

# ACADEMIC PREPARATION KIT



**6<sup>th</sup> INTERNATIONAL SESSION OF THE EUROPEAN YOUTH  
PARLIAMENT PROJECT**

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# INTRODUCTION

## ACADEMIC PREPARATION KIT |

Dear Delegates of EUTIN 2025,

This booklet contains your first introduction to the session topics – the topics you will become experts in before and during your time in Eutin. The teams of chairpersons have written these overviews to help you with your research, they have collected and collated a broad subset of the information available and summarised it in such a way that it will help you dive deeper.

All chairpersons have written these overviews with the goal of introducing their topics not just to their own committees, but to the delegates of all committees, so we hope that you will find a moment to read this booklet widely, and we hope that you enjoy the material within it!

Some of the topics that will be discussed at the session are more technical, like the Committee on Industry, Research and Energy. These will give you the opportunity to investigate the available facts and become very well-read in (and opinionated on) topics in which very few people can consider themselves expert.

Some topics deal more with ethical and political issues, like the Committee on Foreign Affairs. These will also require you to research hard facts and information – but will also require you to sit and think about the values that you believe are important.

We hope you enjoy reading this booklet, and we hope you enjoy thinking about the questions that it prompts you to consider. We also hope that you enjoy researching even more broadly, and forming strong, well-informed opinions about your topic and others.

Good luck – and enjoy!

Daniel Johannwille & Philipp Loose  
- Head organisation of EUTIN 2025 -

# AFET - COMMITTEE ON FOREIGN AFFAIRS

The Parliamentary Committee on Foreign Affairs is responsible for overseeing the common foreign, security, and defence policy of the European Union. This includes the common foreign and security policy (CFSP) and the European security and defence policy (ESDP), with the assistance of a subcommittee on security and defence. It also handles relations with other EU institutions and bodies, the United Nations (UNO), and other international organisations and inter-parliamentary assemblies for matters under its responsibility.

The committee is responsible for strengthening political relations with third countries, particularly those in the EU's immediate vicinity, through cooperation and assistance programmes or international agreements such as association and partnership agreements. It oversees the opening, monitoring, and concluding of negotiations regarding the accession of European states to the EU. Additionally, it addresses issues concerning human rights, the protection of minorities, and the promotion of democratic values in third countries. In this context, the committee is assisted by a subcommittee on human rights, and members from other committees and bodies in this field may be invited to attend its meetings.

Furthermore, the committee coordinates the work of joint parliamentary committees, parliamentary cooperation committees, inter-parliamentary delegations, ad hoc delegations, and election observation missions within its remit.

**CHAIRPERSONS: MARTINA DAIANA MAROCCHIO (IT) | RICCARDO SIDERI (IT)**

## RUSSIA

The Russian Federation was already a harsh autocracy before February 24, 2022, where human and freedom rights were severely restricted. With the decision for a renewed attack in Ukraine, Vladimir Putin has strengthened his dictatorial control over the country.

Russia is suppressing every type of free demonstration against the regime or in favor of democracy, LGBTQIA+ rights and all the other themes disliked by the rulers.

The situation has been getting worse in the last years, especially with the murder in jail of the political opposer Alexei Navalny who was the main member of the opposition since 2015 and the strongest voice against the war. It has also been forbidden to protest against the war or in favour of Ukraine, in clear violation of Articles 11 and 12 of the EU Charter of Fundamental Rights.

The Medias are completely controlled by the Russian Government that has suppressed all independent and free medias and prosecuted the journalists, only a few online newspapers



are resisting in exile in the Baltic countries.

Moreover, the Federation has been lying for years to his public opinion and to the other countries of the world, as proved many times by independent reports.

The attempts of controlling every aspect of communication in the society involved also the biggest fine of world's history against Google because it removed some fake news propaganda channels and the creation of a Russian Wikipedia that regularly lies on all the historical or political facts that are relevant for the Russian society.

The internal political situation is strongly connected to the Russian invasion of Ukraine, and Vladimir Putin is in need of a victory in Ukraine considering the opposition of a large part of the Russian society to the war, and considering the disaster of Ukrainian conquest of Kursk, over 1000 km<sup>2</sup> that Russia is not being able to reconquer on itself, needing the help of North-Korean soldiers.

Moreover, Putin has been recently re-elected, but with many doubts about the legitimacy of the voting procedure: first of all he modified the Constitution to have the possibility of ruling until 2036, then he did not admitted the majority of international electoral observers in the 2024, in which he won with 88% of the votes, but with at least 22 million votes that were falsified, basing on statistical studies.

One of Putin's core beliefs is that Ukraine, despite being a sovereign state, rightfully belongs to the Russian Federation. This conviction led him to launch an attack on Ukraine in 2022 with the aim of annexation. Russia's war of aggression has been accompanied by increasing repression of dissent within the country. Peaceful anti-war protests were often violently suppressed, and those who openly opposed the war faced the risk of criminal prosecution.

Torture and other forms of mistreatment remain widespread in detention facilities, violating Article 4 of the EU Charter of Fundamental Rights. Reports of abductions and enforced disappearances persist in Chechnya. Fair trial standards are frequently disregarded, undermining Article 47. Conscientious objectors are denied the right to perform alternative civilian service. New legislation has further stigmatized and discriminated against lesbian, gay, bisexual, transgender, intersex, and asexual (LGBTIA+) individuals, in violation of Article 21.

Human rights activists report that, over the past four years, the Russian government has significantly expanded its repressive measures. More than 30 new laws or amendments have been introduced to restrict civil liberties. The law on freedom of assembly has been tightened to the point of criminal liability. In December 2015, Ildar Dadin was sentenced to three years in prison for participating in several unauthorized demonstrations. Similarly, the

right to privacy has been largely eroded: between 2007 and 2015, official data shows that courts reviewed 4,659,325 requests for state surveillance measures, with 97% of them being approved.

The right of operating for international organizations or internationally funded organisations is strongly limited by the “Law on foreign agents” that criminalises a foreign contribute of more than 20%. From 2023 are also in act stricter rules about social media, with the risk of imprisonment just for sharing or liking “extremist contents”, definition including also the majority of opposition parties nowadays. . Framing the picture is a new law that has been put into effect in 2023 that prohibits foreign companies to calculate the rate for Russian television programs “with the goal of saving national interests”.

The list of human rights violations is longer than what stated before, for instance:

### **Arbitrary detentions**

- ▶ Aleksei Gorinov, member of one of the City Councils of Moscow, arrested for opposing the war in a meeting of the City Council. The Head of the City Council has been accused of the same crime, and is safe only because she was able to immediately leave the Country. Amnesty International calls for his immediate release.

▶

### **Systematic torture of detainees by the police**

- ▶ It has been proved by the UN independent rapporteur Mariana Katzarova that many violations occur while imprisoned in Russia; for example after a Terrorist attack in March members of the Tajik minority “who haven't been tried yet and haven't been found guilty” were tortured through electric shocks and mutilation. Tortures were also used against members of the LGBTQIA+ community who had been asked, moreover, to take part in the war as soldiers in order to avoid detention.

### **Extrajudicial executions**

- ▶ Russian military forces have extrajudicially executed civilians in Ukraine in apparent war crimes, Amnesty International said today as it published new testimony following on-the-ground research.

### **Neglect and cruelty in orphanages**

- ▶ Nearly 30 percent of all children with disabilities in Russia live in state orphanages, where they may experience violence and neglect, Human Rights Watch said in a report released

today. Russia should end human rights abuses against children with disabilities living in state care and support them in living with their families or in other family settings instead of state institutions. In addition, Russia is well known for separating Ukrainian and ethnic minorities children from their families.

### **Women's rights: Domestic violence in Russia or violence against women**

- ▶ In Russia many jobs are not allowed for women, for example Bus Driver or Mechanic, and the majority of sexual abuses are not criminalised or even normalised, furthermore, also in the Russian Army there is no equity between men and women and have been reported cases of sexism.

## USA

Since Donald Trump's return to the White House, the transatlantic relationship between the US and the EU has experienced substantial changes. Although historically marked by close military, political, and economic cooperation, changes in trade policy, security pledges, and diplomatic interactions have caused tensions to rise. A more muscular European Union and the return of Trump's "America First" policy have sparked new discussions about defense expenditure, trade tariffs, and regulatory alignments. Examining trade policies, economic ramifications, diplomatic tactics, and security concerns that have shaped the current dynamics, this article examines the major shifts in the transatlantic relationship.

### **Trade and Economic Relations**

One of the most contentious aspects of U.S.-EU relations during Trump's presidency is trade. Trump's administration has brought back protectionist tendencies with threats to raise tariffs on EU goods, including automobiles, steel, and agricultural products. Threats to levy a 25% tariff on European automobile imports are particularly chilling, given the fact that the EU has long benefited from low 2.5% car imports into America. This has prompted European leaders to engage in negotiations of possible tariff reductions to avoid an all-out trade war.

Furthermore, the Trump administration imposed new tariffs on European steel and aluminum on the basis of unfair trade and threats to national security. The EU responded with a plan for countermeasures such as restraint in steel imports and retaliatory tariffs on U.S. imports like whiskey, motorcycles, and dairy. This back-and-forth titling brings to mind

Trump's first-term trade wars, generating transatlantic markets unease and urging business to re-examine its investment plans.

In addition to tariffs, regulatory divergence between the EU and the U.S. is growing. The European Union has hardened its digital policies, such as data privacy and taxation of U.S. technology giants like Google, Amazon, and Meta. Trump's administration has criticized these policies as discriminatory against American companies, heightening tensions over digital trade rules. The specter of U.S. retaliation, such as additional taxes on European companies in the U.S., looms over talks.

### **Diplomatic and Political Implications**

EU-U.S. diplomatic relations have changed as Europe seeks to become more autonomous in global affairs. Trump's skepticism of multilateral institutions and his preference for bilateral agreements have pushed the EU's approach to international cooperation to its limits. The divide is strongest in climate policy, where Trump's withdrawal from global climate agreements has been decried by European leaders.

Furthermore, the Biden-era effort to refurbish transatlantic confidence by way of NATO and collective policies has been significantly undermined. Trump's insistence that European allies be requested to increase their financial contributions to NATO and his reluctance to provide unconditional defense commitments have resurrected fears that America's defense guarantees are not credible. European leaders, particularly from France and Germany, have called for more integrated EU defense initiatives to reduce dependence on U.S. military support.

The EU, in turn, is accelerating plans to develop standalone security frameworks, like the European Defense Fund and Permanent Structured Cooperation (PESCO). While these were already ongoing before Trump's return, his moves have spurred European nations even more to make investments in stand-alone security capacity that reduces their reliance on the U.S. for protection.

### **Energy and Geopolitical Realignments**

Energy security and trade are also at the forefront of the shifting transatlantic relationship. The EU and the U.S. cooperated in reducing Russian dependence by the EU under Biden's leadership, particularly after the Ukraine crisis. Trump's policy towards energy security has been alternatively congruent with Europe's. In his term in office, pressure has mounted on

greater European imports of U.S. liquefied natural gas while engaging in actions opposing joint U.S.-EU actions to sanction Russia.

The EU has been negotiating fresh agreements with Middle Eastern, African, and Central Asian energy suppliers in its bid to diversify its energy supplies. While transatlantic energy trade remains robust, the divergence of policy priorities reflects a widening strategic divide between Washington and Brussels.

Additionally, Trump's government has also taken a tougher approach towards China, pressuring European allies into limiting their economic relations with Beijing. Although some of the EU nations share similar concerns regarding China's influence, they have been reluctant to follow the extent of aligning with Trump's hardline policies. European leaders have instead pursued a more balanced approach, maintaining open trade channels with China while addressing security concerns through regulatory policies and investment screening regimes.

**Security and Defense Challenges** EU-U.S. security cooperation also became more complicated under Trump. Reinforcing NATO and maintaining strong security ties with European allies were some of the Biden administration's main priorities. However, Trump's renewed pressure on NATO allies to increase their defense spending brought tensions, particularly with Germany and other nations slow to meet the 2% GDP target for military expenditure.

In addition to NATO, transatlantic counterterrorism, intelligence cooperation, and cybersecurity initiatives are faced with new challenges. Trump's demand for unilateral action and suspicion of multilateral intelligence-sharing arrangements such as the Five Eyes community have urged European nations to develop their autonomous security infrastructure. The EU has sped up endeavors to build its own intelligence-sharing networks and defense capability, reducing its reliance on U.S.-initiated schemes.

The future of the transatlantic security relationship depends on whether the two partners can manage the challenge. Even if NATO continues to be the cornerstone of Western defense, European states increasingly turn beyond their historic strategy towards alternative means of defending themselves with greater independence of strategy.

## **Investment and Financial Markets**

Financial markets similarly have been shaped by the shifting transatlantic relationship. Transatlantic investors have adjusted portfolios in response to mounting trade tensions and regulatory uncertainty. European equities markets have seen greater investment after Trump's re-election as investors look to other markets from the volatile U.S. market.

The EU has instigated new finance regulations to mitigate dependence on U.S. finance institutions, particularly after past trade disputes. Attempts to establish a stronger euro as an international-trade currency and mollify its dependency on the American dollar have stepped up. The European Central Bank (ECB) has boosted attempts to increase euro-denominated trade and finance instruments, allowing companies to choose alternatives to dollar denominated business.

Meanwhile, U.S. firms doing business in Europe are increasingly subject to regulatory oversight. The EU imposed new competition rules aimed at preventing monopolistic activities, impacting giant U.S. firms. It has resulted in court battles and heightened tensions between European regulators and U.S. businesses.

The transatlantic partnership between the United States and the European Union is under profound transformation with Donald Trump's return to power. Trade tensions, changing security priorities, and regulatory divergences have created new tensions for economic and diplomatic partnership. The EU and the U.S. continue to have common strategic interests, but their visions on trade, defense, and world order are further diverging.

As the European Union assumes a stronger role in economic and security matters, the future of transatlantic relations will be shaped by how effectively both sides are able to manage tensions and look for points of convergence. In the form of trade negotiations, security partnerships, or diplomacy, the new relationship between the U.S. and EU will set the contours of the global order in the years to come.

The relationship between the United States and NATO has changed significantly during President Donald Trump's time in office. While NATO continues to be a fundamental part of Western security, recent developments indicate a shift in U.S. policy that is causing concern among European allies.

## **The U.S.'s Evolving Position on NATO**

The Trump administration has indicated a less involved stance toward NATO compared to earlier U.S. administrations. Defense Secretary Pete Hegseth recently recommended that Ukraine should reassess its objective of recovering all Russian-occupied areas, which

suggests that the U.S. is reluctant to offer unlimited military assistance. Moreover, there are signals that the U.S. might reduce its military presence in Europe, prompting European NATO allies to bear more of the regional defense responsibility.

Since his first term, Trump has emphasized that NATO members ought to boost their defense expenditures to achieve the alliance's 2% GDP benchmark. However, in his latest term, he has adopted a tougher position, implying that nations not meeting the spending target should not anticipate U.S. military protection. This has raised alarms among European leaders, particularly in countries like Germany and France, which have often been hesitant to increase military budgets to the extent Trump requires.

Trump's foreign policy emphasizes pragmatic agreements, viewing alliances through a cost-benefit perspective rather than as strategic commitments. Unlike previous administrations that regarded NATO as a long-term security partnership, Trump seems to be using NATO as a tool for bilateral discussions rather than for multilateral cooperation. This approach undermines NATO's collective security principle, especially its Article 5 commitment, which asserts that an attack on one member is considered an attack on all.

### **European Response: Increasing Hesitation and Military Preparedness**

Various European leaders, including the Vice-Chancellor of Germany, have voiced apprehensions that the U.S. is relinquishing its position as a security protector for Europe. Some officials in Europe have gone to the extent of questioning whether the U.S. can still be deemed a trustworthy ally, with former NATO personnel cautioning that Europe may need to prepare for a scenario without American military assistance.

In response to the uncertainty regarding U.S. support, NATO has initiated significant military exercises throughout Europe. The "Steadfast Dart 2025" drills, presently occurring in Romania, Bulgaria, and Greece, involve 10,000 personnel from nine NATO member states. These exercises aim to illustrate NATO's capacity to swiftly deploy forces in case of a Russian incursion, reassuring Eastern European countries that NATO is capable of safeguarding its borders.

In reaction to U.S. urging, numerous European countries have started enhancing their defense expenditures. Nations such as Germany, Poland, and the Baltic states have accelerated military modernization efforts, aiming to lessen reliance on the U.S. and prepare for potential threats from Russia. Nevertheless, this transition is gradual, and many

European nations still lack sufficient military infrastructure to independently deter a large-scale conflict.

### **The Consequences for NATO's Cohesion and Future**

The U.S.'s evolving position has unveiled significant fractures within NATO. Eastern European states, particularly Poland and the Baltic nations, advocate for a greater U.S. presence to deter Russia, while Western European countries like France and Germany desire more strategic independence from Washington. The question of how to address Ukraine's NATO aspirations has further polarized the alliance, with some members supporting full NATO membership while others are concerned about heightening tensions with Russia.

In light of U.S. unpredictability, European leaders are exploring the establishment of a more robust independent defense force under the umbrella of the European Union. French President Emmanuel Macron has long advocated for a European Army, asserting that Europe cannot depend entirely on the U.S. for its security. While this concept remains contentious, the shift in U.S. policy may hasten efforts to develop an autonomous European defense structure, which could potentially diminish NATO's influence in European security matters.

Moscow is vigilantly observing these NATO dynamics. Russian President Vladimir Putin has consistently sought to capitalize on divisions within NATO and undermine Western military cooperation. The ambiguity surrounding U.S. backing for NATO may embolden Russia to challenge the alliance's resolve, especially in regions such as the Baltics, Moldova, and Georgia. If NATO members perceive a decrease in U.S. support, it could diminish deterrence and heighten the likelihood of Russian provocations.

### **NATO at a Turning Point**

The US-NATO relationship in 2025 stands at a pivotal moment. Although the alliance remains the most formidable military coalition globally, the Trump administration's diminished commitment and transactional stance have introduced ambiguity and internal conflicts.

- If the U.S. continues to distance itself from NATO, Europe may be compelled to develop its own independent security frameworks, which may alter the global balance of power.



- If NATO member countries substantially increase defense spending and cohesion, they may counterbalance U.S. unpredictability and bolster the alliance's strength.

The forthcoming months will be critical in ascertaining whether NATO adapts to these emerging challenges or weakens due to escalating political and strategic divides. The global community is observing closely, particularly Russia and China, both of which would gain from a fragmented NATO.

### **U.S. Participation in Ukraine-Russia Negotiations**

Despite consistently providing military assistance to Ukraine, the U.S. has progressively engaged in diplomatic initiatives to mitigate the conflict between Ukraine and Russia. The Biden administration previously endorsed Ukraine's position on reclaiming occupied territories, but under Trump's administration, Washington has pursued a more practical approach:

- Promoting ceasefire negotiations: The U.S. has urged Ukraine to contemplate territorial concessions in return for a sustained ceasefire. This strategy has faced resistance from Kyiv but has gained momentum in some European capitals.
- Diplomatic engagements with Russia: U.S. representatives have reestablished backchannel discussions with Moscow, aiming to formulate a framework for a possible peace accord that would include security guarantees for Ukraine and potential sanctions relief for Russia should it withdraw from specific territories.
- NATO's involvement: The U.S. has underscored that any peace agreement must not undermine NATO's security commitments to Eastern European allies, resulting in tensions within the alliance about the optimal path forward.

### **Tensions Between the U.S. and China and Diplomatic Discussions**

With the escalation of geopolitical rivalry, the United States has entered into high-level discussions with China to avert military confrontation over Taiwan and to mitigate economic strains.

- ▶ **Military de-escalation negotiations:** The United States and China have conducted bilateral security discussions to hinder military miscalculations in the South China Sea and around Taiwan. The objective is to create direct communication channels and engagement protocols to prevent unintentional conflict.
- ▶ **Trade discussions:** The United States has been negotiating with China in an attempt to reduce tariffs and avoid a full-scale trade war while still applying economic pressure regarding human rights and technology exports.
- ▶ **Taiwan situation:** The United States has reaffirmed its dedication to Taiwan's security while discouraging any unilateral actions toward independence, in order to uphold stability in the region.

## KEY DEFINITIONS

- ▶ **The EU Charter of Fundamental Rights** is a collocation of the most fundamental rights that every individual should inherit and be granted by officials based on the European Convention on Human Rights. It consists of six titles which are dignity, freedoms, equality, solidarity, citizens' rights and justice. The text of the Charter can be found under the following link: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:12012P/TXT>

## KEY ACTORS

- ▶ **The European Union**
  - ▶ **The European Commission**
  - ▶ **The European Parliament**
  - ▶ **The Council of the EU**
  - ▶ **Member States**
- 

- ▶ **Russian Federation and Ukraine:** The Trump administration has adjusted its strategy concerning the Ukraine conflict by engaging in direct negotiations with Russia. This change has caused unease among U.S. allies in Asia, who worry that similar agreements might occur with China or North Korea, potentially jeopardizing their security. China has shown support for the U.S.-Russia consensus on Ukraine, signifying a potential shift in global power relations.
- ▶ **China:** Although China backs the recent U.S.-Russia agreement on Ukraine, there is an increasing alignment between China and Russia, fueled by mutual grievances with the existing international framework and shared concerns regarding perceived external threats, primarily from the United States.

## SUMMARY

### **EU Strategic Interests in the USA-Russia Dynamic: Challenges and Opportunities**

- ▶ **Core Strategic Interests:** Analyzing the EU's geopolitical priorities in relation to both the USA and Russia, balancing security, economic, and diplomatic concerns.
- ▶ **Security and Defense Autonomy:** Assessing measures to enhance the EU's defense capabilities and reduce over-reliance on external powers.
- ▶ **Risks and Benefits of Ties with the USA and Russia:** Comparing the strategic advantages and potential drawbacks of engagement with both powers.
- ▶ **The EU's Role in USA-Russia Diplomacy:** Exploring possibilities for the EU to act as a mediator in de-escalating tensions, despite its absence from key international negotiations (e.g., Riyadh meeting on February 19).
- ▶ **Balancing Values and Geopolitical Interests:** Examining the EU's approach to upholding human rights, democracy, and international law while maintaining pragmatic relations with both the USA and Russia.

- ▶ **Shaping a Global Security Framework:** Identifying how the EU can contribute to a more inclusive and multilateral security order aligned with its interests.
- ▶ **Economic Strategies for Independence:** Evaluating policies to reduce economic dependencies, particularly in energy, trade, and technology sectors.
- ▶ **Navigating Geopolitical Hotspots:** Addressing the EU's strategic positioning in contested regions such as Ukraine and the Arctic.
- ▶ **Internal Cohesion in EU Foreign Policy:** Overcoming divergences among member states on sanctions, defense policy, and relations with the USA and Russia. Strategic Alliances Beyond the USA and Russia Exploring partnerships with other global powers (e.g., China, UK, Japan, India) to counterbalance external pressures.

#### LINKS FOR FURTHER RESEARCH:

- ▶ [Russia's undemocratic presidential elections and their illegitimate extension to the occupied territories | European Parliament](#)
- ▶ [Russia: Torture now 'a tool for repression at home and aggression abroad' | UN News](#)
- ▶ [The Transatlantic Alliance in the Age of Trump The Coming Collisions Carnegie Europe | Carnegie Endowment for International Peace](#)

# INTA - COMMITTEE ON INTERNATIONAL TRADE

The committee „ International Trade“ is responsible for the EU's global economic relations and the monitoring of the EU's common commercial policy, including trade and investment legislation, bilateral, pluryilateral and multilateral agreements and relations with the World Trade Organisation (WTO).

The current state of the Global Market and the imposing Tariffs through the Trump administration and the further crumbling relations to Russia pose a Threat/Problem for the EU and its citizens. How is the Eu supposed to answer the Tariffs and the new Trade regulations put up by the US? And how can we dampen the tole these tariffs will have on our economies?

**CHAIRPERSONS: PAULINE DIK (GER) | NIKLAS KOENIGSHOFF (GER)**

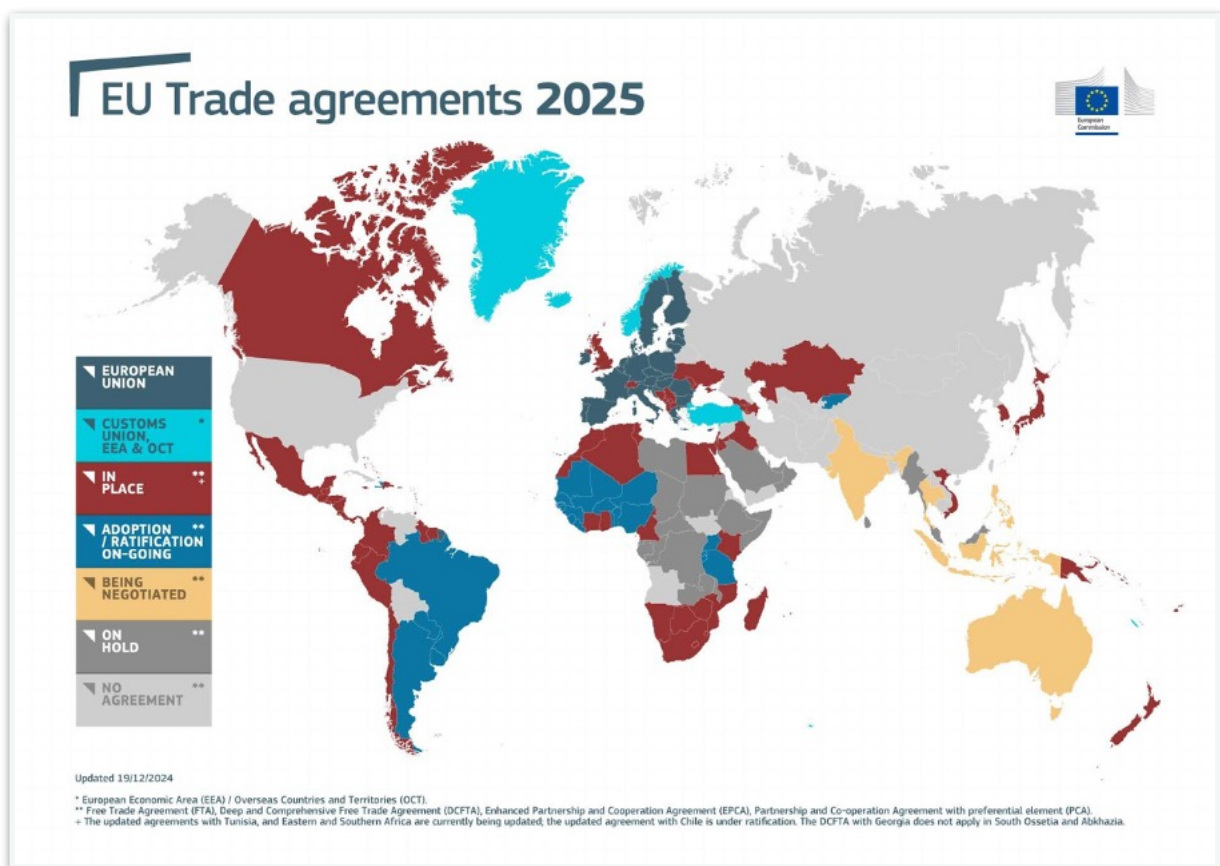
## EXECUTIVE SUMMARY

The European Union is one of the most outward-oriented economies in the world. It is also the world's largest single market area. Free trade among its members was one of the EU's founding principles, and it is committed to opening up world trade as well.

From 1999 to 2010, EU foreign trade doubled and now accounts for over 30% of the EU's gross domestic product (GDP). The EU is responsible for the trade policy of the member countries and negotiates agreements for them. Speaking as one voice, the EU carries more weight in international trade negotiations than each individual member would.

In total, the EU has more than seventy trade agreements with countries around the globe. The benefits vary from agreement to agreement and depend on the sector. The Trade and Cooperation Agreement is the trade agreement between the EU and the United Kingdom. The agreement not only includes trade but also social security, transport, visas and security matters.

One of the biggest trading partners of the EU is China, trading about 2.1 billion dollar a day. Because of the agreement European investors have a greater level of market access. China has also committed to provisions on sustainable development including climate and forced labour. But since 2021 it is on hold due to human rights violations in Xinjiang.



## RELEVANCE OF THE TOPIC

International trade remains a cornerstone of the EU's economy, but rising tensions with major partners are increasing uncertainty. Donald Trump's re-election has revived the possibility of a trade war, as the U.S. threatens to impose tariffs on essential European exports, especially those in the automotive industry. Considering the EU's considerable dependence on exports, these actions could have a serious effect on the economies of Germany and Italy. The European Commission must navigate the challenge of safeguarding its industries without causing a collapse in transatlantic relations. Discussions about negotiations, which may involve changes to EU tariffs, suggest a complex balancing of economic interests and diplomatic strategy.

Simultaneously, the EU's strict sanctions on Russia over its invasion of Ukraine continue to shape global trade. These measures target Russian finance, energy, and defense sectors, yet Moscow has found ways to circumvent restrictions, particularly in oil exports, through alternative trade routes and shadow fleets. This raises concerns about enforcement effectiveness and highlights the EU's struggle to reduce energy dependence while maintaining pressure on Russia.

As these trade conflicts escalate, the EU must navigate a complex landscape of economic resilience, political leverage, and strategic diplomacy to safeguard its global position.

## KEY ACTORS

- ▶ **European Parliament:** The European Parliament represents the citizens of EU countries and is directly elected by them. It takes decisions on European laws jointly with the Council of the European Union. It also approves the EU budget.
- ▶ **Council of the European Union:** Represents the governments of EU countries. The Council of the EU is where national ministers from each government meet to adopt laws and coordinate policies. Ministers meet in different configurations depending on the topic to be discussed. The Council of the EU takes decisions on European laws jointly with the European Parliament.
- ▶ **European Commission:** The European Commission represents the common interests of the EU and is the EU's main executive body. It uses its 'right of initiative' to put forward proposals for new laws, which are scrutinized and adopted by the European Parliament and the Council of the European Union. It also manages EU policies and the EU's budget and ensures that countries apply EU law correctly.
- ▶ **European Central Bank:** The ECB and the European System of Central Banks are responsible for keeping prices stable in the euro area. They are also responsible for the monetary and exchange rate policy in the Eurozone and support EU economic policies.
- ▶ **World Trade Organization:** The World Trade Organization (WTO) is the international organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments.

## KEY CONFLICTS

### 1. Trade Tensions with the United States

Trump administration has proposed reciprocal tariffs, aiming to balance trade deficits, which could disproportionately affect EU member states like Germany and Italy due to their substantial exports, particularly in the automotive sector. This approach challenges EU unity, as member states have varying trade interests with the U.S. The European Commission has pledged a firm response to any unjustified tariff increases, emphasizing the need for a coordinated strategy.

In response to potential U.S. tariffs on European car imports, EU Trade Commissioner Maroš Šefčovič has expressed the EU's readiness to negotiate, including the possibility of reducing the EU's 10% car tariff. These negotiations may also encompass broader issues such as technology regulations and defense spending. Šefčovič emphasizes the importance of transatlantic economic stability and the need for World Trade Organization reforms to address concerns about non-market economies.

- ▶ [https://www.reuters.com/breakingviews/trump-reciprocal-tariffs-are-key-test-eu-unity-2025-02-19/?utm\\_source](https://www.reuters.com/breakingviews/trump-reciprocal-tariffs-are-key-test-eu-unity-2025-02-19/?utm_source)
- ▶ [https://www.politico.com/news/2025/02/19/eu-ready-to-negotiate-on-car-tariffs-with-trump-trade-commissioner-says-00204941?utm\\_source](https://www.politico.com/news/2025/02/19/eu-ready-to-negotiate-on-car-tariffs-with-trump-trade-commissioner-says-00204941?utm_source)

### 2. Sanctions and Trade Relations with Russia

The EU continues to enforce stringent sanctions against Russia due to the ongoing conflict in Ukraine. These sanctions target various sectors, including finance, energy, and military goods. In response, Russia has maintained its oil trade by utilizing a "shadow fleet" of over 600 old tankers, circumventing sanctions and raising concerns about environmental and safety standards. This situation has led to debates within the EU regarding the effectiveness of current regulations and the need for stricter measures to prevent sanction evasion.

### 3. Diverging Sanctions Policies

The EU and the U.S. have historically coordinated sanctions against Russia in response to its actions in Ukraine. However, recent shifts in U.S. policy under President Donald Trump suggest a potential easing of American sanctions, aiming to facilitate peace negotiations.



This divergence raises concerns within the EU about the effectiveness of its own sanctions regime and the potential economic and political implications of a unilateral U.S. policy change. European leaders are deliberating on strategies to maintain pressure on Russia, including the possible seizure of over \$200 billion in frozen Russian assets as leverage in peace talks.

## MEASURES IN PLACE

### **The Anti-Coercion Instrument**

It protects the EU and its Member States from third countries' economic coercion and entered into force on 27 December 2023.

Regulation 2023/2675 is on the protection of the European Union and its Member States from economic coercion (the Anti-Coercion Instrument) enables the EU to take action in cases of economic coercion of the EU or its Member States by non-EU countries. The objective is to deter coercion, and if necessary, to respond to it.

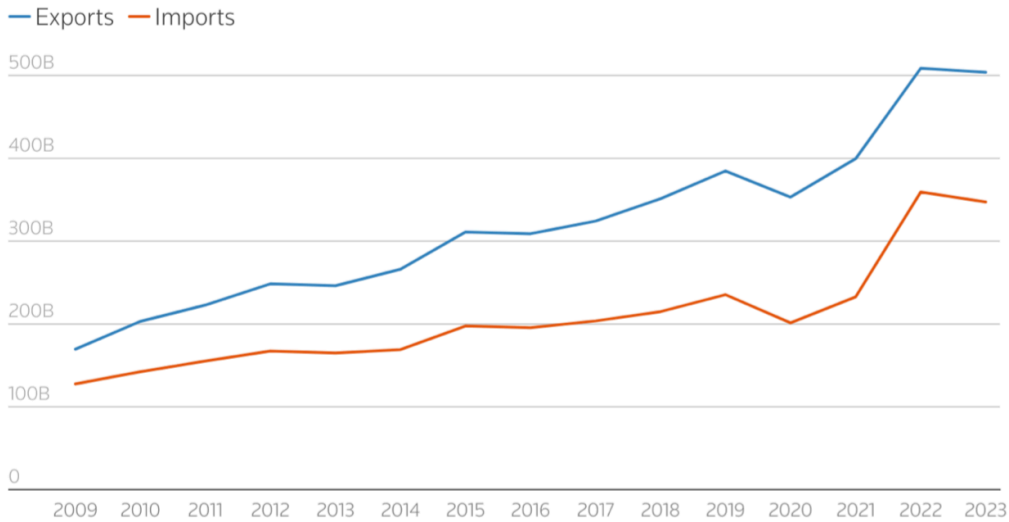
### **Trade Agreements & Partnerships**

The EU negotiates **Free Trade Agreements (FTAs)** to secure access to international markets while ensuring fair competition. Economic Partnership Agreements (EPAs) with developing regions promote trade while protecting EU industries.

# SUMMARY

## European Union goods trade with the United States

U.S. goods trade deficit with EU has widened since 2009

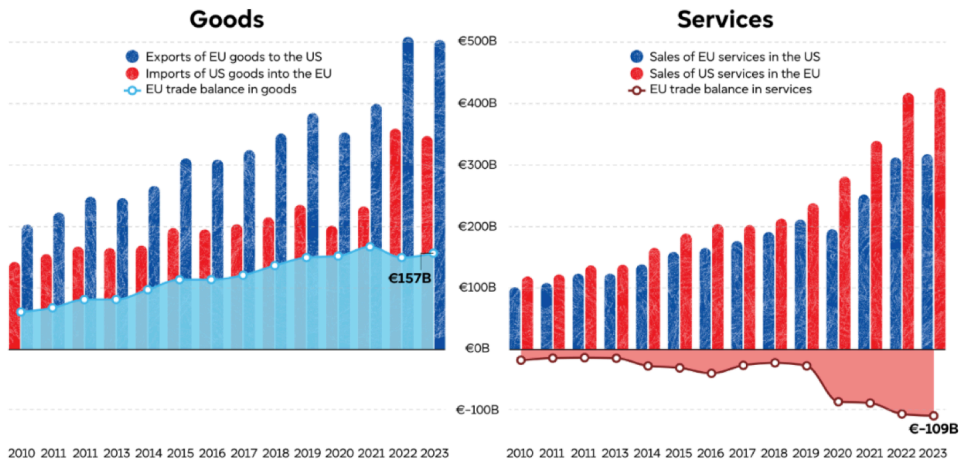


Note: annual merchandise trade in billions of euros

Source: Eurostat

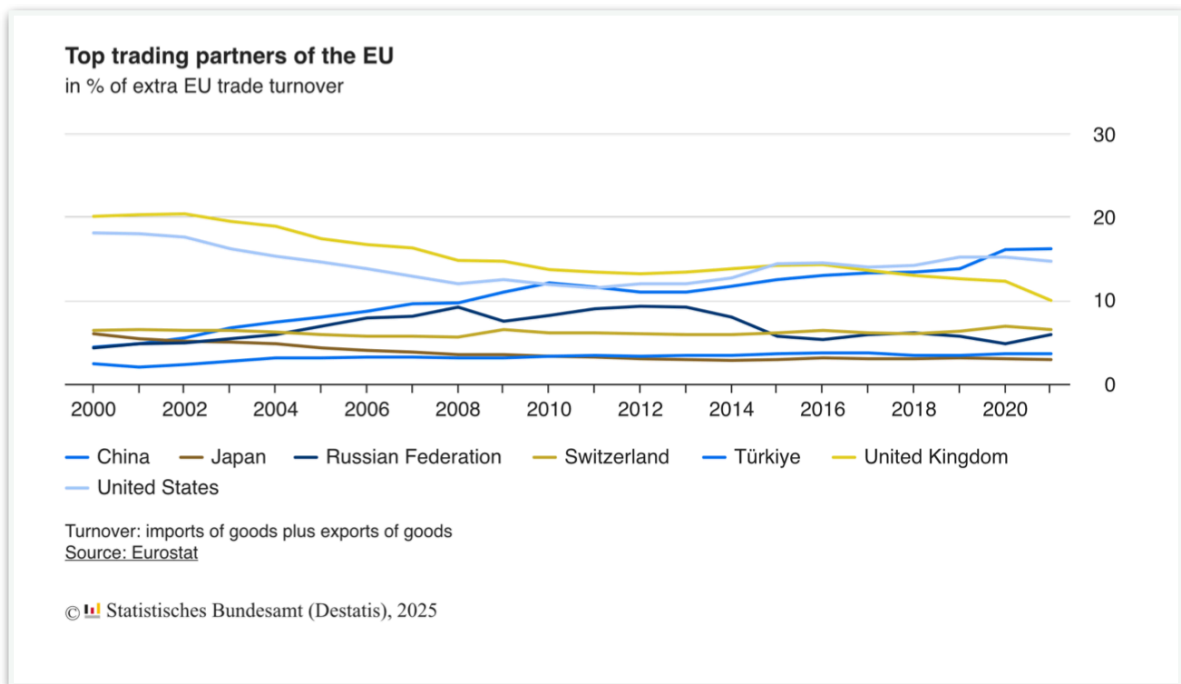
## Trade in goods and services between the EU and the US

2010-2023, in billions of euros



Source: Eurostat [ds-059331, bop\_its6\_det]





## OUTLOOK

### How tariffs would affect the EU

If the US imposes tariffs on products by EU companies, they would become more expensive and be sold less as a result. If the EU reacts by imposing tariffs on US products, then these would become more expensive for EU consumers. The US imposing tariffs on other parts of the world could also create problems for the EU. Affected countries could decide to redirect their products that would become too expensive to sell in the US to Europe, making it more difficult for EU companies to compete. As the global economy is highly intertwined, it could also disrupt the supply chain for many EU firms, making it more difficult to source specific products at a reasonable price.

The insecurity surrounding tariffs and their effects would also create much uncertainty for companies, which could then decide to put off investments. This would prove to be an additional damper on economic growth.

However, these tariffs could also lead countries to seek closer ties with the EU to counterbalance the US's new approach to raising tariffs.

The EU already has trade agreements with countries and regions from all over the world, which leads to more choice for consumers, lower prices and more trade and jobs

### **Sanctions on Russia**

On the Russian front, sanctions will likely remain in place as long as the war in Ukraine continues. However, enforcing these measures effectively will become increasingly challenging as Russia finds new ways to bypass restrictions, particularly in the energy sector. The EU may need to tighten controls and work more closely with allies to curb sanction evasion. At the same time, Europe's shift away from Russian energy will continue, further reshaping global energy markets and strengthening trade ties with alternative suppliers like the U.S. and Middle Eastern nations.

### **SOURCES**

- ▶ [https://european-union.europa.eu/priorities-and-actions/actions-topic/trade\\_en](https://european-union.europa.eu/priorities-and-actions/actions-topic/trade_en)
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# AFCO - COMMITTEE ON CONSTITUTIONAL AFFAIRS

## EXECUTIVE SUMMARY

The European Union (EU) has long been criticised for its democratic deficit, inefficient decision making and institutional complexity. As Global Challenges – such as geopolitical instability, economic inequalities and climate change are influencing our everyday life, there is a need for reforms to improve the EU's governance.

The European Parliament's Committee on Constitutional Affairs (AFCO) is at the centre of this debate as it creates institutional reforms and amendments to the constitution. Key proposals include giving the European Parliament the legislative initiative, reforming the veto system, introducing qualified majority voting and EU-wide direct citizen voting as well as making the introduction of the euro mandatory.

A move towards a federal Europe system might improve democracy and efficiency by making decisions more centralised while ensuring citizen participation. However, such changes must find a balance between national sovereignty and EU-wide interests..

**CHAIRPERSONS: FINN SCHLÜTER (GER) | ANNA L. CHRISTOPHERSEN (GER)**

## RELEVANCE OF THE TOPIC

The debate on the EU reform has gained importance over the past years, especially after the conference on the future of Europe (2021-2022), where participants discussed the future direction of the EU. In 2023, AFCO presented a proposal for reforms to improve the EU's capacity to strengthen democratic legitimacy. The main proposals include:

- ▶ **Legislative reform:** Giving the European Parliament the full legislative initiative which currently only takes place in the European Commission
- ▶ **Reform the right of veto:** removing the right of veto in favour of qualified majority voting in key policy areas such as foreign policy, taxation and defence.
- ▶ **Political efficiency:** speeding up decision-making by reducing intergovernmental negotiations and introducing an efficient legislative procedure

- ▶ **Voting rights and citizen participation:** Introducing of common EU-wide voting procedures and the establishment of a process for direct citizen voting on key EU decisions
- ▶ **Monetary integration:** discussing whether all member states should use the Euro to strengthen economic unity.

## DEFINITION AND KEY WORDS

### **Federalism**

- ▶ A system in which multiple countries operate under a centralized government for everyone but still retain some independence.

### **Democratic deficit**

- ▶ The idea that the EU's decision making is not fully democratic. Critics say EU institutions are not transparent enough and that the European Parliament does not have enough power.

### **Veto Power**

- ▶ The ability of a single EU member state to block a decision requiring approval from everyone. It is often used in sensitive areas like immigration or taxation.

### **Qualified Majority Voting (QMV)**

- ▶ A voting system in which a decision requires only 55% approval of member states, representing at least 65% of the EU population. This prevents individual states from blocking decision due to veto power.

### **Conference on the future of Europe**

- ▶ A citizens led initiative that collects proposals on EU reform. It resulted in 49 proposals and 326 measures to create the future of Europe.

## **Multispeed Europe**

- The idea that EU countries can choose to integrate at different levels and speeds, based on their own political and economic situations. This means some countries may move ahead with certain policies, while others join later or not at all.

## **MEASURES IN PLACE - HOW THE EU FUNCTIONS TODAY**

### **How decisions are made:**

- **1. Proposal:** Suggestions for changes are made.
- **2. Discussion:** The European Council decides if a formal meeting (a convention) is needed to discuss the changes.
- **3. Approval:** All member countries must agree to the changes, and each country must formally approve them, following their own procedures.

If you still need some insight: We shared a link with you in the sources of a video explaining how the EU and its government works with animations. Feel free to use them.

## **SUMMARY AND OUTLOOK**

### **Key issues and debate:**

#### **1. Reducing the Democratic Deficit**

- **Current Situation:** The European Parliament, directly elected by EU citizens, cannot propose new laws; only the European Commission has this power.
- **Proposed reforms:** Allow the European Parliament to propose legislation and make council meetings more transparent.

## 2. Reforming the Veto System

- ▶ Current Situation: Some EU decision need all member states to agree. This means one country can stop a whole process.
- ▶ Proposed reforms: Use a system where countries can agree and make decisions (QMV) to speed up the process. For important issues, require larger majority.

## 3. Strengthening political efficiency

- ▶ Current Situation: The EU's complex structure can slow down actions during crises.
- ▶ Proposed reforms: Create a quicker process for urgent decisions.

## 4. Reforming voting rights

- ▶ Current situation: EU elections are often influenced by national issues, and voting rules differ between countries and resulting no democracy.
- ▶ Proposed reforms: Set up the same voting age and election rules across the EU. Focus on European Topics.

## 5. Expanding the Eurozone

- ▶ Current Situation: Not all EU Countries use the Euro as their currency. Some keep their own. Proposed reform: Encourage all members to use the euro to strengthen economy; be aware that some economies need some time to prepare.

### Questions for debate:

- ▶ 1. Should the EU become more like a single federal country?
- ▶ 2. How can we use majority voting without ignoring smaller countries voices?
- ▶ 3. Should the European Parliament have the Power to pass laws?
- ▶ 4. How can the EU make decisions faster in order to face crises the earliest possible?
- ▶ 5. How should the EU respect every countries independence?
- ▶ 6. Should all EU-Countries be requiring to use the Euro in order to strengthen the economy?



## CONCLUSION

The ACO Committee is important in reforming how the EU is governed. As the EU faces global tensions, economic issues and questions about democracy, it's clear that changes to the structure is needed. Without these changes the EU may continue to be inefficient. However, any reforms must carefully balance the independence of all member countries with the need of more unified and effective decision-making.

The EU's future relies on addressing these challenges through changes ensuring the EU remains democratic, efficient and influential on the world stage.

## SOURCES

### Videos to watch:

- ▶ [How does the EU work \(Council, Parliament\): How does the EU work? | CNBC Explains ; European Parliament explanier - 2024 update](#)
- ▶ [Voting System in the EU: European Parliament elections 2019: all you need to know about how they work ; Council animation voting system \(EN\) - YouTube](#)
- ▶ - Federation explained: [Which Countries Are Federal States? - YouTube](#)

### Sources:

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- ▶ <https://sites.bu.edu/pardeeatlas/opinions/op-ed-the-european-union-has-a-democratic-deficitproblem/>
- ▶ <https://www.europarl.europa.eu/news/en/faq/18/what-are-the-european-parliament-s-powers>
- ▶ [https://en.wikipedia.org/wiki/Federalisation\\_of\\_the\\_European\\_Union](https://en.wikipedia.org/wiki/Federalisation_of_the_European_Union)
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- ▶ [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:European\\_Monetary\\_System\\_\(EMS\)](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:European_Monetary_System_(EMS))
- ▶ <https://www.securitycouncilreport.org/un-security-council-working-methods/the-veto.php>

## **ECON - COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS**

The Committee on Economic and Monetary Affairs (ECON) plays a vital role in ensuring the financial stability and economic resilience of the European Union. It is responsible for shaping budgetary policies, strengthening the euro as a global currency, regulating financial markets, and ensuring the smooth functioning of the EU Single Market. A strong and integrated European economy is essential to maintaining the EU's global competitiveness and reducing external dependencies.

Europe faces critical economic challenges, including financial market volatility, inflationary pressures, and the risk of over-reliance on external powers. How can the EU reinforce the stability of the euro to strengthen its global position and protect its financial independence? What fiscal and taxation policies should be adopted to enhance economic resilience, ensuring fair and sustainable revenue collection across member states? Furthermore, how can a more integrated EU Single Market—with coordinated financial regulations and harmonized tax policies—help protect the EU from external economic shocks while fostering long-term growth and social equity?

**CHAIRPERSONS: MATHIS BOLLER (GER) | TIM BERN (GER)**

### **RELEVANCE OF THE TOPIC**

The increasing geopolitical rivalry between military superpowers, particularly the USA and Russia, presents significant challenges to the economic stability and financial sovereignty of the European Union. As external conflicts and global power struggles continue to shape economic conditions, Europe faces the risk of currency fluctuations, inflationary pressures, and financial market volatility. Ensuring the stability and global standing of the euro is crucial in reducing the EU's dependence on external financial systems, particularly the dominance of the US dollar in global markets. At the same time, budgetary policies must be adapted to protect member states against economic shocks, while coordinated taxation policies can help ensure fair and sustainable income across the EU. A more integrated Single Market supported by aligned financial regulations and stronger economic governance, is essential in fostering economic resilience and preventing external actors from putting Europe under economic pressure. By strengthening its internal financial policy, the EU can assert greater autonomy in global affairs, ensuring long-term stability, growth, and social equity in times of shifting geopolitical dynamic

## KEY ACTORS

### **The European Commission**

- ▶ is the executive branch of the European Union (EU). It is responsible for proposing new EU laws, enforcing existing EU laws, managing the EU's budget and policies, and representing the EU internationally.

### **The Council of the European Union**

- ▶ This organ of the EU is responsible for negotiating and adopting ordinary legislative procedures and it consists of national government ministers from each member state that are grouped by policy area. It develops and implements EU foreign and security policy, concludes international agreements. The European Central Bank ▶ is the central bank of the EU. It regulates the price stability and strives to have an inflation around 2%. It has the secondary goal to higher the economic growth in the EU.

### **The Eurogroup**

- ▶ The Eurogroup is an informal meeting of the finance ministers from the 20 EU countries that use the euro as their currency. It plays a key role in coordinating economic policies, ensuring fiscal discipline, and discussing major financial and economic challenges facing the eurozone. While it does not have formal legislative power, its decisions significantly influence the stability of the euro and the economic governance of the eurozone countries.

## KEY CONFLICTS

### **1. The Euro**

On Jan. 1, 1999, the European Union (EU) introduced its new currency, the euro. The euro was created to promote growth, stability, and economic integration in Europe. But the euro is still not universally adopted by all the EU members as the main currency. However, many of the holdouts peg their currencies to it in some way.

The benefits of a Euro area membership can be seen from two perspectives: from the perspective of the individual country and from the perspective of the euro area as a whole. The convergence process for euro area entry is aimed at ensuring that participation in the euro area is beneficial for both. Starting with the euro area, Monetary Union represents the completion of the Internal Market in the EU, providing full price and cost transparency to the

Single Market for goods, services, labor and capital. The euro has brought exchange rate stability within the area, which supports trade and enables economies of scale, thereby providing the conditions for a more efficient allocation of resources. For the ordinary citizen, the most striking advantage is of course that they no longer need to exchange currencies when traveling in the euro area. In addition, the euro has brought monetary stability, with low inflation and a convergence of long-term interest rates to the low levels prevailing in the countries that had the highest monetary policy credibility before the euro was introduced. Moreover, despite significant economic shocks over the years, due for instance to oil price and financial market developments, inflation and inflation expectations have remained closely anchored to price stability, as defined by the ECB. Price stability, low inflation expectations and low long-term interest rates are key objectives for monetary policy, as they provide the best support for sustainable economic growth and employment.

The economies of eurozone member states vary significantly in size, strength, and economic culture. While this diversity can sometimes be beneficial, it also presents challenges. The most significant drawback of the euro is the one-size-fits-all monetary policy, which often fails to align with the specific needs of individual countries. At any given time, certain regions of the EU may experience rapid economic growth, marked by low unemployment and strong expansion. Meanwhile, other areas may face prolonged recessions and high unemployment rates.

From a Keynesian perspective, the appropriate response to these contrasting situations would be quite different. A country experiencing strong growth should implement higher interest rates to curb inflation, prevent overheating, and avoid a potential economic crash. Conversely, a nation struggling with economic stagnation should lower interest rates to encourage borrowing and stimulate economic activity.

Under a traditional fiat currency system, concerns about government solvency would be minimal because national governments can direct their central banks to print more money if necessary. However, in the eurozone, the European Central Bank (ECB) operates independently, meaning individual governments lack the ability to create money to finance their debts. This constraint became particularly problematic during economic downturns, as higher interest rates led to rising unemployment, deflation, and negative economic growth in some nations.

A prime example of this issue is Greece, where the adoption of the euro exacerbated an already severe economic crisis. Without control over its monetary policy, Greece was unable to devalue its currency or adjust interest rates to aid recovery. The rigid structure of the eurozone's monetary framework contributed to a deep and prolonged economic depression in the country.



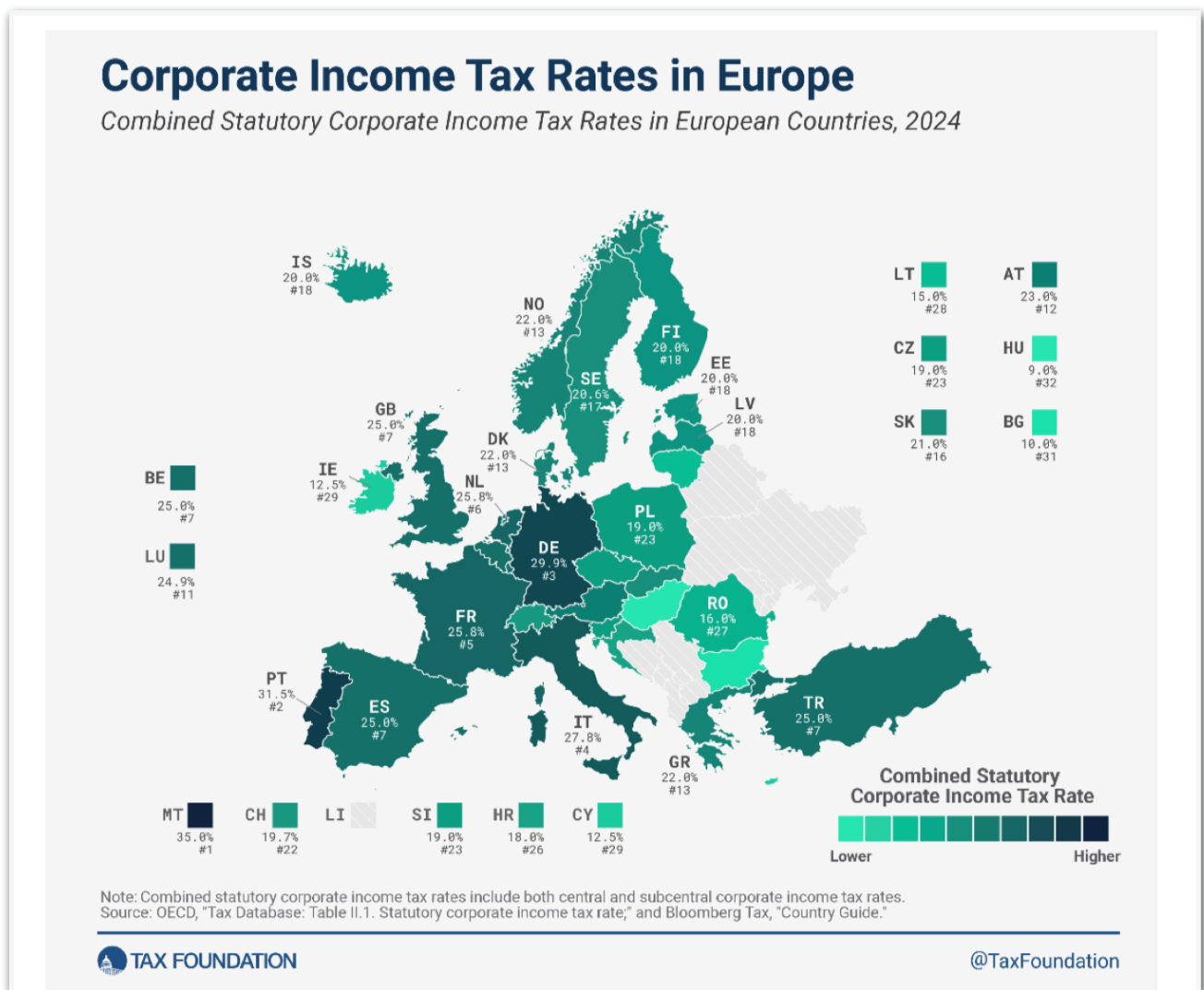
**For further research:**

<https://www.investopedia.com/ask/answers/09/euro-introductiondebut.asp>

## 2. The European Single Market

The European Single Market is an integrated economic area that allows the free movement of goods, services, capital, and people across the 27 EU member states, plus a few associated countries like Norway and Iceland. It aims to eliminate trade barriers, harmonize regulations, and create a level playing field for businesses. With Europe's entire population, it gives access to 449 million customers and has an estimated GDP of around 17 billion € making it one of the largest economic powers in the world. While trade relations to USA and Russia are

at risk, the single market is threatened and at the same time a huge chance to overcome this geopolitical tensions.

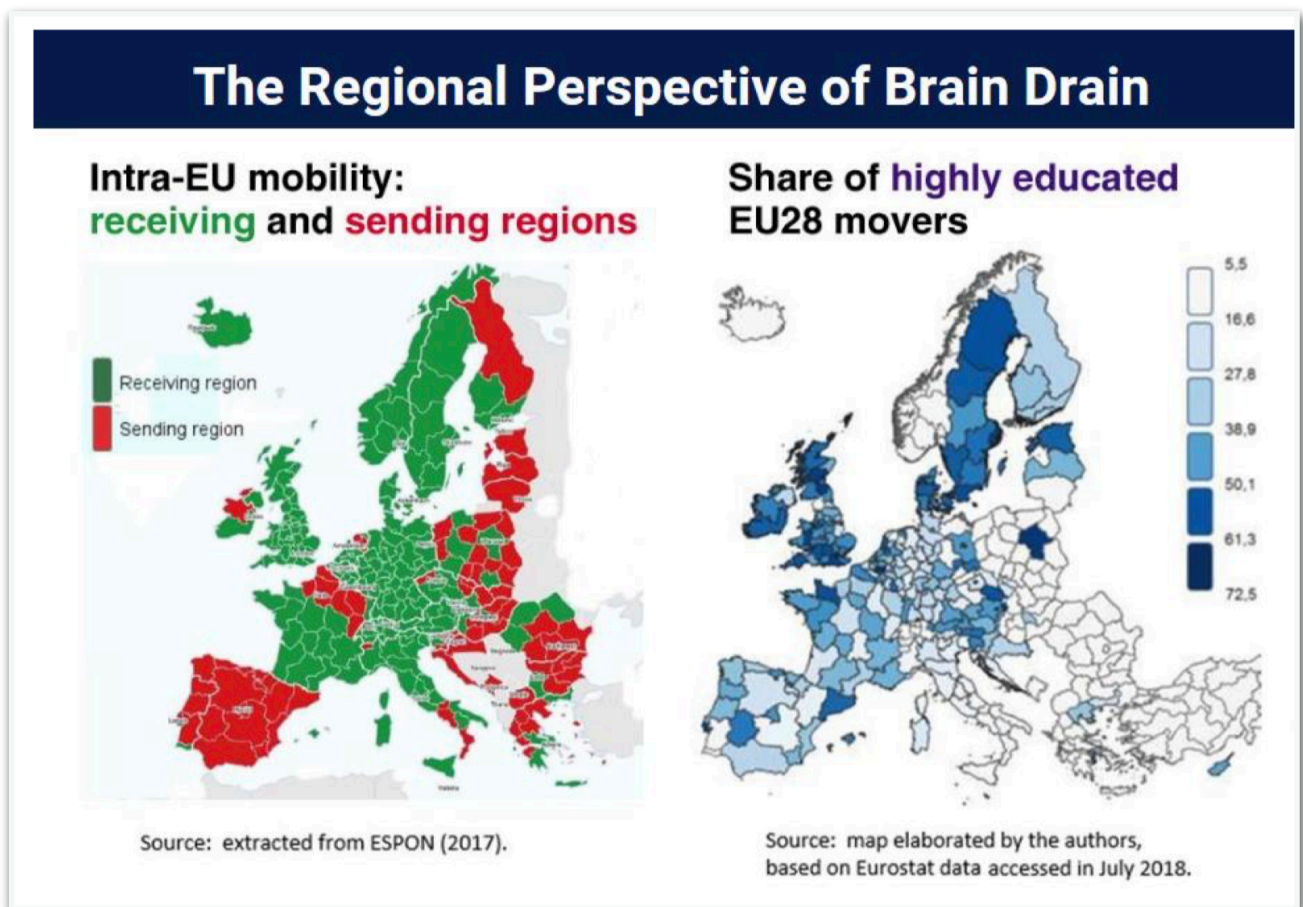


However, there are massive problems that will rise with the current tensions to our external trade partners. First of all, the differences between the member states damage the EU. One of these differences exist in the corporate taxes. Currently, the tax policies are in the hands of the member states, being part of their national sovereignty. The competition, as long as it is healthy, can drive economic growth and can be flexible to the different situation the member states are in. For example, Ireland, who had a tremendous debt crisis after the Great Recession from 2007 to 2009, settled the largest companies in the world like Google, Apple or Meta in Dublin and by this became competitive again, lowering their debts from a level of 118% of its GDP in 2012 to a level of 42% in 2024. But the competition can also be unhealthy and lead to a “race-to-the-bottom”, where nations need to keep lowering their



taxes to stay competitive. Additionally, companies will shift profits and rather invest in the member states with low corporate taxes. The need of low corporate income taxes reduces the budget of the member states and therefore can harm the social systems if there is less funding for education, healthcare and infrastructure.

Harmonizing the corporate taxes is a discussable solution to fix the negative aspects, but can also take states with lower economic strength major advantages that make them even more uninteresting for investments.

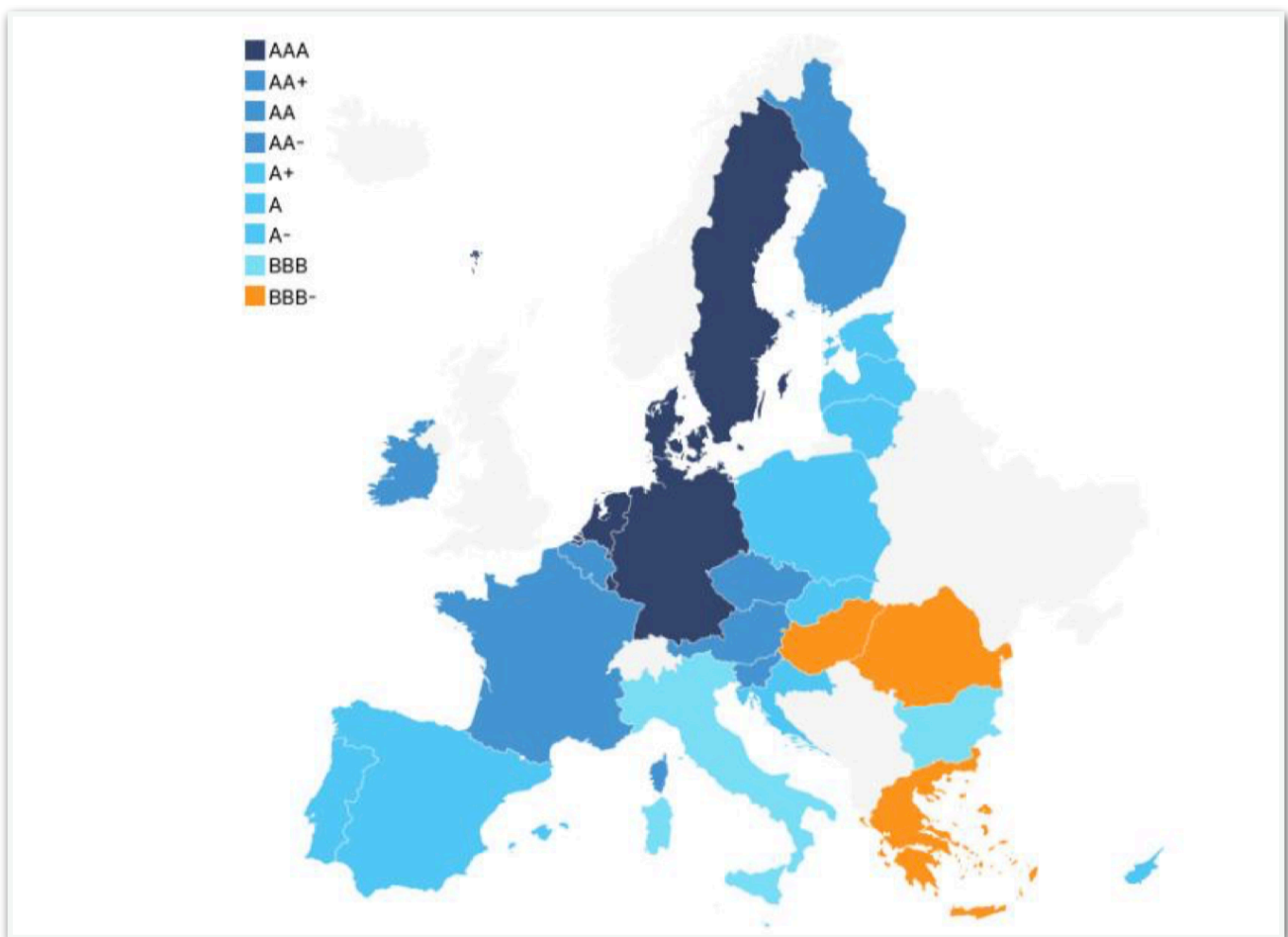


Another problem within the single market is the free movement of people, meaning especially working people. Since the establishment of the single market, many people from lower income states in the eastern and southern European states migrated to higher income states in northern and western Europe. Especially academics and highly educated workers migrated (brain drain). This takes them the potential to grow economically and socially, lowers their tax income and limits their capacity for innovation. Additionally, a large issue is

the questionable advantage for the destination countries. Many highly skilled workers end up in a job that not requires their high skills (brain waste).

### 3. The European fiscal policy

The tension in both directions will surely lead to further spends for instance in the defense sector. Experts like Mario Draghi call for invests around 750 to 800 billion Euro to be able for the competition with superpowers like the USA or China. Therefore, the questions arise: Where does all that money come from and where in particular can it be used? The massive



debts many European member states have damage the financial health and impede very needed invests in infrastructure, defense and energy production. Strong economic countries like France, Italy or Spain all have a government debt ration higher than 100%. Therefore, many experts speak out for a stronger fiscal cohesion in the EU. This implies the emitting of so-called Eurobonds. These are bonds, that the EU can take on themselves and is secured by all the member states. This makes them so attractive, because the member states get access to financial resources they couldn't get that cheap by themselves. On the other hand, frugal



countries like Germany, Netherlands or Austria would have a disadvantage because they only could get more expensive financial resources than before.

This is caused by the ratings of bonds: The higher the government debt ratio, the more likely the case that the creditor doesn't get its money back, the higher the rating of the bond. The higher the rating of the bond, the more expensive the new debts. As a consequence, the eurobonds would be rated the average of the national bonds.

The Eurobonds would automatically lead to a more united EU with a united budget, that can be used for invests in the defense, infrastructure and industry in Europe. Furthermore, they have the potential for a higher demand of the euro, strengthening the currency. Nevertheless, there are some major issues to fix if Eurobonds would be established: Not only do frugal countries have to pay more for new debts than before, undisciplined states would get benefits for not spending their money thoughtful and by that get encouraged to spend their budget more irresponsible (Moral Hazard). Additionally, to support debt repayments, clear regulations must be set and introducing new revenue streams like EU taxes are also discussable options.

To sum up, it must be clear that Eurobonds depend on the image you have about the EU. Should we strengthen the EU responsibilities to be able for the competition with the USA and Russia or should the nations keep its sovereignties about their budgetary policy? That it has the potential to grow the EU together and strengthen endangered countries must be clear, but it must be weighted against the Individual image of justice and possible upcoming dangers.


## MEASURES IN PLACE

- Inclusion of more European countries in the single market, for instance Albania, Serbia or Ukraine
- including more countries to the euro, for example Poland or Serbia
- There are already bonds issued by the EU like the NextGenerationEU bonds, that should support the post-pandemic recovery and is only secured by the EU budget

- ▶ Stability and Growth (SGP): Sets fiscal regulations for member states: Deficit limit: 3% of the GDP; debt limit: 60% of the GDP

## SUMMARY

In conclusion, while the euro and the European Single Market have fostered economic integration, they also present significant challenges. The tension between unity and national sovereignty remains a defining issue, particularly in fiscal policy. The debate over Eurobonds highlights the struggle between financial solidarity and individual responsibility. As global pressures rise, the EU must find a balance between deeper integration and preserving the unique strengths of its member states. The path forward will determine not only Europe's economic resilience but also its position on the global stage. The questions remain:

- ▶ How can the eurozone address the challenges of a one-size-fits-all monetary policy while maintaining economic stability across diverse member states?
  - ▶ To what extent should the EU harmonize corporate tax policies to prevent harmful competition while preserving the economic flexibility of individual nations?
  - ▶ How can the EU reduce the negative effects of brain drain while still upholding the principle of free movement within the single market?
  - ▶ Should the EU prioritize financial solidarity through instruments like Eurobonds, or would this undermine the fiscal responsibility of individual member states?
- 

# ITRE - COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY

The Committee on Industry, Research and Energy (ITRE) of the European Parliament is responsible for a range of policy areas.

The main topic of our committee this year is energy policy in the EU. It covers key aspects such as renewable energy, the future of nuclear energy, energy efficiency, energy infrastructure, energy markets, relationships between EU and energy suppliers such as Russia and USA, in order to secure the decarbonization of the economy.

Additionally, it analyzes the most important legislative frameworks of the EU, including the Green Deal, the EU Energy Union, and strategies for achieving climate neutrality.

**CHAIRPERSONS: JASPER HELM (GER) | JASPER DIENST (GER)**

## RELEVANCE OF THE TOPIC

The EU faces the challenge of achieving its climate goals while ensuring a stable and affordable energy supply. The transition to renewable energy carries the risk of price increases and supply gaps, which is especially problematic given the geopolitical tensions. Opposite strategies among the members of the EU have caused a deep separation and weakened stability.

Political tensions with Russia, particularly following the Ukraine conflict, have made the EU's dependence on Russian energy supplies increasingly precarious. At the same time, the US is playing a larger role as an energy supplier through the export of liquified natural gas (LNG), but this comes with higher prices. ITRE must find a balance between the climate goal of achieving climate neutrality by 2050, ensuring a stable energy supply, and minimizing energy costs.

## KEY ACTORS

In the discourse surrounding how the EU manages economic and research relations with states that challenge its aims and values, particularly focusing on major industrial powers like Russia and the USA, several key actors play significant roles. Here are some of them, along with their roles and relationships, reframed to emphasize economic relevance and relationships in industry, research, and energy:

## **European Commission (EC)**

- The EC serves as the executive branch of the European Union, responsible for proposing legislation and implementing decisions related to industry, research, and energy sectors. Relationship: The EC collaborates with other EU institutions, such as the European Parliament and the Council of the European Union, to develop policies and initiatives that promote industrial growth, technological innovation, and energy sustainability. It works closely with industry stakeholders to formulate strategies for enhancing competitiveness and fostering innovation in key sectors.

## **European Parliament (EP)**

- The EP represents the citizens of the EU member states and participates in legislative processes related to industry, research, and energy. Relationship: The EP plays a crucial role in shaping EU policies by advocating for measures that support research funding, industrial development, and renewable energy initiatives. It scrutinizes legislative proposals and ensures that they align with the EU's objectives in these domains.

## **Council of the European Union**

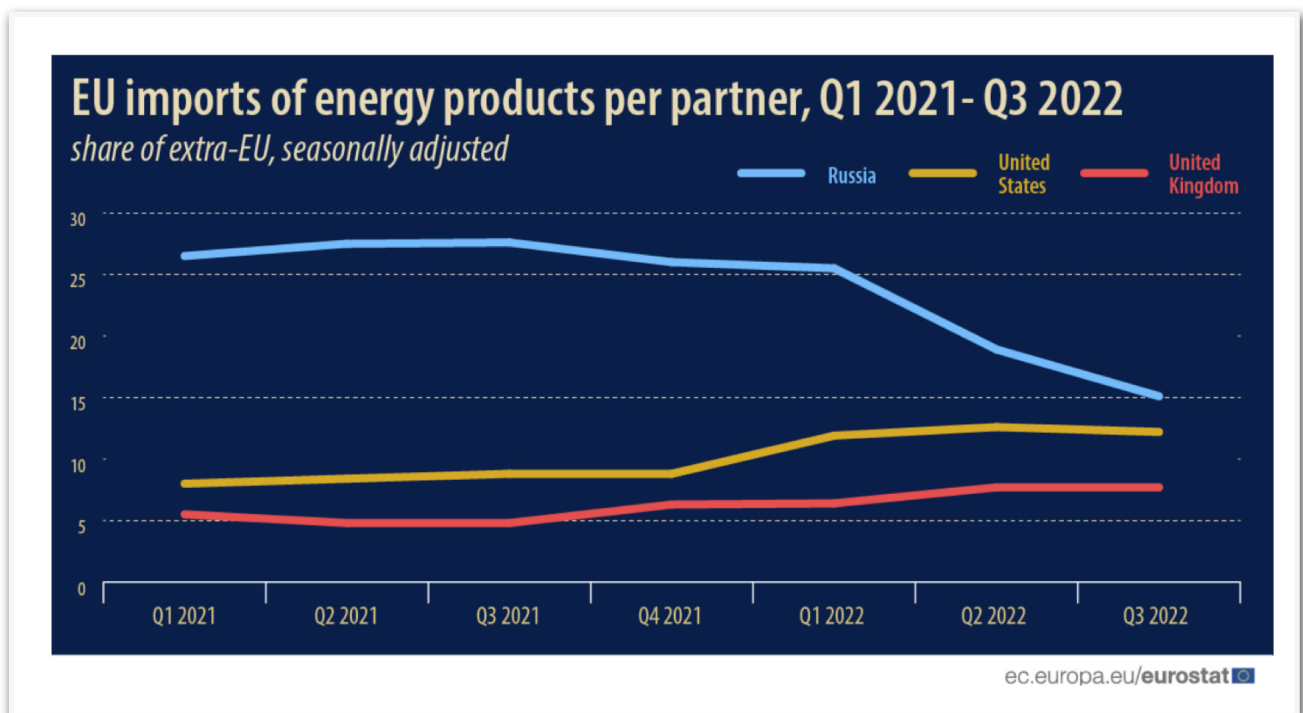
- The Council represents the governments of the EU member states and adopts legislation and policies pertaining to industry, research, and energy. Relationship: The Council collaborates with the EC and the EP to develop and implement initiatives aimed at promoting industrial competitiveness, research excellence, and energy security within the EU. It provides guidance on policy priorities and coordinates efforts to address common challenges in these sectors.

## **Industry Stakeholders**

- Industry stakeholders, including businesses, research institutions, and energy providers, contribute to shaping EU policies and initiatives in their respective sectors. Relationship: Industry stakeholders collaborate with EU institutions to advocate for policies that support innovation, investment, and sustainability in industry, research, and energy. They provide expertise and input to inform decision-making processes and ensure that EU policies reflect the needs and priorities of the industrial, research, and energy sectors.

## External Partners (Russia, USA)

- ▶ Russia, and the USA are major economic powers with significant influence in global trade, investment, and energy markets. Relationship: The EU engages with these countries in various economic and research spheres, negotiating trade agreements, research partnerships, and energy cooperation initiatives. However, differences in policies, geopolitical tensions, and competition for resources can lead to complexities and challenges in these relationships. Nonetheless, the EU continues to explore opportunities for collaboration while safeguarding its economic interests and promoting its values in industry, research, and energy sectors.



Additionally, in the context of energy exports, specific companies or entities responsible for energy export play a crucial role in shaping economic relations between the EU and external partners. These entities often negotiate contracts and agreements with counterparties in other countries, facilitating the export of energy resources such as natural gas, electricity, or renewable energy. By understanding the dynamics of energy export and import, the EU can better assess its dependence on external energy suppliers and explore opportunities for diversification and independence in the energy sector.

## KEY CONFLICTS

The Key Conflicts for the Committee on Industry, Research and Energy (ITRE) regarding the EU Energy Sector are:

### 1. Climate Neutrality vs. Energy Security

- The transition to renewable energy and the goal of achieving climate neutrality by 2050 conflict with the need to ensure a stable and secure energy supply. The expansion of renewable energy can lead to price fluctuations and supply shortages.

### 2. Fossil Fuels vs. Renewable Energy

- The EU aims to move away from fossil fuels but must simultaneously reduce dependence on them during the transition phase without driving up energy prices or jeopardizing industrial competitiveness.

### 3. Price Stability vs. Sustainability

- The desire to keep energy prices low for consumers and businesses often conflicts with the higher investment and operating costs of sustainable, renewable energy sources and technologies.

### 4. Geopolitical Dependencies

- The EU needs to reduce its dependence on countries like Russia and increasingly the USA in the energy sector while maintaining international partnerships to ensure energy security.

### 5. Regional Differences

- Different Member States have varying capacities and priorities in the energy sector. Countries like Germany and the Nordic states are heavily focused on expanding renewable energy and phasing out coal, while southern and eastern European countries, which rely more on fossil fuels, have greater concerns about a rapid transition to climate neutrality. These differing interests lead to conflicts over how resources should be distributed and which strategies should be pursued to meet the EU's energy goals.

### 6. Bridge Technologies

- Another conflict revolves around which technologies should be accepted as “bridge technologies” in the transition to climate neutrality. Some Member States advocate for the

use of natural gas as a transitional solution, while others focus on technologies like green hydrogen.

## FURTHER QUESTIONS

1. How should the EU develop a common nuclear strategy to support the transition to renewable energy while ensuring energy security, particularly considering the differences in nuclear policies among Member States?
2. How can the different national strategies of EU Member States (e.g., Germany, France, Sweden) be harmonized to promote a coherent and competitive European energy policy?
3. What impact does reduced competition within the EU have on electricity prices, and how can the system be reformed to minimize price fluctuations while maintaining the market structure?
4. How can the EU further reduce its dependency on Russian gas, and which alternatives (e.g., gas imports from the USA, liquefied natural gas) should be prioritized?
5. What specific measures are needed to strengthen research and development in the EU for renewable energy and hydrogen technologies, and how could a European energy fund be structured to promote innovations?
6. Should the EU accept fracking as a potential bridging technology, and if so, how can environmental and safety concerns be addressed when promoting this technology?
7. How should the EU further develop its energy taxonomy, particularly regarding the classification of nuclear power and gas as “green” technologies and their impact on investment incentives?
8. What common strategies should EU Member States develop to promote the expansion of hydrogen technologies and improve collaboration on cross-border hydrogen infrastructures?

9. How can the EU ensure that its energy policy maintains social and economic stability during the transition to a climate-neutral future without jeopardizing competitiveness?
10. What are the implications of decisions regarding the expansion of power grids, such as the Swedish power grid, on energy integration within the EU, and how can this issue be addressed at the European level?
11. What steps need to be taken to coordinate the EU's energy policy to ensure both energy security and the expansion of renewable energy without increasing dependence on individual countries (e.g., Norway as the largest gas supplier)?
12. How should EU Member States further develop strategies to avoid energy imports from Russia, particularly given the geopolitical situation and the fact that some countries import more gas from Russia than from the USA?

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- ▶ [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_25\\_335](https://ec.europa.eu/commission/presscorner/detail/en/ip_25_335)
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# SEDE - SUBCOMMITTEE ON SECURITY AND DEFENSE

With the Russian invasion of Ukraine still raging and the United States shifting its focus away from its European allies towards more favorable rhetoric towards Putin, the global order is becoming increasingly unpredictable. This places the free and democratic Europe we know in a more precarious position, forcing it to choose whether to assert itself as a global player on the world stage or to adopt a reactive stance in response to the economic, political, and above all military uncertainties the world faces. Therein lies the question on how we can protect our independence, defend our values, promote stability and prevent security crises. We have to decide in which direction we want to develop our continent. Should we continue to rely on traditional diplomatic norms, merely invest in military resources, or develop new strategies, create new institutions and enter into new collaborations to address emerging conflicts? How can Europe navigate the evolving landscape of world politics to ensure both security and sovereignty in the face of rising global uncertainty?

**CHAIRPERSONS: SIMON DEGENHARDT (GER) | TOM DÜWEL (GER)**

## EXECUTIVE SUMMARY

After the Second World War, the peoples of Europe have been able to enjoy a substantial peace for more than 70 years. Furthermore, following the end of the Cold War, we witnessed further progressive collaboration among our nations. This development, oriented towards democratization, economic liberalism, and multilateralism, ensured that both well-established Western-style states and the transitional states of Eastern Europe experienced significant economic, political, and societal progress.

However, it is undeniable that the Russian invasion of Ukraine represents an epochal disruption for this development on the European continent. This historical event, which flagrantly violates international law, marks the beginning of a new era. And still, even three years later, it is not yet clear how the new role of the EU will unfold on the stage of global politics.

This uncertainty is increasingly concerning, especially in light of recent developments. Just weeks after taking office, newly elected U.S. President Donald Trump has voiced expansionist ambitions regarding the territory of NATO partners, cultivated an increasingly

friendly stance toward Russian President Vladimir Putin, including opening up unilateral negotiations with him and apparently giving concessions regarding Ukraine, reaffirmed previous statements that Europe must take responsibility for its own security, even suggesting indifference if Russia were to target specific NATO members, labeled Ukrainian President Volodymyr Zelenskyy a “dictator” while placing blame for the war on him, and ruled out Ukraine’s NATO membership and the restoration of its pre-2014 borders.

With this, Trump has significantly shifted the United States' position on the war in Ukraine, a development that has caused alarm among European allies. Among others, Kaja Kallas, the EU’s High Representative, condemned Trump’s foreign policy as



“appeasement,” insisting that both Ukraine and the EU must be involved in any peace agreement. British Prime Minister Keir Starmer even went so far as to express his willingness to deploy British troops to Ukraine as part of a peacekeeping force. Amidst Trump’s rapprochement on Russia, French President Emmanuel Macron took matters into his own hands, inviting key allies to multiple summits for consultations, also visiting President Trump in Washington, D.C., to discuss the current stance of the U.S on the conflict. Adding to what Macron had said only a few days earlier, Friedrich Merz, widely expected to become Germany's next chancellor, stated on election night that the EU must strive for independence from the U.S. as soon as possible, citing clear signals from the Americans that they no longer care about Europe’s fate.

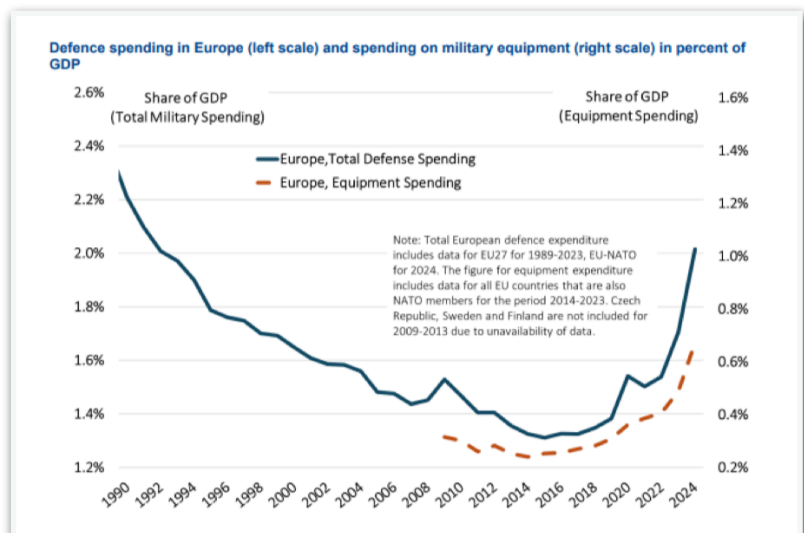
## RELEVANCE OF THE TOPIC

The ongoing global political developments illustrate that the concept of a peace dividend, once advocated by U.S. President George H. W. Bush and British Prime Minister Margaret Thatcher, has led to a neglect of investments in security and defense infrastructure. In contrast, the maxim pursued by the EU, emphasizing the resolution of international issues primarily through soft power, such as diplomatic solutions, seems increasingly questionable

and is already being abandoned by most of its members.

With the apparent regression in political, economic, and military cooperation with Europe, the newfound friendship with Russia, a continued focus on China as an all-encompassing adversary, and a growing tendency toward nationalist and isolationist foreign policies, it is

becoming increasingly clear that the United States will no longer extend its protective hand over Europe. Therefore, we have to decide on how to ensure our own security and defense.



Only with viable measures can we navigate the highly diverse and complex threats, vulnerabilities, and risks we face. These include military confrontations on European soil, such as Russia's war of aggression against Ukraine; conflicts in Europe's immediate vicinity, like the conflict between Azerbaijan and the breakaway state of Artsakh that ended in 2023; and crises with direct impacts on European politics, like the now-ended civil war in Syria, to name just a few.

Given these challenges, the question arises of whether and how the issues of security and defense will enjoy top priority in European politics in the coming decade. The answers to these questions will be pivotal in guaranteeing our independence, maintaining our values, and promoting institutional, economic, and societal progress.

## KEY ACTORS

The security and defense policy of the EU is shaped by various actors operating on multiple complex levels of political engagement:

The primary body responsible for shaping European security and defense policy is the **European Council**, where heads of state and government convene. It defines the strategic interests and objectives of the Common Foreign and Security Policy (CFSP).

In its various configurations, the **Council of the European Union** serves as the EU's primary decision-making body. One of these configurations is the Foreign Affairs Council, composed of the foreign ministers of the member states. Within the strategic framework set by the European Council, it is responsible for developing, implementing, and executing the CFSP. It makes key decisions on EU operations, missions, actions, and positions, oversees their implementation, and appoints special representatives.

The **High Representative (HR)** shapes and conducts the CFSP by proposing measures, including those related to the Common Security and Defence Policy (CSDP). The HR represents the EU on the global stage, leads the European Defence Agency (EDA) and the **European External Action Service (EEAS)** and presides over the Foreign Affairs Council.

As the EU's diplomatic service, the European External Action Service (EEAS) assists the High Representative in carrying out the EU's CFSP mandate. It plays a crucial role in conflict analysis, developing policy options, and coordinating the EU's international actions.

The **European Defence Agency (EDA)** is responsible for enhancing collaboration among member states in defense capabilities by coordinating joint research and development projects, cross-border arms projects, and aiming to improve the interoperability of the armed forces.

The **European Commission** oversees areas of foreign affairs not under the purview of the High Representative, such as neighbourhood, enlargement, and development policies. However, it lacks authority in the CFSP, except proposing initiatives.

The newly created position of **Commissioner for Defence and Space** is a member of the Commission. Assigned to him is the **Directorate-General for Defence Industry and Space (DG DEFIS)**, which is tasked with strengthening the competitiveness and innovation of the European Defence industry by enabling enterprises to invest and facilitate their involvement in cross-border partnerships. However, the Commissioner and Directorate-General have no influence over the policies of CFSP and CSDP.

The **European Parliament**, while indirectly involved through budgetary contributions, primarily focuses on recommendations and hearings concerning the High Representative.<sup>18</sup>

**The Political and Security Committee (PSC)** consists of senior officials from foreign ministries and permanent representations of member states at the EU. It monitors international developments within the framework of the CFSP, oversees the implementation of agreed policies, and provides political control and strategic direction for crisis management operations. Collaborating closely with the EEAS, the PSC acts more as a controller than an initiator of policies. In close cooperation with the EEAS, the PSC primarily functions as a supervisory body rather than a policy initiator. However, the PSC, which represents member states, and the High Representative and EEAS, which are part of the EU central government, are often aiming to minimize each other's influence.<sup>19</sup>

**COREPER II** is a body responsible for preparing the substantive work of the Council of the European Union. It develops guidelines, options, or proposed solutions, presenting them to the Council. It comprises the heads of permanent representations of EU member states. However, it does not have control or leadership functions over EU operations, like the PSC has.<sup>20</sup>

Since **member states** retain sovereignty over their own security and defense policies, they must have a direct influence on all decisions related to these areas and their design. They exert this influence through the European Council, the Council of the European Union, the PSC, and COREPER II. The implementation of the CFSP is only possible through the member states, as most decisions require unanimity. As a result, participation in EU military measures and programs is voluntary for each member state.

As the majority of EU countries are members of **NATO**, the alliance significantly shapes the formulation of European security and defense policy, despite the lack of formal institutional ties between the two organizations. Nonetheless, the EU and NATO coordinate numerous military operations and provide mutual support for each other's missions through shared military staffs or information exchange.

**Europol** and **Frontex** are two additional EU agencies actively involved in security and defense, which are independent legal entities and operate autonomously from EU institutions.

Europol, the European police agency, enhances cooperation among member states in combating serious international crimes such as terrorism, organized crime, human trafficking, drug trafficking, and cybercrime by facilitating the exchange of relevant information between the national police authorities of EU countries.<sup>3</sup>

Frontex, the EU's border and coast guard agency, aims to improve coordinated border control among member states, as well as supporting member states to conduct joint operations and pilot projects to strengthen control at the external borders.

## KEY CONFLICTS

Discussions about deeper cooperation among European states in the field of security and defense are not new. As early as 1952, a proposal emerged suggesting that the countries of the European Coal and Steel Community (ECSC)—France, Belgium, Luxembourg, the Netherlands, Italy, and West Germany—should create a European Defense Community (EDC), thereby establishing a common European army. However, this idea encountered strong opposition in the French National Assembly and ultimately failed, leading these countries to focus on their NATO membership instead.

With the fear of aggression spilling over into the EU, debates on deeper military cooperation between EU member states have intensified since the Russian invasion of Ukraine. However, a key factor prompting Europeans to explore their own solutions for maintaining security is President Donald Trump's increasingly hostile stance towards the U.S. commitment to safeguarding Europe. This includes statements made during his first term and his 2024 presidential campaign, in which he warned that NATO members failing to meet the mutually agreed target of spending 2% of their GDP on defense would not be defended by the U.S. in the event of an attack. He has since called for raising this target to 5%. While Lithuania and Estonia have already committed to this spending goal, many other countries are eager to increase their military budgets, though they prefer a more conservative approach.

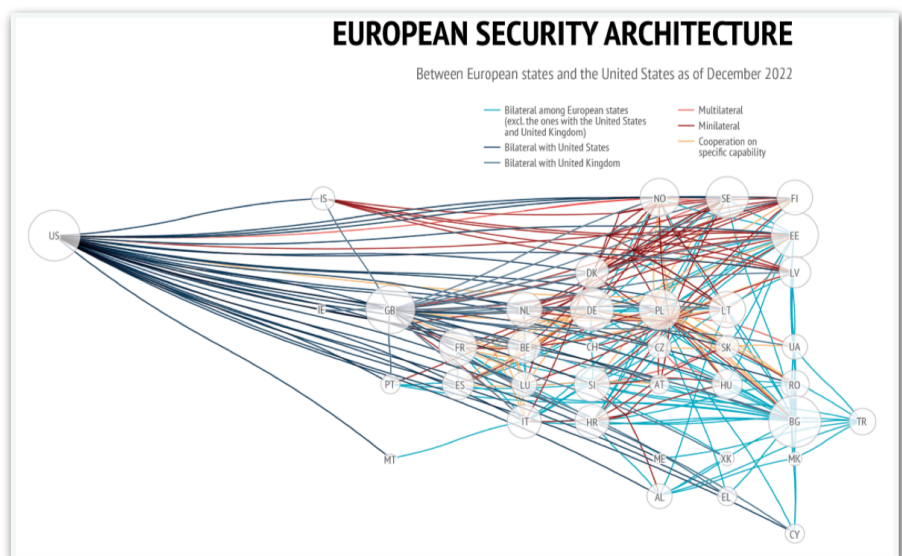
As the U.S. shifts its focus away from Europe, there have been increasing calls for concrete measures to deepen military cooperation. This includes a February 2024 statement by Katarina Barley, a German Member of the European Parliament, advocating for the EU to develop its own nuclear arsenal. Presently, France is the sole EU member with direct access to nuclear weapons through its Force de frappe, though it lacks a specific doctrine outlining the potential use of these weapons. Additionally, Emmanuel Macron had suggested the possibility of deploying European ground troops to Ukraine in early 2024. While there has been a consensus in the European Council to refrain from direct involvement in the war in Ukraine, Latvia, Lithuania and Poland had expressed openness to this option. Independent from Macron Keir Starmer also recently advocated for putting “boots on the ground” to contribute to security guarantees to Ukraine. Macron and Friedrich Merz have also recently proposed the creation of a European nuclear shield.

**In addition, there are broader points of conflict:**

Achieving comprehensive alignment and compatibility of the national interests of member states is challenging, particularly as countries like Hungary or Slovakia pursue a distinct pro-Russia course, creating tension with other member states. Moreover, decision-making processes in the areas of security and defense require unanimity, which often leads to delays and difficulties in implementing joint measures when consensus cannot be reached. The relationship between the

EU and NATO also adds complexity, especially regarding the alignment of NATO structures with potential enhanced cooperation in the EU's security and defense efforts. While NATO has the capabilities and experience to plan, conduct, and oversee

military operations, the EU has traditionally focused on managing low-intensity crises, often of a civilian rather than military nature, alongside conflict prevention and mediation.

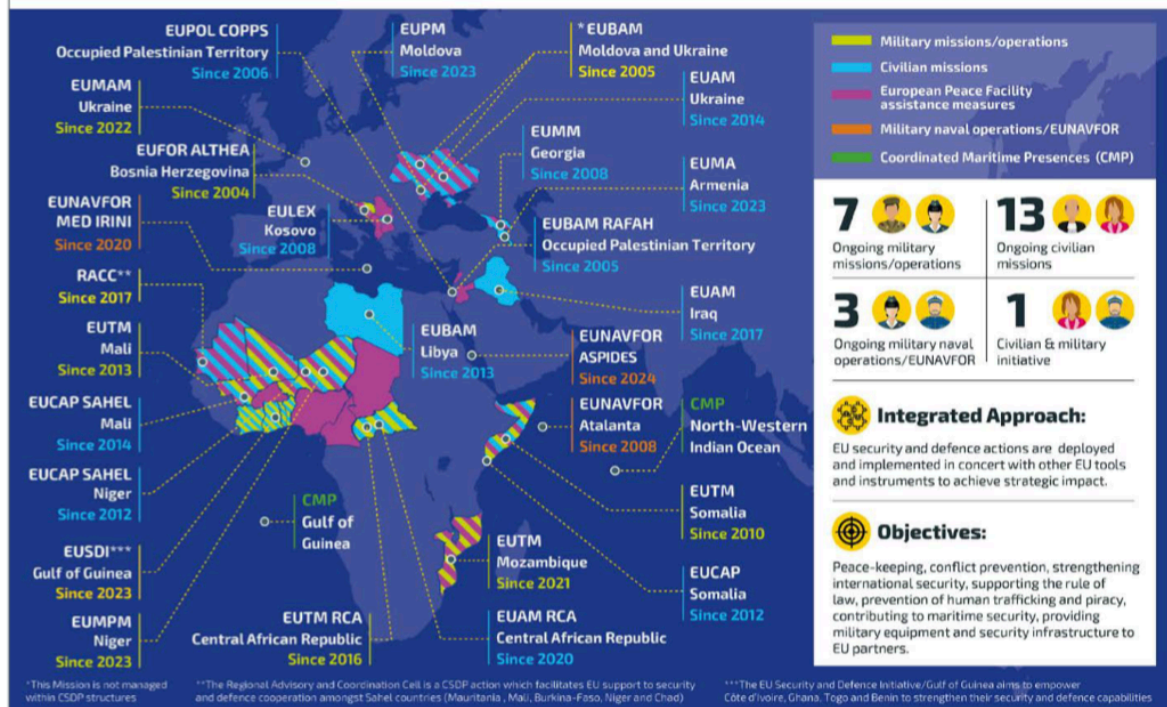






## EU SECURITY AND DEFENCE ENGAGEMENT AROUND THE WORLD

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However, this civilian-centric approach does not provide sufficient deterrence against potential foreign threats. As a result, European countries continue to maintain dual memberships in both NATO and the EU, as demonstrated by the recent NATO membership of EU members Finland and Sweden. This dual membership risks creating redundant structures, assigning conflicting roles to member states within both organizations, or causing operational interference between the two entities.

In addition to the complexity already existing between the EU and NATO, as illustrated in the accompanying graphic, there are numerous multilateral and bilateral defense cooperation formats between European states, as well as with the U.S., each with its own priorities. For example, the United Kingdom and France agreed in the Lancaster House Agreement of 2010 to cooperate on future armaments programmes, while Dutch-German cooperation resulted in the merger of several military units of the two countries under a joint military command.

Lastly, the question arises about the true willingness of EU member states to surrender competences in the areas of security and defense to the EU. Any deepening of cooperation



within the EU would lead to greater centralization in Brussels, raising concerns about the retention of influence by individual member states throughout the policy-making process.

## MEASURES IN PLACE

In 1993, the EU established the **Common Foreign and Security Policy (CFSP)**, which forms the foundation for the EU's actions on the international stage. Through the CFSP, the EU aims to preserve peace, enhance international security and promote international cooperation, democracy, the rule of law and the respect for human rights and fundamental freedoms. Under this framework, the EU created the **Common Security and Defence Policy (CSDP)**. It serves as the most integral part of the EU's foreign policy, as it seeks to strengthen the EU's military capabilities and enable the deployment of missions outside the EU for peacekeeping, conflict prevention, and the enhancement of international security.

With the CSDP, the EU is able to carry out both civil and military missions designed to establish and maintain peace and security in various regions of the world. Currently, the EU is conducting 21 active missions, with a personnel of approximately 4,800. These missions include training soldiers, assisting with border controls, establishing police forces, judiciary and administrative structures, combating human trafficking, and protecting humanitarian aid and supplies. The implementation of these missions follows a complex process involving the European External Action Service (EEAS), the Political and Security Committee (PSC), the defense ministries of member states, and, at times, NATO.

Additionally, the European Union created several other instruments to address threats to its security:

The already existing **EU Battlegroups** are a multinational, short-term crisis-reaction force, each consisting of 1,500 soldiers, with personnel rotating every six months. Its primary goal is to provide rapid operational capability in response to various crises.

They will be complemented by the **EU Rapid Deployment Capacity (EU RDC)**, established in 2022 and expected to be operational by 2025. The EU RDC is a framework designed to deploy up to 5,000 troops to address imminent threats and manage crisis situations.

To that several multinational armed forces are available, allowing member states to cooperate on various military levels. These include the European Gendarmerie Force, Eurocorps, or the European Maritime Force. However, these forces are not established at the EU level, nor are they part of the PESCO framework; they are instead initiatives led by the member states themselves.

To enhance coordination on security and defense matters, the EU's Foreign and Defence Ministers established the **Permanent Structured Cooperation (PESCO)**. PESCO allows participating member states to voluntarily collaborate on various projects, including those aimed at harmonizing and improving the interoperability of national armed forces, as well as joint arms projects. Currently, all EU member states, except Malta, participate in at least one project operated under PESCO.

Furthermore, the European Union has established financial mechanisms to support security and defense efforts:

The **European Peace Facility (EPF)**, created in 2021, is designed to enhance the Union's capacity to prevent conflict, build peace, and strengthen international security. Outside the EU's multi-annual 2021-2027 budget, over €17 billion will be allocated to support countries like Ukraine, Georgia, and Moldova, helping finance military equipment and essential supplies such as protective gear, first aid kits, fuel, ammunition, and missiles. It also finances some of the EU missions.

Another key financial instrument is the **European Defence Fund (EDF)**, which allocates nearly €8 billion to support and promote cross-border cooperation within the EU defense industry. The newly enacted **Act in Support of Ammunition Production (ASAP)** is designed to boost collaborative ammunition and missile production across EU member states in response to rising demand. With a budget of over €500 million, the initiative aims to expand ammunition production capacity throughout Europe, helping member states replenish their stockpiles and supply ammunition to Ukraine by addressing potential bottlenecks and shortages in defense supply chains.

## SUMMARY AND OUTLOOK

As Ursula von der Leyen, President of the European Commission, stated in a speech in the European Parliament in February 2024 “[...] many European illusions have been shattered. The illusion that peace is lasting. [...] The illusion that Europe alone is doing enough for security [...]. When we look around, it is clear that there is no room for illusions anymore. [...] The world is as dangerous as it has not been for generations“. With this assessment, the focus of security and defense has shifted back to territorial defense, rather than "out-of-area" missions around the globe. As global uncertainty grows, the EU faces a critical choice: it must either strengthen its own security architecture, reduce reliance on external powers, and emerge as a key actor in world politics, or adopt a reactive stance in response to the economic, political, and, above all, military uncertainties the world faces. Once again, the question arises: how can we protect our independence, defend our values, promote stability, and prevent security crises? We must decide whether to rely on traditional diplomatic norms, merely invest in military resources, or develop new strategies, create new institutions and enter into new collaborations to address emerging conflicts. Moreover, we must find a way to navigate Europe through the evolving landscape of global politics, ensuring both security and sovereignty.