trade-related commitments, there are several other policy areas where this CORE group could work together on common projects.

On science, the EU is already quietly becoming a leader in global cooperation. A number of non-EU countries participate in the EU's research program Horizon Europe as associate members in the design of the program and contribute to the budget. On space, the European Space Agency already has four non-EU member states, including Canada. Participation could be opened to other members of the CORE group using the Horizon Europe model. Japan, for example, has key competences in this field, having just completed the first successful test flight of a reusable rocket. Pooling this know-how would make it much easier to close the yawning gap with the US monopoly (so far).

Finally, on AI and open-source software, members of the CORE group would have a common interest in avoiding the dominance of either US or Chinese models. Together they could support the development of open-source solutions, not only in AI, but more generally across the entire stack.



Showing leadership by putting the CORE on the table is not a free lunch. Leadership brings responsibility. One aspect, namely renouncing narrow "national" preferences (and implicitly the ambition to create national champions at the expense of the others), was already mentioned above. Another example comes from trade policy. Many official pronouncements emphasize the value the EU puts on supporting an open global trading system. But recent important decisions go in the opposite direction. The worst example is the new, very restrictive regime for steel that the EU has put in place this July. Under this new regime, the quotas for tariff-free imports will be cut by half, and any imports above the quota will face a prohibitive tariff of 50%.

This sudden protectionism will also hit like-minded trading partners (except Norway), although the EU has a free trade agreement with all of them. Moreover, there was no warning nor any prior consultation. Disregarding the interests of its like-minded partners is also self-defeating. The motivation for the restrictions on steel imports was to isolate EU industry from global overcapacity. With this unilateral action by the EU, retaliation seems inevitable, putting everybody in a prisoner's-dilemma-type situation that will not be conducive to solving the global overcapacity issue.

It is clear that if minded partners and others adopt similar measures EU steel exports will fall. The net effect for the EU steel industry might thus be very limited. Some jobs might be saved in the sectors that substitute for imports. But jobs will be lost by those that produce for the export market. The EU generally imports steel of low quality and exports higher quality varieties. The result will thus be a shift in EU production towards lower quality steel. This will not lead to a more competitive steel industry in future. By contrast, an agreement with like-minded partners would have kept vital export markets for high quality products open. Any agreement within the CORE group would have to be less protectionist, but the net impact on the EU steel industry might actually be more beneficial in the long run.

The purpose of the CORE is to avoid this kind of disruptive unilateral EU action. Consultation needs to start already in the design phase of any protectionist measure, opening the door for joint instead of unilateral action. At the very least, the EU's like-minded partners should be given the opportunity to shape the final decision to minimize its disruptive effects.

Pursuing unilateral protection of EU industries risk starting a negative sum game in which the EU might lose both in economic terms by ending up with a less competitive industry and in political terms by undermining further the rules-based system the EU purports to champion.

The same argument applies to many other areas. The current drive to make de-risk looking only at EU sources of production is likely to weaken the EU economy. A weak EU in splendid isolation constitutes a weaker power base than a strong EU economy that embedded in a strong network of like-minded partners.



Widening the circle: Europe as Partner to the Rest

It would be naïve to imagine that this group could alone have a strong impact on the geo-economic game played by the US and China. And while the CORE Compact should be open to any member that subscribes to its principles and rules, it is highly unlikely to attract members from power South for which other, mostly regional political issues are paramount.

The goal should therefore be that of joining forces on a looser set of rules and commitments with countries in both the poor and the power South that similarly don't want to be pushed around by great powers and see the threat of a world of empires in which the survival of the strongest is the only law of the land. The norms of a future world order they could aspire to and agree on may not be as "thick" and intrusive as those amongst liberal like-minded countries in the CORE Compact, but they would at least cling on to the basics laid out in Article 51 of the UN Charter, including non-aggression, no changing of borders through use of force, no territorial expansion and respect for sovereignty. This global coalition of middle powers would also seek to stand against the growing impunity with which countries trample on international law.

The proverbial Rest, notably countries in the Global South, are absolutely right when they accuse the West of double standards, hypocrisy and large-scale violations of international humanitarian and human rights law which the West either perpetrated or was complicit in. But the scale of human suffering ongoing as the liberal international order is being smashed, from Gaza to Ukraine, Lebanon to Sudan, is incomparable to that of the 1990s and 2000s. The old order is broken, but this is hardly a good reason to have no order at all. It is up to the Rest of the West together with the Rest to pick up the pieces, and to reform and rebuild a new order together.

Beyond a political recommitment to the basic norms of international law, including humanitarian law, a global coalition of middle powers could organize themselves through multiple and overlapping coalitions on specific issues. This is where the Carney-Stubb manifesto mentioned above fits in. As it promotes such coalitions, Europe should not only seek to forge transactional sectoral partnerships in areas like energy, migration and infrastructure, including Global Gateway and the India-Middle East Corridor. Important as these may be, they fall well short of what a reinvigorated global governance should look like.

Europe should rather develop principled partnerships with the middle powers in the Global South – not ones in which its own principles are hypocritically preached or imposed, but in which a shared commitment to international norms is reaffirmed and defended together. A global coalition of middle powers should strive to reaffirm, revise or create new norms that regulate, facilitate and incentivize multilateral cooperation. We can partly glimpse some openings, especially in the area of trade, where a raft of bilateral and plurilateral trade agreements between the EU and middle powers like India, Indonesia, Mexico, Australia, as well as the Latin American countries of Mercosur, have been signed, while talks, mediated by Canada, have begun between the EU and the Asian countries of the Trans-Pacific Partnership



(CPTPP). Similar pushes should be made in areas like climate, environmental protection, health, development and nuclear proliferation, where the risk is not just that new rules and multilateral commitments are not being made, but that existing ones are fraying. And together they should work to revamp the wider multilateral system, heeding the calls of many of the middle powers demanding a greater voice in global governance, and filling the voids left by the US's departure from a raft of international organizations and the dismantling of USAID.

Conclusions

The European Union represents the only power whose economy is similar in size to that of the two superpowers, China and the US. This invites the temptation to use economic levers in a similar manner, unilaterally and without regard for the interests of others.

But this temptation should be resisted. Europe should remember that self-restraint is the road to becoming a central power, not just as it leads the like-minded middle powers but also as it partners with others. Recent events have amply demonstrated the limits of unrestrained hard power. Russia's full-scale invasion of Ukraine and the US attack on Iran have clearly backfired. There is also little evidence that the wanton use of tariffs by the US has achieved much, apart from alienating allies. The EU would do well to remember that this lesson applies itself as well. Using tariffs, quotas and other ways to favour domestic manufacturers at the expense of potential allies and other partners leads to isolation that Europe can afford even less than the US or China given that it has no levers of hard power.

The insight that restraint pays off is not new. During the so-called period of the warring states in China, the Tao school advised that a large power²¹

"Wins over smaller and weaker ones

With respect and appreciation.

Not threatened, smaller countries support and sustain the larger"

The EU is also uniquely placed to exercise global coalition building through strategic restraint because it is a community of rules and law. Without it, the continent would slip back into a Europe of nations, which is precisely what far-right forces in Europe and imperial aspirants in Moscow and Washington would like it to be. If Europe abandons its principles and laws,

²¹ Laozi in Chapter 61 of the Dao De Jing, available at <https://laotzu.xyz/chapter/display?id=61>



rather than working to reassert them alongside other small and middle powers, it will not emerge as a muscular global player but will instead be pulled apart by predatory powers like Russia and the US.

To do so, it should overcome the middle power challenge, forging a differentiated strategy towards it. Provided it stands united – admittedly a big if – Europe can aspire to become a central power, leading like-minded middle powers.

The EU cannot replace the United States as global hegemon. But it can offer something more useful for the present moment: leadership without domination. That means giving like-minded partners a voice before decisions are taken, treating their inputs as part of European resilience, and avoiding unilateral measures that export costs to allies. Such restraint may look like a concession. It is not. In a world of predatory powers, Europe's long-term interest lies in becoming first among equals.

And while it does this, it should partner as one among equals with other small, middle and large powers in the Global South that know, or have now been reminded of, the existential importance of having basic norms, laws and institutions governing the international system. Yes, those norms will not be as thick as those regulating relations between like-minded middle powers, but they will be essential, in fact existential. And while norms will occasionally be violated, including by Europeans, it is way better to affirm rules and create mechanisms to implement them than meekly accept to dispense with them altogether.

