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The EU in an age of empires

A liberal geopolitical force in the making?

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Summary

- With the US under President Trump challenging the core principles of the rules-based international order, the EU finds itself in an age of empires. The rise of imperialist politics is forcing the EU to defend liberal democracy and economic stability, and to rely increasingly on likeminded partners in the absence of the US.
- Rising far-right populism, democratic backsliding, and institutional gridlock are weakening the EU. To maintain internal cohesion and external influence, the EU must reform its decision-making, strengthen democratic legitimacy, and accelerate enlargement through differentiated integration.
- The EU must redefine its relationships, particularly with the Global South. By stepping up as a development partner and demonstrating responsiveness and consistency rather than relying on purely transactional diplomacy, the EU can solidify its added value on the global stage.
- Facing economic rivalry with the US, the EU must enhance its competitiveness, deepen the single market, and strengthen the euro. Joint borrowing and fiscal integration could bolster the EU's resilience and economic statecraft, ensuring that it can "stand up for itself".

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Introduction

The European Union now faces a profoundly altered global order – one no longer marked by strategic competition but by outright rivalry between former allies. At the centre of this shift is the radical change in US foreign policy under President Donald Trump’s second term. In just the first three months of his return to office, Trump has challenged allies’ sovereignty, launched trade wars, and dismantled US development aid. Trump’s indifference – and at times hostility – towards Ukraine raises concerns about European security. Yet the broader implications for international stability are equally profound. In a striking reflection of this new reality, EU High Representative Kaja Kallas – typically known for her transatlanticist stance – declared that “the free world needs a new leader”.¹

The EU has both embodied and benefited from the principles of the liberal ‘free world’. Yet the global order has been undergoing a profound transformation for some time, shifting away from a rules-based international system towards a landscape increasingly shaped by power politics, transnational influence, and competition over resources and territories – a shift further accelerated by the recent turn in US foreign policy.

In an history-ignoring turn of events, the EU and its liberal model is no longer seen by Washington as a close ally but as a rival. Rather than a partner in shared values, Trump perceives the EU as an entity that “takes advantage of the United States”, and unlike during his first term, he is now both willing and

able to act on this belief. Vice President JD Vance’s speech at the Munich Security Conference, in which he criticized the EU for “backsliding on freedom of speech”, underscored this antagonism, launching an ideological attack on core European principles.

What was once a world where the “West” – despite its many inconsistencies – stood united against autocratic challengers has now fractured into a global environment where the EU must forge new partnerships and strengthen existing ones to defend the rules-based order and fend off imperialism.

This Briefing Paper assesses the EU’s challenges and opportunities in a world increasingly defined by hierarchical power structures and coercive tactics – what we describe as an emerging age of empires. It focuses on three critical dimensions: the EU’s internal credibility as a political project, its ability to uphold a principled approach with global partners, and its capacity to wield economic influence in an era of power-driven competition.

The key takeaway is that, despite the intensification of raw power politics and transactional diplomacy, the EU must continue to uphold, leverage, and defend its core liberal, rules-based model of international engagement. In an age of empires, the EU’s ability to offer a non-imperial alternative to global politics depends on maintaining the rule of law at home and fostering equitable partnerships abroad. Additionally, deeper fiscal and political integration will be crucial for sustaining the EU’s economic strength and preparing for the intensification of global trade conflicts.

1 Badshah, Nadeem (2025) “‘Free world needs a new leader’, says EU foreign chief after Trump Zelenskyy row”. *The Guardian*, 1 March. <https://www.theguardian.com/world/2025/feb/28/european-leaders-throw-support-behind-zelenskyy-after-heated-trump-meeting>.

Return of empires

The US foreign policy turn is part of a broader trend in international politics. Over the past decade, the concept of empire has resurfaced, reinforcing hierarchical power structures where dominant states constrain weaker ones.² While imperialism has long shaped global affairs – from Europe’s colonial past to the sphere-of-influence politics of the Cold War – it appeared to be a relic since the 1990s. The seemingly prevailing international order emphasized the principles of sovereign equality and territorial integrity, enshrined in documents such as the UN Charter and the 1975 Helsinki Final Act, which sought to establish peaceful cooperation among states.

However, recent geopolitical shifts, particularly the aggressive foreign policies of Russia and China, have called the sustainability of these principles into question. Russia has openly embraced imperialist rhetoric, with President Vladimir Putin repeatedly challenging the sovereignty of Ukraine and other Central and Eastern European nations, which he perceives as part of Russia’s rightful sphere of influence. China, while more subtle in its approach, has exhibited imperialist tendencies through its global economic statecraft, notably via the Belt and Road Initiative. Its assertive stance on Taiwan and growing influence over regional economies signal an ambition to exert political and economic control beyond its borders.

Meanwhile, the assertive policies of authoritarian actors have been enabled by the West’s own failures – whether in upholding human rights, managing economic partnerships, or justifying military interventions. These inconsistencies have fuelled accusations of double standards and the persistence of imperialist thinking and action, making it easier for challengers to undermine the liberal order amid global power shifts.

The shift in US foreign policy significantly accelerates the imperialist turn in history. Although some of its most extreme expressions – such as Trump’s

repeated suggestions that Canada could become the 51st US state, or his proposals to take control of the Panama Canal and claim Greenland – have remained rhetorical so far, other manifestations are already shaping global politics in tangible ways. US-Russia ceasefire negotiations have sidelined Ukraine’s territorial integrity and sovereignty, reflecting a willingness to accommodate aggressor states. Meanwhile, Trump’s hostility towards the EU and his ideological alignment with Europe’s far right further strain European cohesion.

Regardless of future administrations, the resurgence of imperialist politics is reshaping global dynamics. The erosion of international law and the use of extortion tactics by the US are fundamentally altering the geopolitical landscape. The abrupt withdrawal of US development aid, and its divergence from European partners on UN votes, have further damaged America’s credibility as a reliable ally, reinforcing the perception that global politics is shifting in a more unilateral and power-driven direction.

The EU now faces profound strategic questions that go beyond security concerns to the very future of liberal democracy and economic stability in Europe.³ Emerging from the ruins of World War II, the EU was conceived as a non-imperialist entity – an unprecedented model of supranational governance designed to transcend nationalism and promote peace through shared sovereignty and democratic values.⁴ While the EU has never been perfect in addressing its own shortcomings and imperialist past, it still has much to gain from the soft power at the heart of its integration project.

That is why this moment presents not just a challenge but also a chance for the EU to play a more proactive and assertive role in advancing its values, both within Europe and on the global stage. The EU now has both the opportunity – and the responsibility – to assert itself as a stabilizing force in Europe and a defender of the liberal international order.

2 Bradford, A. (2023) *Digital empires: The global battle to regulate technology*. Oxford University Press. Doyle, M. W. (1986) *Empires*. Cornell University Press. Bayly, M. J. (2021) “Imperialism: Beyond the ‘re-turn to empire’ in International Relations”. In *Routledge Handbook of Historical International Relations*. Routledge, 355–367.

3 Möller, Almut (2025) “A New European Architecture”, *EPC Commentary*, 25 February. <https://www.epc.eu/en/Publications/A-new-European-architecture~625bb0>.

4 Zielonka, J. (2007) *Europe as empire: The nature of the enlarged European Union*. Oxford University Press.

Regaining internal democratic credibility

Manuel Müller and Sanna Salo

For the EU to assert itself as a credible actor in an age of empires, it must address several key internal issues: the rise of far-right and anti-democratic movements, the ongoing rule-of-law crisis, and the need for institutional reform and a revised enlargement policy.

One of the most immediate challenges is the surge of the far right, which, in some cases, overlaps with anti-democratic movements. The EU must be aware of the increasingly global connections of far-right populist actors and the risk of foreign

interference in its democratic processes. Yet it should first and foremost deal with the far-right forces within its own borders. Far-right parties, many of which question European integration, are increasingly occupying national government positions and becoming part and parcel of EU Council decision-making as a consequence (see Figure 1). This directly affects the Union's ability to pass legislation and reach consensus.

Policymakers from democratic parties need to respond by regaining the political initiative in a way that acknowledges and finds solutions to concerns of

Far-right governments in the European Union

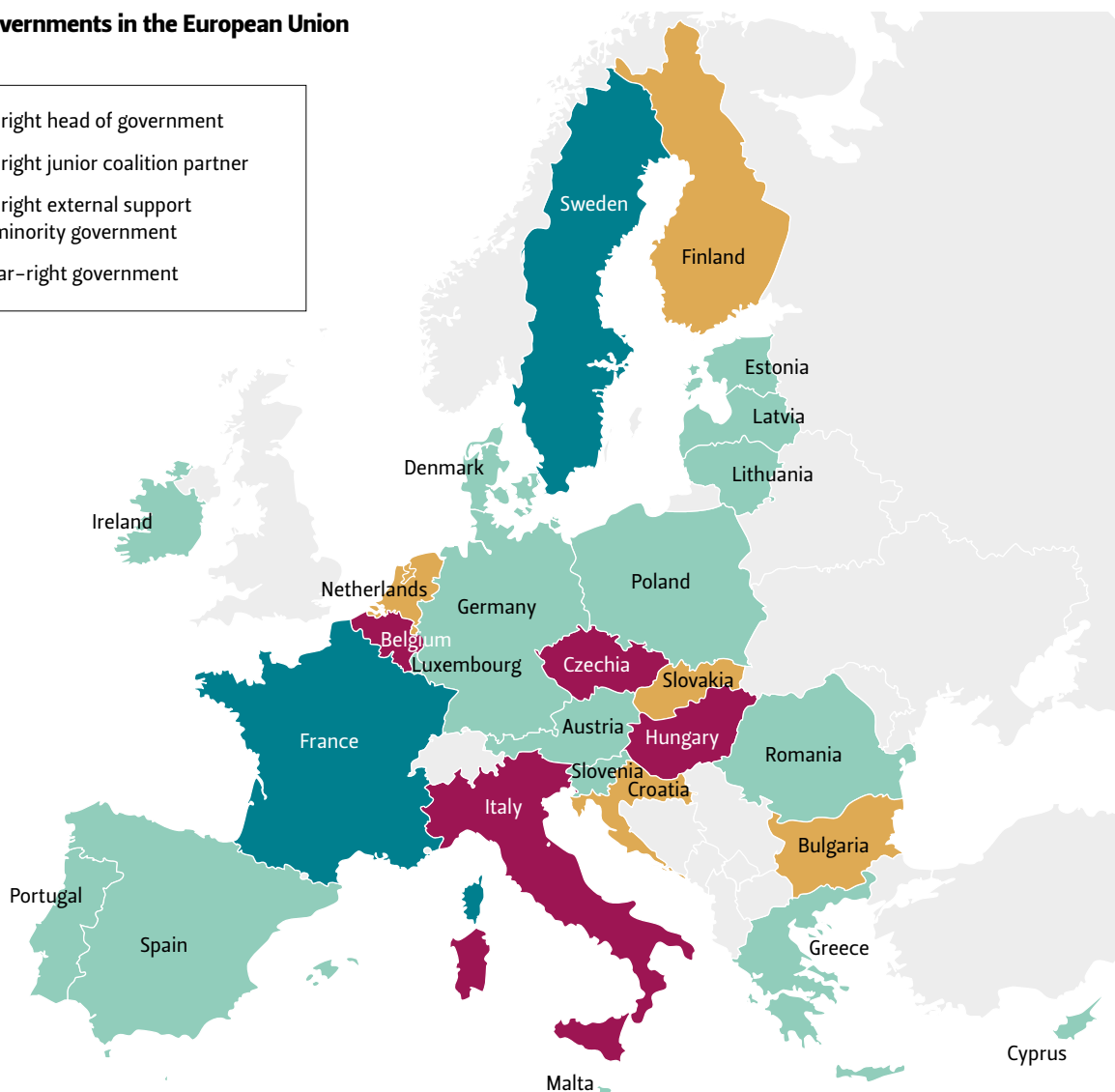
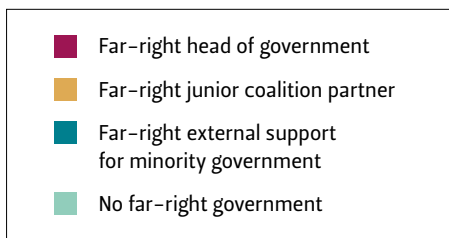


Figure 1. “Far-right parties” are defined as those affiliated with the ECR, Patriots, or ESN groups in the European Parliament and/or their corresponding Europarties (or predecessors).

Source: Own compilation

far-right electorates in both economic and cultural issues. In terms of cooperation patterns, mainstream parties should move from a “resist” to an “adapt” mode. Crucially, *adapting* does not mean *adopting* far-right narratives and approaches. Instead, mainstream policymakers need to set and stick to clear red lines for any potential cooperation, including clear communication on the consequences of breaching commonly agreed practices. Compromising, even rhetorically, on liberal-democratic principles must incur a cost. At the same time, policymakers should articulate a strong and positive vision for liberal democracy. This is particularly true when it comes to the protection of fundamental rights and the rule of law, where the EU must not only counter democratic backsliding within member states, such as Hungary, but also maintain its own credibility as a protector of human rights, particularly in the context of migration and asylum.

“A stronger EU can only be legitimate if it also becomes more democratic itself, with more meaningful EU elections, more powerful European political parties, and more transnational public spheres.”

The EU’s ability to act effectively in a more aggressive and crisis-prone global environment is hindered by slow decision-making and institutional constraints. To remain relevant, it must become more efficient and able to deliver – not only through regulation, but also through executive policy, for example in foreign affairs.⁵ This will require reducing national vetoes and enhancing the role of the EU Commission. A stronger EU can only be legitimate if it also becomes more democratic itself, with more meaningful EU elections, more powerful European political parties, and more transnational public spheres. The European Parliament’s 2023 reform

5 Müller, Manuel (ed.) (2024) “Priorities of the new EU Commission: Struggling to balance long-term goals with short-term needs”. *FIIA Briefing Paper* 396. <https://fiia.fi/en/publication/priorities-of-the-new-eu-commission>.

proposals sought to advance these goals, but so far, they have not been addressed by the member states.

EU reform would also facilitate enlargement. While other great powers are contemplating or even actively trying to expand their borders by force, the EU faces a different challenge: many countries seek to join the Union of their own free will but are kept at arm’s length by the EU’s reluctance. There is a risk that candidate countries will come to see the EU as treating them as a permanent imperial periphery, forcing them to implement the European *acquis* without ever granting them full membership. To counter this perception, the EU must clearly demonstrate its openness to countries that share its values. Otherwise, a prolonged accession limbo could push these countries towards alternative geopolitical alignments.

The EU’s long-standing failure to implement major reforms and advance enlargement efforts principally stems from the requirements for unanimous agreement among member states. This has led to persistent deadlock, with some governments obstructing progress and others unwilling to expend the political capital needed to overcome blockades. In the current geopolitical context, however, the EU can no longer afford such inaction.

Differentiated integration – whereby member states participate in common policies to varying degrees or at different speeds – is therefore likely to gain traction in the coming years. Such an approach is not a panacea, as it raises concerns in particular about supranational democracy and citizenship and the emergence of a common EU identity. Yet a well-structured, differentiated EU would provide a more stable order than the creation of multiple loose and issue-based intergovernmental “coalitions of the willing”.

On the one hand, internal differentiation could break the deadlock on institutional reform. For example, a group of member states could agree in a supplementary treaty to stop using their veto in the EU Council or to grant the European Court of Justice more power to monitor their domestic rule of law and democratic institutions.

On the other hand, external differentiation – meaning close, structured partnerships with non-members – could provide a way to include countries like the United Kingdom or Norway in EU security policy. A network of bilateral security and defence partnerships could support EU defence much like the European Economic Area supports the

EU and US development assistance, 2017–2023

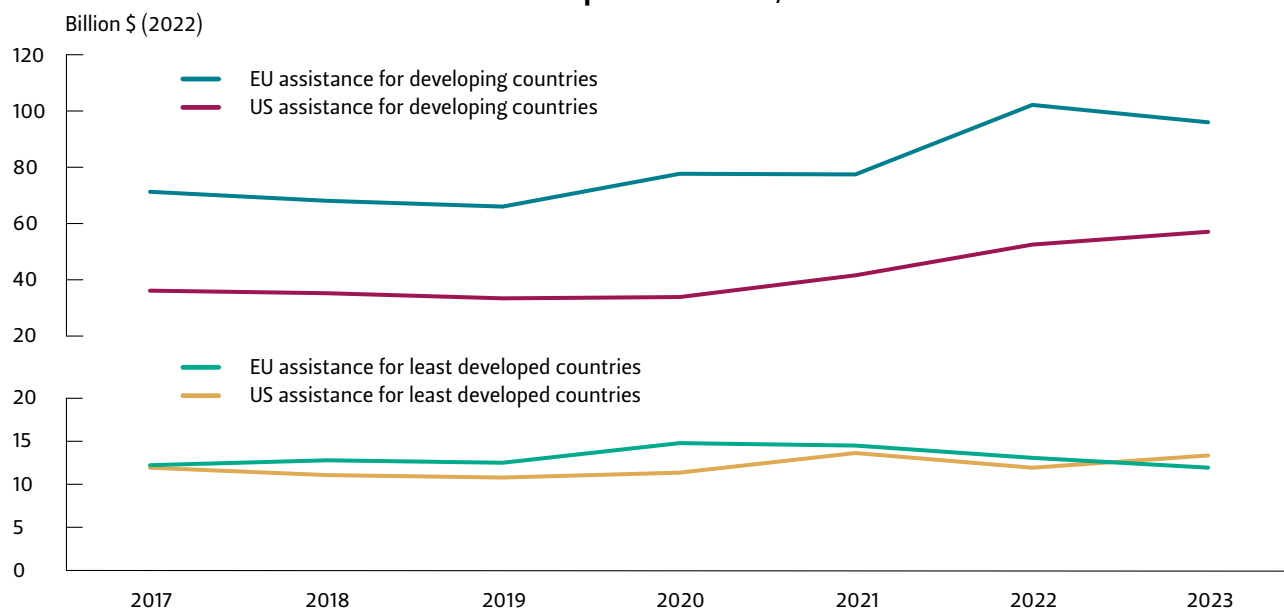


Figure 2. Measured by disbursements of official development assistance (ODA), the EU and its member states constitute the world’s largest development cooperation actor. Nevertheless, as the largest individual donor country, the United States has had a decisive impact on ODA, particularly in least developed and other vulnerable states.

Source: OECD Creditor Reporting System

single market, by allowing non-members to engage without full membership. Still, to avoid fragmentation, such partnerships should be built on a strong EU foundation and should never obstruct countries seeking full EU membership.

Recalibrating the EU’s global partnerships

Saila Heinikoski and Katariina Mustasilta

The accelerated shift in the international order is forcing the EU to recalibrate its global relationships, particularly with the Global South.⁶ While the EU and its member states fear being sidelined in a multipolar world, many regional powers in Africa, Asia, and Latin America view the shift as an opportunity to build more representative and just global governance institutions, and to secure better economic and development prospects. For them, the goal is to advance from being “on the menu” to having a seat at the table.

6 Despite its limitations, we use ‘Global South’ as a geopolitical (rather than a geographical) term, reflecting a shared push for greater agency and a fairer global order, as embraced by many of its actors.

Rather than a rejection of the rules-based order, this reflects grievances towards Western double standards, coercive conditionalities, and global inequalities. The US administration’s decision to abruptly demolish USAID has further fuelled calls for self-reliance, reduced dependence on Western aid, and the diversification of economic and political partnerships.

For the EU, such dynamics present the challenge of balancing pragmatism – engaging with the world as it is, rather than as the EU would like it to be – with a clear articulation of its unique strengths and value as a global actor. While it cannot fully compensate for the withdrawal of USAID, which accounted for more than 40% of global humanitarian aid in 2024, the EU and its member states remain the world’s largest provider of Official Development Assistance (ODA) (see Figure 2). In several vulnerable countries affected by the US withdrawal, EU member states are the next largest bilateral donors.⁷

7 Mitchell, Ian and Sam Hughes (2025), Which countries are most exposed to us aid cuts; and what other providers can do, Center for Global Development. <https://www.cgdev.org/blog/which-countries-are-most-exposed-us-aid-cuts-and-what-other-providers-can-do>.

By stepping up as a coordinated, EU Commission-led bloc and engaging in a needs-based dialogue with affected countries and organisations, the EU could reinforce its commitment to its core values and foreign policy objectives: conflict prevention, international peace and security, multilateralism, and democracy and human rights. At the same time, the EU's own security and geopolitical interests would be protected. The recent EU-South Africa summit in March and the announced Global Gateway package focusing on clean energy production and vaccine manufacturing, amid the drastic cuts in US aid to South Africa, can be seen as a step in this direction.

Meanwhile, the EU's traditional soft power approach to sustainable development and poverty reduction is coming under increasing scrutiny. Major European donors – including the EU institutions, Germany, Sweden, and the UK – have recently cut their development budgets, aligning aid more closely with trade, migration, and security objectives. Civilian peacebuilding and conflict prevention measures are facing cuts, while aid conditionalities are shifting towards geopolitical and security cooperation.⁸ This shift risks sidelining the most vulnerable and fragile countries with little to offer in terms of mutual interests or investment opportunities.

“The EU should seize the momentum to shape a new international development architecture in partnership with the Global South.”

More broadly, while the US under Trump has adopted a transactional, even coercive, approach to global affairs – including its relations with the EU – this mindset may become more prominent in the EU's external relations as well. The external migration policy is a case in point. The EU's development aid tool, NDICI – Global Europe, earmarks 10% for

8 Mustasilta, Katariina (2024) “Europe's development and peacebuilding cuts: Securing short-term interests, risking long-term security”. *FIIA Briefing Paper* 395. <https://fiia.fi/julkaisu/europes-development-and-peacebuilding-cuts-securing-short-term-interests-risking-long-term-security>.

migration-related activities tied to conditionality. In addition, the EU has long relied on short-term transactional deals with third countries to curb migration. The 2016 EU-Turkey deal set a precedent, followed by agreements with Tunisia, Egypt, Mauritania, and Jordan, with Morocco next in line. These arrangements exchange financial support for stricter border controls and readmission cooperation, among other things.

This short-term transactional approach to foreign policy presents several risks to the EU. First, it makes the EU even more vulnerable to extortion. With the fear of another migration crisis and the rise of the far right, some partners may exploit this dependency for political leverage and demand ever-increasing funding. Second, such a purely transactional logic weakens the EU's credibility and soft power as a global actor. The EU's identity-derived commitments to sustainable development, lasting peace and security, as well as multilateralism resonate widely across the globe. The EU's credibility is not undermined by these core values and objectives, but by its inconsistent adherence to them.

With the transatlantic alliance severely strained, and the international development system in need of reform, the EU has the opportunity to revisit its global partnerships. The EU should seize the momentum to shape a new international development architecture in partnership with the Global South. Although the EU has lost influence in parts of Africa to Russia and China, this could be a turning point and a chance for the Union to build genuinely equal and mutually beneficial partnerships that are underpinned by shared long-term interests and a common will to maintain and reform the rules-based order.

Leveraging the EU's economic power

Cordelia Buchanan Ponczek, Niklas Helwig and Juha Jokela

The first months of Trump's second administration suggest that the EU will have to navigate a challenging economic and political environment. This is exacerbated by outright rivalry with the US, which is openly leveraging economic statecraft to coerce allies and extract concessions. The Trump administration's myopic focus on imbalances, along with its preference for protectionist tools such as tariffs,

Share of global foreign currency reserves, 2000–2024

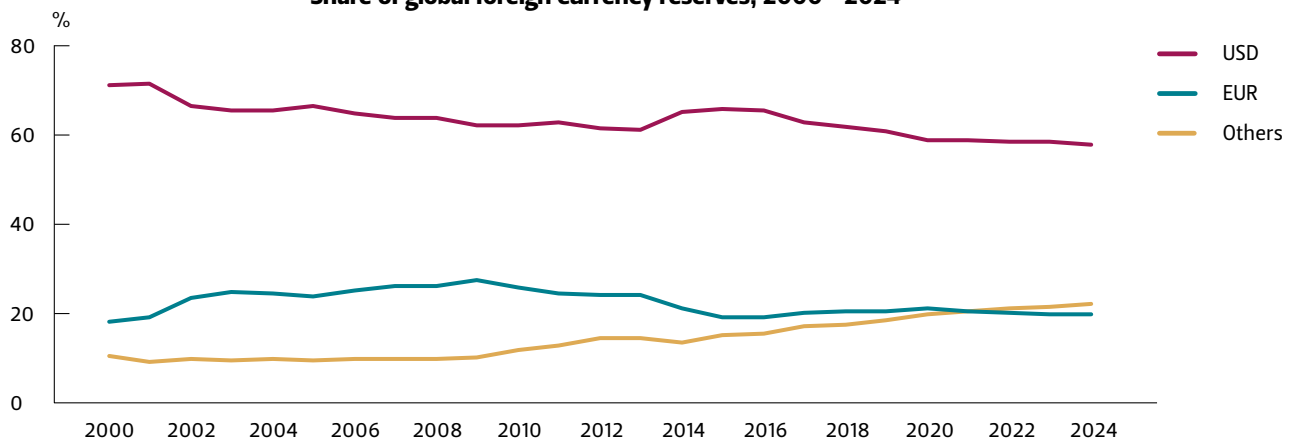


Figure 3. Share of global foreign currency reserves
Source: Own compilation based on IMF data

signals a more turbulent phase in transatlantic economic relations. However, the EU could rise to the occasion, as its economic power is well positioned to assert global influence.

Enhancing economic competitiveness is a fundamental priority for the EU. This is underscored by recent reports from Enrico Letta on the single market and Mario Draghi on EU competitiveness, both of which highlight Europe’s declining economic weight and the widening “competitiveness gap” with the US. Addressing this gap is estimated to require an annual investment of €800 billion in innovation, infrastructure, and strategic industries, including green technology and defence. So far, the EU has announced €150 billion in joint debt for military spending under the ReArm/Readiness 2030 plan, which, apart from representing a shift in defence priorities, is a step towards more extensive joint borrowing. These developments, reminiscent of the EU’s response to the economic fallout of the COVID-19 pandemic, could signal a “Hamiltonian moment” for Europe – similar to the fiscal unification that solidified the independence of the American states.

Traditionally, countries like Germany and Finland have opposed joint borrowing, fearing that it would incentivize fiscal irresponsibility. However, if this new wave of joint borrowing proves successful, it could enhance the euro’s credibility and attract institutional investors, which has the potential

to elevate the euro’s international power.⁹ The dominance of the US dollar as the world’s primary reserve currency – accounting for nearly 60% of global reserves – stems from economic strength and financial cohesion. In contrast, the euro accounts for only 20%, partly due to the lack of a common European safe asset and the euro’s disbursement among member states (see Figure 3). Still, for the euro to become a true global alternative, joint debt alone may not be enough; a more unified fiscal policy would be important to reinforce investor confidence and ensure long-term stability.

Strengthening economic competitiveness and deepening the single market will bolster the EU’s economic statecraft. In an era of escalating geopolitical and economic rivalry, the EU urgently needs to develop an economic deterrence strategy.¹⁰ While the US maintains a superior position and enjoys ‘escalation dominance’ over the EU, economic interdependence creates space for asymmetric responses. A more assertive economic statecraft is essential for the EU to negotiate effectively with the current US administration and to ensure that the EU continues to shape a rules-based global order with like-minded partners. A forceful and well-coordinated response

9 Tokarski, Pawel (2024) “The Euro in a World of Dollar Dominance”. *SWP Research Paper 2024/RP 02*, <https://www.swp-berlin.org/10.18449/2024RP02/>.

10 Gehrke, Tobias (2025) “Brussels hold'em: European cards against Trumpian coercion”. *ECFR Policy Brief*, 20 March, <https://ecfr.eu/publication/brussels-holdem-european-cards-against-trumpian-coercion/>.

will be particularly important given Trump's excessive use of tariffs and the fallout on global trade.


The EU's economic power is also crucial for advancing its strategic interests on the global stage. In recent years, EU-US coordination has been central to sanctioning Russia, but the shift in US foreign policy has cast uncertainty over the future of this approach, especially as Russia has courted US investment and pushed to regain access to the SWIFT clearing system. The Trump administration has signalled a willingness to lift sanctions as part of a potential ceasefire in Ukraine or a broader rapprochement with Russia, raising concerns about the sustainability of the EU going it alone.

A potential return to US business as usual with Russia is likely to reignite internal EU divisions over the need for and effectiveness of restrictive measures; disrupt key coordination venues such as the G7; and complicate EU efforts to close sanctions loopholes in third countries facilitating the flow of battlefield-related items. To maintain credibility and counter the Russian threat, the EU must uphold its sanctions regime and sustain trust among partners that have aligned or coordinated their policies with Brussels. Strengthening cooperation with allies such as the UK, Japan, and Canada will be essential to preserving a credible and principled foreign policy.

Economic rivalry with the US will put the EU's principled approach to economic power within a multilateral framework to the test, forcing Brussels to demonstrate that "the gloves are off" in its approach to defending its interests. However, pursuing economic peace through economic strength – combined with deeper fiscal and political integration – offers the EU its best path forward in the emerging age of empires.

Conclusions

The "return of empires" poses a fundamental challenge to the EU's post-WWII vision of rules-based cooperation. To remain a force for liberalism, Europe must not only protect but also actively strengthen and develop its internal democratic structures, and counter attempts to weaken its influence. This necessitates bold economic and fiscal policies, well-considered differentiation in decision-making, and a recalibrated approach to external partnerships. This is no simple undertaking, as EU member states must simultaneously contend with challenges from the far right and budgetary constraints.

The EU must also ensure that its foreign policy does not drift into pure, short-term transactionalism, lest it risk losing credibility among allies and partners. Ultimately, defending the rules-based order will require the EU to act as a geopolitical force – not in the imperial sense of old, but as a stabilizing power that proves that democracy and cooperation are not relics of the past, but the best way forward in a fragmented world. 

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