

Council of Councils Fifteenth Regional Conference

The Council of Councils

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Introduction

Decision-makers around the world are grappling with a rapidly changing geopolitical landscape. New and expanding geopolitical blocks are offering alternatives to traditional institutions, technology is advancing faster than legislation, consequential elections are reshaping economic agreements and alliances, and ongoing conflicts in Ukraine and the Middle East are still producing global reverberations. The future of multilateral cooperation and the spaces in which it happens are being rethought. The fifteenth regional conference of the Council of Councils welcomed thirty-nine participants from twenty-seven institutes in twenty-four countries to discuss those complex issues and more. The conference began by addressing geopolitical fragmentation, then explored industrial policy, technology governance, and the reconstruction of Ukraine. The following day, participants tackled Europe's external relations with sessions on the transatlantic relationship between the EU and the Americas, the EU-China relationship, and the EU-Middle East relationship. The conference concluded with a public session on what the rest of the world expects from the EU.

Geopolitics and the Future of the World Order: Addressing Fragmentation

The current geopolitical landscape is increasingly shaped by growing fragmentation, adding new layers of complexity to global efforts to ensure stability and cooperation. Economic inequality, ideological divides, and the emergence of multiple power centers are shifting international dynamics. While fragmentation is not a new phenomenon, its drivers have become more complex, largely shaped by economic inequality, ideological divides, and disparities in access to essential resources. This dynamic has prompted discussions about the efficacy of the postwar institutions, and whether they can be effectively reformed to address the complexities of today's multilayered, multipolar landscape.

Participants agreed that part of the challenge will be identifying key issues that will require new frameworks for global cooperation. Topics such as economic stability, cybersecurity, the governance of artificial intelligence (AI), climate resilience, the transition to green technology, and the governance of outer space stand out as priorities for multilateral collaboration. Those issues are transnational in nature and require cooperation—even among ideologically diverse groups. Additionally, there is a clear link

between economic stability and security; addressing poverty and economic disparity is thus vital to mitigating broader governance and security challenges.

Economic stability remains a foundational pillar for global cooperation, highlighting the importance of reforming the world's economic institutions. Strengthening frameworks linked to major economic bodies is essential for bridging divides between the Global North and South. Informal coalitions—including the Group of Twenty (G20), Group of Seven (G7), and BRICS (Brazil, Russia, India, China, South Africa, along with the newly added Egypt, Ethiopia, Iran, and United Arab Emirates)—could emerge as stabilizing forces and serve as entry points for reforms, especially if they prioritize sustainable development and climate resilience for vulnerable states.

Reservations remain, however, about the ability of existing structures to effectively manage the shifting world order. Many participants see BRICS as a challenge to the West, but internal political differences among its members limit its potential to drive significant change. The EU's lack of hard power and its focus on internal issues could reduce its influence as a stabilizing force. Middle powers, such as India and countries in the African Union, could play a larger role in stabilizing the international system, but the degree to which they are prepared to forego national and regional interests in favor of more global priorities remains to be seen. The increasing power of private actors, such as multinational corporations, is also a notable emerging force in global governance.

Some participants argued that fragmentation itself could be too simplistic a term to describe the current state of the world. While fragmentation can be seen as positive in promoting self-sufficiency, it also risks reducing international cooperation and exacerbating global challenges. The concept of a unified world order, particularly since the end of the Cold War, has often been a Western-centric view, while many regions outside the West have always experienced some degree of fragmentation. This meta-reflection on terminology reflects the breadth of opinion on what an ideal future world order looks like.

Recommendations

- Governments should prioritize a multilayered approach that blends formal and informal institutions, emphasizes economic reform, and involves public and private actors to improve compliance and contribute to a more stable global framework.
- Member states should work to reform multilateral economic institutions, as they serve as important platforms for consensus-building between global powers.
- Governments and leaders should prioritize global issues like economic equity, climate resilience, and security within multilateral institutions in a way that balances diverse interests and promotes an inclusive global order.
- Major powers should expand their efforts to address development and inequality in middle power countries, promoting their role in guiding the world order.
- States and leaders should advocate for a governance approach that reflects regional realities and addresses inequality, financial stability, and development.
- Experts should explore interconnected areas (e.g., the economy, cybersecurity, and space) to better understand the evolving global landscape and potential for cooperation.

- States should prioritize flexible coalitions and regional cooperation over traditional global institutions to balance power and protect weaker states.

Industrial Policy for the Green and Digital Transitions

All participants agreed that industrial policy plays a crucial role in navigating the green and digital transitions, serving as a strategic tool for fostering economic security, technological leadership, and sustainability. Modern industrial policy is moving away from traditional, growth-driven models to focus on environmental sustainability, social equity, and long-term competitiveness in an increasingly fragmented global landscape.

The impacts of industrial policy extend further than the jurisdiction in which it is applied. In particular, policies enacted by the EU, United States, and China have major implications for each other, necessitating a careful balance of national interests with the need for international cooperation. The risk of a subsidy race, overcapacity, and regulatory divergence—which could lead to fragmented global markets and impede progress toward shared sustainability goals—are all pressing challenges. As such, there is a growing call from climate scientists and policy experts for reforms that align industrial policy with responsible consumption, ecological concerns, and equitable growth, ensuring that both national and global interests are effectively managed.

Recommendations

- Governments should rethink fiscal rules to support green transitions, acknowledging the financial challenges and need for significant investments.
- Governments and economic blocs should work to prevent a global subsidy race, especially in industries such as electric vehicles, to avoid inefficiency and fiscal strain.
- Governments and businesses should strengthen global supply chain resilience by diversifying and reducing vulnerabilities from dependence on a few large economies.
- Governments should balance economic development with environmental justice by ensuring fair policies for industrializing nations, such as the polluter pays principle, while facilitating equitable participation in the green transition.
- Governments should increase focus on nonfinancial accounting and stakeholder capitalism to support long-term sustainability.
- Governments and development agencies should shift away from gross domestic product (GDP)–based growth models and prioritize sustainable, equitable development that respects ecological limits.
- The EU should strengthen coordination on industrial policy to address governance challenges and ensure a unified strategy for technological leadership.

Bridging the Global Technology Governance Divide

Global technology governance faces significant challenges due to rapid technological advancements and fragmented regulatory approaches, particularly in areas such as artificial intelligence, digital infrastructure, and cybersecurity. Geopolitical tensions, especially between the United States, China, and the EU, have fostered techno-nationalism and divergent regulatory standards, complicating efforts to establish cohesive global frameworks.

Participants agreed that issues such as artificial intelligence (AI) weaponization and the influence of big tech companies in the policy process underscore the difficulties of creating unified global standards for pressing technology issues. However, some participants argued that certain areas, including cybersecurity and AI ethics, demand international cooperation. The role of developing countries is also critical, as they often lack access to technology and regulatory influence, despite producing the raw materials used for such technology. Such imbalances highlight the need for more inclusive governance structures. Effective technology governance demands agility, transparency, external oversight beyond self-regulation, and a focus on energy efficiency, especially in data-intensive sectors.

Policy Recommendations:

- Developed countries should help improve digital infrastructure and literacy in developing countries to enhance their participation in global tech discussions.
- Governments and economic blocs should implement antitrust measures to curb the dominance of big tech companies and encourage innovation.
- Governments and multilateral groupings should establish frameworks to regulate AI-powered weapons and prevent the weaponization of technology.
- Governments should leverage regional platforms to address regional tech issues and inform global policy.
- Governments should mandate the disclosure of AI's energy use and data practices for better sustainability and oversight.
- Multilateral organizations should be reformed to become more flexible, inclusive, and responsive to fast-evolving tech challenges.

Supporting Ukraine's Reconstruction and Security

Ukraine's reconstruction, estimated to cost a minimum of \$450 billion, involves not only rebuilding physical infrastructure but also fostering economic and social stability. Attracting private capital to help fund this task is challenging due to the ongoing conflict; however, mechanisms such as blended finance are being explored to incentivize investment. Participants acknowledged that, while using frozen Russian assets is a potential option, such an approach is not straightforward and raises legal concerns.

Beyond the immediate conflict, the war has reshaped the EU's role in international security by forcing the Union reconsider its identity as a nonmilitary alliance, though questions about its long-term strategic vision remain unresolved. Achieving sustainable peace will also require accountability for war crimes and restorative justice mechanisms beyond the International Criminal Court (ICC). For

example, addressing the war's psychosocial impact on Ukrainian society will be an essential aspect of the recovery process. Ukraine's future security mechanisms remain uncertain, with debates around NATO integration ongoing, while the risk of a frozen conflict or potential capitulation could destabilize the EU's borders and embolden Russia further.

Recommendations

- Ukraine's partners should increase their financial commitment to Ukraine through expanded EU facilities and mechanisms similar to a new Marshall Plan.
- Ukraine's partners should refine legal frameworks to allow for the use of frozen Russian assets while addressing concerns about setting a precedent and potential legal challenges in utilizing these assets
- The EU should prioritize the production of heavy weapons within the EU and streamline the process of supplying military aid to Ukraine.
- Governments and aid agencies should develop capacity-building programs to address the shortage of technical expertise needed for reconstruction efforts.
- Governments and aid agencies should focus on restorative justice initiatives and address the psychological impact of the war on Ukrainian society.
- Governments and multilateral organizations should explore and implement hybrid mechanisms for prosecuting international crimes committed in Ukraine, particularly given the ICC's limitations.
- Ukraine should explore international collaboration, particularly with actors such as India, to support its reconstruction and to help mediate the conflict.
- Ukraine and its partners should develop comprehensive strategies to prevent a frozen conflict and address the potential security risks posed by Russia in the long term.

EU-Transatlantic Relations

Participants agreed that transatlantic relations will face challenges from the next U.S. president, the EU's dependence on the United States, and the influence of democratic backsliding on foreign policy. They noted that people in Europe are concerned about the U.S. presidency's potential impact on transatlantic relations, particularly in areas such as NATO's security guarantees and Europe's stance toward Ukraine.

There is also growing recognition among transatlantic parties of the need to broaden engagement to include Latin America, with a focus on building partnerships that reflect shifts in the region's economy and production capacity, while addressing trade protectionism.

Recommendations

- The EU and the United States should broaden their transatlantic engagement to include Latin America, with an emphasis on integrating Latin American countries into global value chains and acknowledging their technological contributions.

- Europe should enhance its autonomy in international crisis management and reduce its dependence on U.S. security support.
- Europe should develop coalitions for continued support to Ukraine, especially if U.S. support wanes.
- The United States should pursue inclusive agreements on Ukraine and involve the EU in any U.S.-Russia discussions to ensure that European interests are represented.
- Transatlantic states should address democratic backsliding by promoting stable and rules-based international systems that discourage authoritarianism and protectionist policies.

EU-China Relations

The nature of EU-China relations balances between systemic rivalry and partnership, shaped by contrasting perspectives on military and economic security in Europe and the Indo-Pacific. Discrepancies in interpretation stem from differing views on China's relationships with Russia, Iran, and North Korea. While Europe and the United States perceive those relationships as potential security alliances, China emphasizes that its ties with those countries are primarily based on geoeconomic interests rather than binding security commitments.

In Europe, the concept of de-risking from China is seen as both a unifying narrative and a practical challenge. Although de-risking has the potential to consolidate European efforts, it currently lacks the concrete tools needed to rally and mobilize a wide range of European actors, including local businesses and communities across EU member states.

Recommendations

- The EU should raise awareness within European businesses about the long-term impact of overreliance on Chinese suppliers.
- The EU should dispute and disprove the view that Chinese investments in Europe are essential to support job creation.
- The EU should invest in policies that foster social cohesion and security within Europe to provide a robust alternative to Chinese investments and China-dominated supply chains.
- The EU should develop a narrative that China's overproduction concerns not only Europe but also Global South countries within its supply chains.

EU-Middle East Relations

The EU role in the Middle East is characterized by internal divisions, limited impact, and issues of credibility, especially regarding its stance on the Israel-Palestine conflict. The EU is often seen as passive and divided in its involvement in the region, particularly in contrast to other powers such as the United States, China, and Russia.

However, participants noted that opportunities remain for the EU to build stronger ties, particularly with Gulf countries, and to pursue a more active role that includes supporting diplomatic frameworks

and addressing regional crises. The EU needs to overcome both internal and external challenges to improve its effectiveness and credibility in the Middle East.

Recommendations

- The EU and its member states should address their internal divisions on Middle East policies to create a unified stance.
- The EU and its member states should work to rebuild credibility by applying consistent standards, avoiding double standards (e.g., on Ukraine vs. Palestine) and clarifying EU principles.
- The EU should pursue stronger strategic partnerships with Gulf countries, emphasizing areas such as technology, energy, and regional security.
- The EU should help facilitate de-escalation in cooperation with local Middle Eastern actors.
- The EU states should recognize migration as a core issue in EU-Middle East relations and be mindful of the EU's colonial past in the region.
- The EU should work toward practical, multilateral solutions rather than relying on a Eurocentric approach, and prepare for tangible results in both immediate and long-term stabilization efforts.

What Does the Rest of the World Expect From the EU?

Global expectations for the EU are for a distinct move away from relationships characterized by inequality and dependence to partnerships of equal and mutually beneficial interdependence. That demand highlights the need for the EU to strengthen its credibility and adaptability in response to changing dynamics in Africa, Southeast Asia, and the Middle East. Countries seek a Europe that listens more, innovates in how it engages, and champions normative frameworks without imposing a single model.

Major areas for engagement include multilateralism, conflict management, and credible security efforts. The EU should balance those expectations while addressing internal and external challenges, including geopolitical competition with China and Russia and evolving security dependencies with the United States.

Recommendations

- The EU should look to build, and in some cases rebuild, partnerships that are mutually and equally beneficial, especially in regions historically reliant on European support
- The EU should embrace listening and openness, allowing adaptive approaches that address the unique needs of each region.
- The EU should serve as a model for rules-based governance without imposing EU norms.
- The EU should address double standards in its foreign policy to strengthen credibility and preserve the EU's normative influence.
- The EU and its member states should address their colonial legacies (e.g., by returning African artifacts), supporting climate initiatives, and reinforcing development assistance.

- The EU and its member states should leverage trade as a key diplomatic tool in Asia.
- The EU and its member states should strengthen security capabilities to reassure the EU, its neighbors, and U.S. allies.