BUSSOLA INSTITUTE: HONORARY ADVISORY BOARD DEBATE

“POST COVID-19 EUROPE: A SHIFT IN STRATEGIC DIRECTION”

1ST JULY 2020

Bussola Institute, Brussels
On Wednesday, 1st July 2020, members of the Honorary Advisory Board (HAB) of the Bussola Institute met via videolink to engage in public debate on the impact of the COVID-19 pandemic and to consider its future implications, particularly in the context of European-Gulf relations.

Universal concern was expressed for the impact of the pandemic, both in terms of its direct consequences for the health and well-being of citizens across the EU and the Gulf, and its economic effects across both regions. While there was broad agreement that responding to the pandemic had presented both regions with a number of challenges, it was also agreed that the pandemic has created new possibilities to accelerate change, and to embrace fresh thinking and innovation.

In the early stages of the pandemic, most European countries had instinctively reverted to the traditional position of pursuing their own national interests by closing borders, competing for medical supplies and focusing intensely on directing national responses to protecting citizens. However, it was also noted that, after some initial hesitancy, EU institutions had responded assertively, particularly with regard to delivering immediate economic support to member states in most urgent need, and in the proposals to create a €750 billion recovery fund, comprising both grants and loans, that will be allocated according to need and will be linked to the next EU budget – the multiannual financial framework. In this regard, the principal concerns now lie with how individual member states respond to the initiative and the urgency of establishing what will amount to a nearly €2 trillion financial instrument.

INITIAL RESPONSES
Strategically, the over-riding concern expressed by HAB members was in relation to the emerging struggle between the United States and China, and where Europe should be positioned between these competing poles of power. Concern was also expressed that the pandemic has served to underline not only the growing competition between Beijing and Washington, but also the decoupling of the long-standing transatlantic ties that have underpinned both European and Gulf security for the past 75 years. In particular, it was suggested that this has resulted in a loss of confidence amongst the Gulf states in their traditional Western allies, resulting in an accelerating shift of geostrategic focus towards Asia generally, and to China in particular.

There was general agreement that the EU should redouble its efforts to develop a geostrategic dimension, so that the wider European neighbourhood, including the Arab Gulf, can be reassured that Europe can be as stable and reliable an ally as China or the US. It was emphasised that Europe's geostrategic posture should be based on its collective economic strength and 'soft power' rather than seeking to compete on military terms. Moreover, the EU should use these elements to become strategically independent from both the US and China.

In this regard, although the recent decision by Germany’s leadership to play a more decisive role was welcomed, it was also pointed out that Germany had to go further, not only in enabling a stronger geopolitical role for the EU, but also in accepting a more decisive leadership role within the Union. As various contributors argued, a perception of a strong outward-looking EU will provide an incentive for other friendly regions, notably the Gulf, to look more favourably towards deepening strategic and economic ties with Europe.

It was further suggested that the COVID-19 pandemic has highlighted the dearth and paucity of international leadership across the world at the present time. Neither the UN, the IMF, the World Bank, the G7 nor the G20 appear to have been able or willing to offer effective leadership at this time of global crisis. Again, it was argued that this represents a moment of opportunity for the EU to show the world the advantages of international cohesion, cooperation and the synergies that emerge when friendly states, small and large, work together to protect and enhance each other’s well-being.
ECONOMIC IMPACT AND UTILISING THE GREEN AGENDA

The immediate economic consequences of the pandemic are self-evident. Not only will early decisions to constrain many areas of economic activity result in significant contractions within the European economy, but they are also likely to have a detrimental impact on future employment. As was pointed out, this new economic crisis will be different from the challenges faced a decade ago, when the economic collapse was due to excess availability of credit and a sudden loss of confidence in the international banking sector.

This time around, the economic impact of COVID-19 should be understood as a crisis of supply and consumption, which threatens to develop into a worldwide depression comparable to that of the 1930s, unless positive action is taken. In this regard, it was argued that the EU has to act decisively and urgently to agree both the proposed recovery plan and new multiannual financial framework (MFF).

At the same time, it was argued that the EU needs to develop a new industrial strategy that is based on Europe’s ‘green agenda’. It was pointed out that the MFF already includes initiatives to expand the development of renewable sources of energy with the ambition of making Europe carbon neutral by the middle of this century. In turn, it was argued that this represents an important opportunity for future EU-Gulf cooperation.

EMPLOYMENT, YOUTH AND EDUCATION

HAB members placed particular emphasis on the impact of the pandemic on the future of employment in Europe – and also in the Gulf. It was agreed that the pandemic seems likely to have an especially negative impact on younger people, both in terms of their education and those in the early stages of their careers.

Particular concern was expressed that many young people might see an apparently slow and uncertain response to the crisis casting further doubt on the effectiveness of the EU itself. This was described as a possible “lost generation” that is fearful of the direct effects of COVID-19 and will be most seriously affected by its indirect consequences.

However, even in this regard, it was argued that the pandemic should be seen as a moment of opportunity to accelerate change, both in terms of how education is delivered and how future employment is structured and protected.

First, it was suggested that educational curricula should heed the lessons of the COVID-19 pandemic, ranging from how education might be physically delivered in the future, to where educational emphasis should be given to nurture the skills and abilities that best develop human potential.

It was also suggested that recovery from the pandemic should be seen as an opportunity to accelerate change: embracing the digital world and the positive developments that are already emerging as part of the so-called ‘4th Industrial Revolution’. To enable this, one HAB member argued that the benefits of recovery funding should be linked to the reform of regulations that have a negative effect on employers’ willingness to expand employment opportunities.
The Bussola Institute should continue its efforts to encourage, facilitate and support EU-GCC engagement with a view to revitalising talks to secure a Free Trade Agreement (FTA).

The Bussola Institute should initiate a programme of research and engagement to develop mutual understanding of the ‘green agenda’ and explore opportunities to develop EU-Gulf initiatives that will be mutually beneficial.

Securing a ceasefire and subsequent peace agreement for Libya remains an objective that is of equal interest to Europe and the Gulf. The Bussola Institute should develop its work on Libya further, better to inform mutual understanding between the two regions.

In the wake of the challenges thrown up by the coronavirus pandemic, the Bussola Institute should work actively to develop a programme, or programmes, to support deeper understanding and greater cooperation between the young people of both the EU and Gulf states.

The pandemic has also highlighted the need to address educational development and reform in both the Gulf and Europe. The Bussola Institute should consider ways to further develop its existing ties with OECD to contribute to this work, based on the Memorandum of Understanding between both organisations. In particular, this work should focus on how the EU and GCC could cooperate to revolutionise the delivery of education, identifying the recent lessons arising from the closure of schools and exploring the feasibility of increased use of distance and blended learning.

The Bussola Institute should initiate a programme to explore private sector development in the Gulf to recommend ways to enhance economic security and protect strategic sectors that are also considered vital to the interests of the EU.

Once again, it appears likely that sub-Saharan Africa will be deeply and adversely affected by the coronavirus pandemic. This underscores shared Gulf and European interests in helping to stabilise and promote economic development. The Bussola Institute should therefore initiate a programme of research to explore and identify opportunities in Africa that could benefit from combining the efforts of the EU and GCC.

Europe and the Gulf have been active in the provision of crucial humanitarian aid and in the pursuit of medical research on vaccines, therapies and treatments during the COVID-19 pandemic. The Bussola Institute should conduct research to highlight the common objectives embodied by both these areas of shared EU-Gulf endeavour, with a view to identifying the synergies that can be gained from greater cooperation between both regions in providing these vital supports.