

MAKING THE EU FIT FOR THE PERMACRISIS

A FORESIGHT ANALYSIS ON SOCIAL, ECONOMIC AND GOVERNANCE RESILIENCE

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REGROUP

REBUILDING GOVERNANCE AND
RESILIENCE OUT OF THE PANDEMIC



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Culminating more than a decade of crisis in Europe, the Covid-19 pandemic has opened an important window of opportunity for institutional and policy change, not only at the “reactive” level of emergency responses, but also to tackle more broadly the many socio-political challenges caused or exacerbated by Covid-19. Building on this premise, the Horizon Europe project REGROUP (*Rebuilding governance and resilience out of the pandemic*) aims to: 1) provide the European Union with a body of actionable advice on how to rebuild post-pandemic governance and public policies in an effective and democratic way; anchored to 2) a map of the socio-political dynamics and consequences of Covid-19; and 3) an empirically-informed normative evaluation of the pandemic.



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Abstract

The global pandemic of COVID-19 was a significant aspect of the permacrisis in which the European Union (EU) finds itself. Since 2008 and the global financial crisis, the EU has faced a series of crises that have often been interconnected, complex and unexpected. The results have repeatedly highlighted the structural nature of the problems that must be tackled. A post-pandemic EU has, therefore, to be envisioned in the perspective of current transformations and challenges, as well as through the lessons of previous and following crises, including, most importantly, the war of aggression of Russia against Ukraine.

This foresight analysis investigates the EU's resilience capacities in three areas most impacted by the COVID-19 crisis: health and social, economy and governance. It reviews the EU's response to the pandemic, examines current and future challenges for the EU to address, and identifies ways to prepare the European institutions, policies and procedures to make the EU more resilient henceforth. It argues that the EU should develop a more holistic and foresight-oriented policymaking to better identify the linkages between the crises and transformations it faces, considering the necessary trade-offs between policies.

Keywords: resilience, economy, health, EU governance, social issues

List of acronyms

AI	Artificial Intelligence
CoFoE	Conference on the Future of Europe
EASE	Effective Active Support to Employment
ECB	European Central Bank
ECDC	European Centre for Disease Prevention and Control
ECPs	European Citizens Panels
EDA	European Defence Agency
EDIS	European Defence Industrial Strategy
EEA	European Environment Agency
EMA	European Medicines Agency
ERCC	Emergency Response Coordination Centre
EU-ESC	EU Economic Security Council
GDP	Gross Domestic Product
HERA	Health and Emergency Response Authority
IAs	Impact Assessments
IPCR	Integrated Political Crisis Response
MMF	Multiannual Financial Framework
NGEU	NextGenerationEU
PEPP	Pandemic Emergency Purchase Programme
RRF	Recovery and Resilience Facility
RRPs	Recovery and Resilience Plans
STEP	Strategic Technologies for Europe Platform
SURE	Instrument for temporary Support to mitigate Unemployment Risks in an Emergency
TFEU	Treaty on the Functioning of the European Union
UNHCR	United Nations High Commissioner for Refugees
WTO	World Trade Organization

COVID-19 - A new element of the permacrisis

The European Union (EU) finds itself in what EU observers have described a “permacrisis”, which is characterised by “high levels of uncertainty, fragility and unpredictability” (Borges de Castro, Emmanouilidis and Zuleeg 2021) that sustains a permanent and pervasive sense of insecurity throughout the Union and its member states.

The chain of crises that have buffeted the EU over the period since the global financial crisis of 2008 have often been inter-related, complex and taken the European Union by surprise. The results have repeatedly highlighted the structural nature of the problems that must be tackled to finally exit the cycle of the permacrisis. EU policymaking remains characterised by short-term perspectives, as well as siloed policy design and analysis. Responses to crises are limited by a lack of investment at EU or member state level and unwillingness to pool sovereignty in areas where it would be beneficial. Meanwhile, crises and suboptimal responses to them generate continuous challenges to the Single Market and EU cohesion, and public trust in national and EU institutions is waning (Eurofound 2022, Opinion Way 2024).

A significant aspect of the permacrisis was the COVID-19 pandemic, which sent shockwaves around the world, challenged public authorities and led to questioning of political legitimacy and accountability in democratic countries. At the EU level, it put to the test the functioning of the Single Market, the economic and social balance within and between EU countries and the capacity of European institutions to react to an unexpected and multifaceted crisis. In member states, it strained health systems and public services, highlighted and reinforced inequalities and generated mistrust in governments, media and scientific experts.

When the pandemic was declared in 2020, it was the latest in a long series of crises that had revealed and increased the fragility of the EU. In previous chapters of the permacrisis, the Union and its members opted largely in favour of short-term sticking plaster solutions rather than identifying viable long-term strategies. The financial and debt crisis stemming from the 2008 financial crisis caused higher debt levels, drops in investment spending and several years of slow growth in the EU, and almost led to the breakup of the eurozone. The migration crisis between 2015-2016 created deep political divisions between member states and threatened to fundamentally undermine the Schengen area. The Brexit vote in 2016 led to substantial concerns over the unity and future of the Union.

The pandemic was followed by yet another large-scale crisis, i.e. Russia’s war of aggression against Ukraine, commencing in February 2022. Russia’s brutal invasion of Ukraine came with consequences for the territorial security of the EU, its economy and energy supplies, as well as the imperative to stabilise the Union’s neighbourhood in the East

and the Western Balkans. The return of war on the EU's borders, coupled more recently with the conflict between Israel and Hamas and its consequences in the wider Middle East, has also accelerated and exacerbated global trends. This is especially the case regarding the intensification of the global power competition, the shifts in global trade and economy and the contestation of the rules-based international order by actors such as Russia, China and Iran.

The EU and its members were not prepared for a pandemic. The COVID-19 crisis not only generated many new and significant challenges but also added to and compounded previous structural problems in the EU. In the face of this permacrisis, the idea that the EU should be resilient has been regularly put forward in public debates and official documents, especially in the context of the COVID-19 pandemic (European Council 2020; European Commission and European Council 2020; Spain 2023). Resilience is defined by the Commission as “the ability not only to withstand and cope with challenges but also to undergo transitions in a sustainable, fair and democratic manner” (European Commission 2020a, 6). It is also considered that the resilience of systems or individuals entails robustness to resist sudden shocks and longer-term stress, as well as flexibility to adapt to change (Lechner 2015). A resilient EU would have the ability to design cross-cutting policies with efficient governing set-up between all levels of power in the EU and member states to address short and long-term challenges.

This paper investigates the EU's resilience capacities in three areas most impacted by the COVID-19 crisis: health and social, economy and governance. It reviews the EU's response to the pandemic, examines current and future challenges for the EU to address, and identifies ways to prepare the European institutions, policies and procedures to make the EU more resilient henceforth. It argues that the EU should develop a more holistic and foresight-oriented policymaking to better identify the linkages between the crises and transformations it faces, considering the necessary trade-offs between policies. We then explore how social inequality and vulnerabilities in Europe's health systems influenced the health and social outcomes of COVID-19, and how the EU's response fell short. We show that the economic response to the pandemic was flexible and innovative and set a template for future action, while the crisis governance of the EU was characterised by a lack of interinstitutional coordination. In the following section, we analyse how Russia's war of aggression against Ukraine; the US-China rivalry, climate change and demography compound or create new systemic challenges for the EU, and we examine which strategic choices the EU faces as a consequence. In the last section, we make a series of recommendations regarding health and social policies, economy and institutions to address current challenges and anticipate future crises.

Much was done, much more remains to be done

The COVID-19 crisis started as a pandemic of an unknown virus and developed into a social and economic shock that required unprecedented political decisions. In this section, we examine how the European Union responded to the health situation, to its economic consequences and how decisions were made at the EU level.

Towards a Health Union?

Before the COVID-19 pandemic, European health systems faced various vulnerabilities such as widespread underfunding leading to inadequate resources for healthcare infrastructure, staff and essential medical equipment, as well as fragmentation in the management and funding of primary care, hospitals and other services hindering coordination (European Fiscal Board 2020, 17, Georgieva 2021). Staff shortages were prevalent in many member states, impacting the quality of care and adding strain on existing healthcare professionals. Furthermore, digital transformation gaps hampered the efficient adoption of technology in healthcare delivery.

The need to address the quality, safety and affordability of medicines and healthcare systems had already been recognised at the EU level before the pandemic (in particular due to the rise of genomics and personalised medicines and treatments). Europe's Beating Cancer Plan and the Pharmaceutical Strategy were included in the European Commission's 2020 Work Plan published in January of that year. As the pandemic spread, attention was increasingly given to the EU's dependence on other parts of the world for pharmaceuticals and medical supplies.

The importance of health policy at the EU level accelerated rapidly owing to the COVID-19 pandemic. The EU's Vaccines Strategy was presented by the Commission in June 2020. Leveraging on joint procurement, the strategy aimed to accelerate the development, manufacturing and deployment of COVID-19 vaccines (European Commission 2020b). It developed the EU's role in health policy and proved effective (Eisl and Rubio 2024, 20). In November 2020, the Commission published its communication 'Building a European Health Union: Reinforcing the EU's resilience for cross-border health threats', which aimed to create "greater overall impact while fully respecting the member states' competence in the area of health" (European Commission 2020c). This included proposals to extend the mandates of the European Medicines Agency (EMA) and the European Centre for Disease Prevention and Control (ECDC).

In addition to these proposals, in November 2020, the Commission also announced the Pharmaceutical Strategy. This was accompanied by the establishment of the Health and Emergency Response Authority (HERA) and the European Health Data Space, unveiled

in May 2022. This aimed to utilise health data by establishing clear guidelines, common standards and practices, infrastructure and a governance framework for the use of electronic health data by patients and research, innovation, policymaking, patient safety, statistics or regulatory purposes (Brady and Kuiper 2022).

Despite these initiatives, the eventual health and social impact of COVID-19 in Europe was strongly influenced by societal inequality. The pandemic exacerbated endemic health inequalities resulting in a syndemic pandemic of higher mortality and morbidity rates among the most socially disadvantaged (McGowan and Bambra 2022). However, alongside health inequalities, structural issues that impacted the range of possibilities and resources available to some during the pandemic (e.g. housing, education (digital) infrastructure, working conditions etc) had strong impacts on people's ability to manage the consequences of the crisis (Fiske, Galasso et al. 2022). COVID-19 deepened preexisting gender inequalities with a greater proportion of employed women than men experiencing job loss, decreased income and inability to work remotely, all of which contributed to lower mental health reported by women (Dotsikas, Crosby et al. 2023, 2). Disproportionate increases in childcare and household responsibilities also made women increasingly vulnerable regarding the deterioration of mental health, with single mothers suffering the most from the reduction of working hours due to the necessity of taking care of children (Eurofound 2023, 82).

Although societal inequality had such a significant influence on mortality during the pandemic, social investment (e.g. in health, education, childcare etc) did not receive the same level of attention or support as the green and digital transitions in the EU's economic response. Both the green and digital transitions received a percentage allocation of spending (the former, at least 37% and the latter, at least 20%) enshrined in the legal documents of the Recovery and Resilience Facility (the main part of the economic support plan that was agreed in July 2020), no specific target was set for social investment. This is despite the obvious social and health impacts of the pandemic, the implications of a decade of austerity on many of Europe's social safety nets and despite the claims that the European Pillar of Social Rights would provide the compass for action.

Nevertheless, the pandemic demonstrated what can be achieved when there is political will to do so. However, with the subsidence of the initial panic and with the arrival of competing priorities, the €5.3 billion EU4Health budget has been cut by €1 billion - the equivalent of almost 20% - to provide additional funding for Ukraine (European Council 2024). Momentum towards strengthening the European Health Union declined as other crises have occurred in the wake of the pandemic. Furthermore, there continues to be siloed policymaking at EU level, where the role of health in other policies and the impact of other policies on health is not acknowledged, with the subsequent lack of an integrated strategy to address health and the multitude of policy areas which intersect with it.

Countering the economic impact

In 2020, the overall GDP of the EU fell by 5.6% compared to the previous year, and the shock had a differentiated impact across the member states. The recession was over 9% in Greece and Italy, and over 11% in Spain, while Ireland's economy grew by 6% (Eurostat 2024a).

To repair the economic damage done by the pandemic, the €800 billion recovery instrument NextGenerationEU (NGEU), with the Recovery and Resilience Facility (RRF) at its centre, was agreed by the European Council in July 2020 (Capati 2023, 14-16, Caramani and Cichi 2024, Dekeyrel et al. 2024). It made €723.8 billion available in grants and loans to support reforms and investments in the member states. The creation of NGEU demonstrated the EU's ability to act swiftly and in solidarity in times of a crisis with symmetric impact and with no member state carrying blame.

As well as this, the grant component of the RRF, moving from “ex-post” to “ex-ante” solidarity, represented a step change from previous instances of EU financial and economic crisis management, which were mainly based on loans (Rainone and Pochet 2022, 57). Grant funding was allocated to countries according to criteria which prioritised more vulnerable member states (European Commission 2021a). To receive funds, member states prepared Recovery and Resilience Plans (RRPs) in line with the EU's priorities and recommendations. Considering the centrality of the European Green Deal and the Union's efforts to achieve climate neutrality by 2050 in Commission President von der Leyen's priorities, as well its intention to advance the digital transition, the RRFs were expected to allocate 37% of spending to the EU's climate ambitions and 20% to the digital transition (European Commission 2021a).

The temporary Support to mitigate Unemployment Risks in an Emergency (SURE) instrument, adopted by the Council in May 2020, was a similarly significant and swift EU response to the pandemic. It was launched to support national job retention schemes, providing guarantees for short-time work schemes and similar initiatives. SURE provided financial assistance amounting to €98.4 billion in the form of loans on favourable terms from the EU to 19 member states that requested it, to address sudden increases in public expenditure for the preservation of employment. It could also be used to finance some health-related measures, in particular at the workplace, to ensure a safe return to normal economic activity (European Commission 2023a).

Building on SURE, in March 2021, the Commission presented a Recommendation on Effective Active Support to Employment (EASE). It outlined a strategic approach to transition between emergency measures taken to preserve jobs and new measures needed for the recovery. This included, for instance, support for job creation and job-to-job transitions, including towards the green and digital sectors (European Commission 2021b).

SURE and EASE underlined to the general population that the EU and national governments would support them through this social safety net. It demonstrated solidarity across the member states with support provided to governments without the necessary fiscal space to respond to the crisis due to pre-existing high debt and/or deficit levels and subsequent difficulties borrowing money from the markets at manageable rates, as was the case for member states such as Greece and Italy (Auditors 2022, European Commission 2022a).

SURE proved to be an innovative way of supporting workers, in particular those without employment contracts. However, its loan-based system underlined its temporary emergency-response identity, with its implication of increasing public debt of countries resorting to its support (Corti and Crespy 2020, 5).

Crisis management and governance

Short-term resilience depends on the capacity to take quick decisions and action. EU institutions have two mechanisms dedicated to crisis management. The Emergency Response Coordination Centre (ERCC), which is part of the Commission, mainly deals with the operational response to natural disasters and humanitarian crises inside or outside the EU. The Integrated Political Crisis Response (IPCR), which is managed by the Council, was created to respond to all kinds of crises and coordinates action at the political level between the EU, member states and other key actors of the given situation like EU agencies, experts or organisations like NATO.

IPCR was activated under its information-sharing mode on 28 January 2020, the day after the European Centre for Disease Prevention and Control (ECDC) and the World Health Organization Regional Office for Europe asked countries to start reporting cases. Full activation mode was triggered on 2 March 2020, in order to prepare and propose concrete measures to be discussed and adopted at EU ministers' level. The activation of IPCR did not, however, prevent member states from acting unilaterally and in an uncoordinated manner. In the weeks that followed the activation, EU countries closed borders and blocked sales of medical equipment until repeated European Council meetings managed to agree on coordinated measures (Herszenhorn and Wheaton 2020).

In the meantime, the European Commission took the initiative and ensured the coordination of the EU response to the health situation and its first consequences in terms of free movement of people and goods, in particular medical equipment. Also on 2 March 2020, it set up a 'response team' of Commissioners, including Janez Lenarčič (crisis management), Stella Kyriakides (health), Ylva Johansson (home affairs), Adina Vălean (transport) and Paolo Gentiloni (economy). The Commission dealt with the new crisis by using its existing competences and experience in proposing rules and managing programmes (Kassim 2023, 618), but also by demonstrating flexibility in its working

methods (Russack and Fenner 2020, 12). Political initiative was an important factor and allowed the Commission to submit a concrete response to EU leaders, while the Council and IPCR were still trying to align their actions. Nonetheless, the crisis also demonstrated that the institutions were not sufficiently prepared to coordinate in case of a crisis (Russack and Fenner 2020, 13).

In legislative terms, the response to the pandemic and its consequences was mainly delivered by using the special procedure provided for by Article 122 of the Treaty on the Functioning of the European Union (TFEU) to address “severe difficulties [that] arise in the supply of certain products” or “severe difficulties caused by natural disasters or exceptional occurrences beyond [...] control” of the member states. Article 122 TFEU was used to adopt the joint procurement of vaccines and the SURE instrument to protect employment. Whereas the use of the Article 122 procedure allows quick action and unplanned financial support to member states, it only provides for information to be given to the European Parliament. The Council is not required to consult the European Parliament which, in turn, is deprived of its role of co-legislator. This has led to questions about the democratic legitimacy of the procedure (von Ondarza 2023).

It also creates a dilemma of efficiency versus democratic legitimacy, especially as Article 122 has become a regular tool to address new crises situations. It was used in 2022 to establish joint procurements of gas, to take coordinated demand-reduction measures for gas, and to establish an emergency mechanism to address high energy prices resulting from the war in Ukraine (Malingre 2023). The decision on NGEU was taken as part of the adoption of the EU’s Multiannual Financial Framework (MFF), following the MFF special legislative procedure, provided for by Article 312 TFEU, in which Parliament could only give its consent without amendment. Given the scale of NGEU and of potential future emergency funds, but also the importance of the MFF as the fundamental instrument of nearly all EU policies, this modus operandi raises significant questions about democratic oversight for the regular financial and policy planning of the EU.

An important lesson from the COVID-19 crisis is that the Union, including the institutions and the member states, must be prepared to deal with events that cannot be solely addressed with traditional mechanisms or policies. A further lesson is that a European solution is needed, even for situations that are primarily dealt with at a national level. EU institutions had to answer calls for harmonised action but with limited legislative competence (Böck and Ketterman 2024, 8). Joint procurements for masks, medical equipment and vaccines allowed member states to respond to the needs of their respective population. This lesson was learned, and the Union’s response to the energy crisis that followed Russia’s invasion of Ukraine was mostly decided through measures taken at the European level, such as joint procurement for gas, a temporary mechanism to limit excessive gas prices and the RePowerEU plan to accelerate the transition to renewables.

New crises and long-term challenges

EU countries were in the process of lifting COVID-related measures, and the Commission had disbursed payment (excepting pre-financing) to only one member state (i.e. Spain) when Russia launched its full-scale invasion in Ukraine. This geopolitical turning point came at a time when the EU was still mitigating the impact of the pandemic. In this section, we examine how the war, and the broader transformations that are reshaping the world, are testing again the EU's economic, social and political resilience, and we lay out challenges to address.

Political and governance challenges

First of all, Russia's full-scale invasion of Ukraine poses a challenge to Europe's territorial security. As of April 2024, EU and member state support to Ukraine totalled roughly €98 billion in military, financial, humanitarian and emergency assistance (European Commission 2024b). But, given that there is no end of the war in sight, considering that Ukraine is suffering from an undersupply of weapons and ammunition, and recognising the uncertainty of further US assistance (Euronews 2024), it seems quite likely that the EU will have to mobilise significantly more resources in the future.

The continuing war in Ukraine has already required governments to allocate resources to sustain military efforts and bolster defences, with EU military spending expected to reach €270 billion in 2023 (Michel 2023), compared to €240 billion in 2022 and €214 billion in 2021 (EDA 2023). But, according to a study, in 2022-2023, 78% of arms procured by member states were bought outside the EU, mainly from the US (Maulny 2023, 15). The failure to deliver one million artillery shells to Ukraine within a year (Brzozowski 2024) has demonstrated the necessity to increase EU military capabilities, not only for Ukraine but also for the EU's own defence.

The most urgent task is the integration of Europe's defence industry, which is still fragmented along national lines, to reap the benefits of synergies of a Single Market. The European Defence Industrial Strategy (EDIS), presented by the Commission in March 2024, sets ambitious objectives such as devoting 50% of member states' procurement budgets to orders for European industry by 2030 and, at the same time, procuring 40% of defence equipment in a collaborative manner, compared to 18% in 2022 (European Commission 2024d). This will require political will from member states which are wary of seeing the Commission playing an important role in this sensitive policy area (Tamma and Foy 2024), as well as good coordination between EU and national authorities and the industry. It will also require massive investment in the mid- and long-term.

Demands for defence financing are growing, while massive investment is still required to support the green and digital transitions, as well as upskilling and reskilling pro-

grammes. All this against the backdrop of a slowing down of the global economy in 2023, owing in part to Russia's war in Ukraine, and foreseeing only a modest increase in growth in 2024 (Martisiute 2023). As part of the EDIS, the Commission has proposed a European Defence Industry Programme (EDIP) with a budget of €1.5 billion until 2027. For the longer term, Commissioner Thierry Breton has proposed a €100 billion fund (Pugnet 2024) to incentivise collaboration between countries and companies, and boost EU defence industry production. France, supported by Poland and Estonia, has advocated for the issuance of joint debt to fund EU defence programmes, on the model of what was done with NGEU during the COVID-19 crisis, (Nardelli 2024). But at a time when the question of how to repay NGEU debt is not yet settled (Clayes, McCaffrey and Welslau 2023), and when investment is also needed to fund the green, energy and digital transitions, trade-offs will need to be addressed.

In the new situation created by Russia's war of aggression against Ukraine, the enlargement of the Union to the Western Balkans, Ukraine, Moldova and, possibly, Georgia is considered both as answering the "call of history" to "complete the Union" (Von der Leyen 2023), and as "a geo-strategic investment in peace, security, stability and prosperity" (European Council 2023a). In December 2023, the European Council decided to formally open accession negotiations with Ukraine and Moldova. Apart from moral and geo-political motivations, the accession of resource-rich Ukraine, in particular, holds great potential for enhancing the EU's economic security (Taran and Lausberg 2024). Yet, enlargement also implies new challenges. Ukraine's accession is likely to prove difficult both for the warring country as well as the Union, and many issues remain to be addressed in the Western Balkans, such as the legacy of the 1990s war in Ex-Yugoslavia, backsliding of the rule of law, as well as corruption and organised crime. This will require long and complex negotiations and great efforts by candidate countries to fulfil all the criteria, especially those related to democracy and the rule of law. It will also require institutional reforms and large amounts of money.

Enlargement to all candidate countries would mobilise an estimated €260 billion of EU funds, including €186 billion for Ukraine (Moens 2023) if current budget rules were applied, and all current member states would need to become net contributors. The MFF is already subject to tensions over traditional policies like agriculture and cohesion on the one hand, and new priorities like the climate and digital transitions and, increasingly, defence, on the other. It would have to be restructured to accommodate such a big new member and to reduce the economic gap between current members and candidates, where GDP per capita in purchasing power is between 30% and 50% of the EU average (Eurostat 2023). Hard choices will have to be made on budget priorities and, therefore, on policy priorities. Moreover, concerns such as those of farming lobbies in EU member states like Poland regarding being outpriced by the more competitive Ukrainian agricultural sector, or of workers facing potential competition from workers coming from

poorer countries, would have to be addressed (Besch and Ciaramella 2023).

The prospect of an EU of up to 36 member states might also require reform of the decision-making process in the Council towards more qualified majority voting, and could exacerbate concerns about democratic representation, in particular in the European Parliament, where seats are distributed between member states by degressive proportionality (Charvát 2022). Overall, the political, economic, budgetary and social questions raised by the potential EU expansion to 30+ members present the Union with difficult dilemmas. This has been recognised by the EU heads of state and governments, who stated that “the necessary internal groundwork and reforms” should be laid “in parallel” to the negotiations with candidate countries (European Council 2023b), in order to adapt Union policies and their funding, as well as ensuring that EU institutions “continue to function effectively. But member states are divided on whether EU treaties should be modified (Tidey 2022), which could limit the scope and ambition of future reform. The Union will have to address a trilemma between enlargement, reform and unity.

Economic challenges

Russia’s war in Ukraine compounded some of the challenges that existed pre-COVID-19, as well as those induced by the pandemic, while new challenges emerged in its trail. Most importantly, the already-elevated price of energy skyrocketed after Russia cut the supply of gas through the Nord Stream pipelines, and many feared supply shortages for the following winters (Consilium 2023). Yet, under the banner of the RePowerEU programme launched in May 2022, energy consumption was reduced by 20%, the deployment of renewables was doubled, and a gas price cap was introduced in an effort to protect against the worst price hikes. Moreover, new gas supply contracts were concluded with countries like the US, Norway and Azerbaijan, and a common gas purchasing platform was put in place at the Commission. But while energy shortages are currently unlikely, prices for energy and electricity remain significantly higher than their average over previous decades (Eurostat 2024b), as the EU now depends more on liquid natural gas, which is more expensive than Russian pipeline gas. Moreover, Chinese and American consumers pay much less than Europeans for their gas, posing a significant competitive disadvantage for the EU.

COVID-19 also introduced a new type of shock to the EU economy: trade and supply chain disruptions (Attinasi, Balatti, Mancini, Metelli 2021). Russia’s invasion of Ukraine and a resurgence of great power politics threaten to make disruptions and trade fragmentation a more permanent phenomenon. In this more conflictual geo-economic environment, shocks could increasingly become a function of geopolitics.

The growing US-China power rivalry has accelerated the decline of the WTO-based

liberal free trade order which has been one of the cornerstones of the EU's prosperity (Blenkison 2023). Security concerns are increasingly shaping national economic policies worldwide. The homeshoring of supply chains, industrial policy and trade barriers are on the rise, with China and the US competing over, for example, strategic value chains in semiconductors, raw materials and clean tech industry. As a result, global trade is poised to become more fragmented along power blocks. Moreover, the vulnerability of Europe's supply chains has extended from masks and medicines to energy but also raw materials and other technologies (Swieboda and Riekeles 2024, 19).

The switch to renewables is a necessary step in the EU's efforts to push ahead with the green transition and increase its strategic independence from authoritarian powers in fossil fuels (Bruegel 2024). Yet, this move also threatens to herald a new dependency on clean tech value chains from authoritarian China, which has achieved commanding positions in solar, wind and batteries, and promises to dominate the electric vehicles market (Gargeyas 2023).

At the same time, the US has made great strides to catch up with China's industrial policy push. The Inflation Reduction Act, adopted in the US in August 2022, offers tax credits and other subsidies for goods produced exclusively in North America, with a total volume that could surpass \$1 trillion for clean tech producers. This initiative has arguably been a powerful wake-up call to the EU, showing that in the new geo-economic world order, even seemingly close allies will subsidise their strategic industries to the detriment of European companies.

This massive resource mobilisation by the US and China represents a formidable challenge to the EU's competitiveness and, ultimately, to its economic security (Stec and Soong 2024) and resilience capacities. So far, the EU has come up with a response based on a mix of promoting its industry, building partnerships and trade protection, which also forms the basis of the bloc's economic security strategy published by the Commission in June 2023.

Following the EU's first industrial policy push in the form of the Chips Act presented in 2021, in early 2023, the Commission tabled the Green Deal Industrial Plan, the Net Zero Industry Act and the Critical Raw Materials Act. These proposals contain the goal to have 40% of a set of clean tech industries and raw materials production located in the EU by 2030. While the Union has taken steps to simplify the regulatory environment for the green industry, especially through the RePowerEU plan and the Net Zero Industry Act currently being adopted, it is still unclear how these ambitions will be financed and what their impact will be on the labour market, workforce dynamics and social cohesion.

The EU has recognised that it will also have to rely on industrial and critical raw material partnerships for its triple transition, given its limited raw materials deposits and

dispersed strategic supply chains. The Critical Raw Materials Act aims to address this challenge (European Parliament 2023a). While free trade deals with New Zealand and Chile have been concluded, others, like Mercosur (Zimmermann 2024) and cooperation with the US on green steel and raw materials (Alkaff 2023) are proving more difficult, because of different views on environmental and agricultural policy and the importance of abiding by WTO rules, for example. Moreover, in a hardening geo-economic environment, others, such as China, have often been quicker to offer more attractive trade deals for resource rich countries, particularly in the Global South (Cooper, Zimmermann and Anne 2023). As a consequence, the EU is lagging behind in building vital raw material partnerships.

Finally, to counter dumping and to protect its strategic industries, the EU has taken steps to sharpen its arsenal of trade defence measures (European Commission 2023b). This includes a greater readiness to respond to trade distorting subsidies (European Commission 2024a), such as support schemes for Chinese electric vehicles, as well as increased coordination of national approaches to investment screening and export controls. Moreover, the Commission has identified four critical technologies for additional risk assessments, including advanced semiconductors, artificial intelligence, quantum and biotechnologies (European Commission 2023c).

For a globally integrated economy like that of the EU, developing a degree of strategic autonomy is essential for the Union's economic resilience. This does not mean that protectionism or autarky are the solution. Free trade remains essential for the EU's economic resilience. It would therefore be unrealistic to attempt to completely decouple from other countries. Europe lacks the deep financial markets of the US and existing public EU level funding is not sufficient to finance strategic sectors (Rachman 2023). The MFF is largely committed to cohesion policy and agricultural subsidies, and the RRF - which has clearly contributed to more investment in the EU - is set to run out in 2026 with no replacement in sight. Other EU level instruments like InvestEU or the Innovation Fund are not large enough to crowd in the additional €481 billion per year necessary for the green and digital transitions alone (Demertzis, Pinkus and Ruer 2024, 3), before taking account of defence investment needs.

So far, state aid has been the main funding source of industrial policy, subsequently undermining the EU's biggest asset, the Single Market, by skewing the playing field in favour of large member states like Germany and France. Currently, there is no agreement on more EU-level funding of industrial policy which could avoid this. Similarly, the EU is facing a shortage in skilled workers, exacerbated by demographic change and the shortage of skilled immigration, which could hamper the EU's industrial ambitions and already hampers its competitiveness.

In his recently published report on strengthening the Single Market, Enrico Letta pro-

posed far-reaching measures such as stepping up the integration of the strategic financial, energy, and electronic communications sectors, as well as of labour markets, education, and research (Letta 2024). He also proposed an EU-wide state aid contribution mechanism requiring member states to allocate a portion of their national funding to financing pan-European initiatives and investments. Along with Letta's proposals, Mario Draghi's report on competitiveness to be published in June holds potential to substantially impact the EU's strategic agenda for 2024-29. In a recent speech foreshadowing the report, he pushed for the use of more joint borrowing to provide public goods in energy, defence and other sectors (Draghi 2024).

At the same time as European economies face significant headwinds, artificial intelligence (AI) presents an unknown entity regarding its potential impact. Some reports suggest that AI will lead to strong increases in economic growth and labour productivity, the creation of a new virtual workforce capable of solving problems and self-learning, and the establishment of new revenue streams (Winick 2018). Nevertheless, others argue that AI creates serious risks of job market polarisation, rising inequality, structural unemployment and the emergence of new undesirable industrial structures (Szczepanski 2019, 7).

Social challenges

In addition to geopolitical challenges, the European Union is facing long term transformations like climate change and a declining population, both of which raise the issue of how to manage migration.

Projections indicate that, by 2040, half of the EU population will live in a shrinking region. The EU population aged 0 to 29 will be 24% smaller than the population aged 30 to 59 (European Commission 2022b). Demographic change will impact labour markets due to a shrinking workforce and skills shortages which, in return, are likely to have a severe impact on the Union's level of productivity. The strain on pension and health-care systems has the potential to worsen economic disparities and raise questions over intergenerational equity.

Through a migration lens, demographic change fuels further politicisation. Radical right populist parties have already instrumentalised the issue to shape immigration discourses (Muis and Immerzeel 2017). The surge of nationalist political forces in Europe is often attributed to growing immigration and its salience within society. As populations age and family structures evolve, demand for care services expands. Migration often emerges as a solution to the gap in care work. Considering Europe's demographic trajectory, the trade-off between increased migration and ensuring a sufficient workforce with the requisite skills will need to be tackled.

Whether welcomed by member states or not, migration will continue to play a significant role in EU politics in the coming decades. Russia's war on Ukraine has already caused over 6 million refugees globally (UNHCR 2024). Depending on the course of the war, these people may either settle in the EU or return to Ukraine with both eventualities presenting challenges. Furthermore, in 2021, the World Bank produced a scenario-based analysis which estimated that "as many as 216 million people could move within their own countries due to slow-onset climate change impacts by 2050", with 86 million predicted to be displaced in Sub-Saharan Africa alone (Clement 2021). Despite the implications of migration for the EU, the subject still tends to generate reactive and short-term responses by European policymakers, making it challenging to move beyond crises and deterministic predictions of future migration patterns (Hahn and Fessler 2023).

With the global surface temperature reaching 1.1 °C above pre-industrial levels between 2011 and 2020, the EU is already witnessing the impact of climate change (European Commission 2024c). Despite clear evidence of the implications of climate change, public backlash over the sacrifices required to meet the EU's climate targets is undermining political support for the ambitions of the European Green Deal. Continuing to exploit planetary resources as has been the case to date will see Europe and other parts of the world increasingly prone to extreme weather events, likely raising the levels of climate-induced migration. Failure to achieve climate targets will result in more severe, more unpredictable and more costly climate disasters occurring. Furthermore, many of the root causes of climate change also increase the risk of pandemics. Deforestation and the resulting habitat loss forces animals to migrate and potentially contact other animals or people, sharing germs (Harvard 2023) and increasing risks of future pandemics as people and animals are forced to coexist in increasing proximity (Marie & Gordon 2023).

The EU is increasingly faced with disinformation campaigns (Joyner 2024). AI also has a multiplier effect on disinformation and manipulation, through the creation of fake news, deep fakes and the manipulation of social media through AI algorithms and microtargeting, with a subsequent impact on democracies (Freedom House 2023). The pandemic and the war in Ukraine have shown that disinformation can be used to polarise public opinion and weaken the legitimacy of the decisions taken to address crises (OECD 2020). It is also used to increase opposition to EU policies such as the Green Deal (Vardaxoglou 2021) or migration policy (Neidhardt and Butcher 2020), and to disrupt democratic processes by being an instrument in operations of foreign interference (European Parliament 2022).

Fake news and manipulation feed political polarisation, which, in turn, increases the public lack of trust in politics and the media. According to the Reuters Institute Digital News Report, overall trust in news (40%) and trust in the sources people use themselves

(46%) were down in 2023 worldwide (Reuters Institute 2023, 24). In the EU, in February 2024, according to a survey conducted in four of the five biggest member states - i.e. France, Germany, Italy and Poland - 60% of respondents do not trust politics, while 37% trust the EU, and only 28% their own national government (Opinion Way 2024).

Social factors, such as inequalities and people's perception that the system is not working for them (EPRS 2023), play a role in public vulnerability to disinformation and distrust in politics and media. In the case of the pandemic and climate change, the lack of trust has extended to science, reducing the capacity of institutions at all levels to take all necessary decisions or to make them acceptable (Aksoy, Eichengreen and Sak 2022). Disinformation and other kinds of manipulation are a major challenge to the EU's resilience.

Recommendations for a more resilient EU

The COVID pandemic, and permacrisis in general, had multifaceted impacts on the EU and its member states. The consequences, challenges and responses required differed from one crisis to the next. The public perception of events varied too. According to a study in nine EU countries, Spain has been the member state where the COVID-19 pandemic had the strongest effect, given that it changed the way 34% of Spaniards look at the future, compared to only 8% among Danes and Estonians. Immigration had an impact on 31% of Germans and 9% of Poles. Russia's invasion of Ukraine changed the outlook for 31% of Poles and 6% of Spaniards (Krastev and Leonard, 2024, 5). The study also shows that people concerned by climate tend to be older and better educated than people worried about the economic crisis. Consequently, the needs of European citizens and their expectations towards the Union diverge across countries and social categories. This has an impact on public support for the solutions adopted at the EU level and for the priorities likely to be set in the future. This is also expected to have an effect through elections results, including on the composition of the European Parliament and dynamics in the Council following the 2024 European elections.

It is difficult to draw up a single blueprint for crisis management and resilience given the diversity of situations and solutions that were applied over the past decades. EU institutions and member states demonstrated that they have a wide array of measures and instruments provided by the treaties, or by their interpretation of the treaties. The introduction of online meetings for ministers and leaders during the pandemic even allowed emergency discussions and decision-making in a way that would have been impossible before. During the COVID-19 crisis, the adoption of the SURE and NGEU programmes, as well as the ECB's pandemic emergency purchase programme (PEPP) with an initial amount of €750 billion (ECB 2020), also demonstrated that the Union learned the lessons of the financial and debt crisis; that a quick and massive response at Euro-

pean level is the best guarantee to avoid protracted uncertainty that aggravates the effect of the crisis.

However, the intensity, complexity and, sometimes, entanglement of crises demands a change in the EU's response to potential future chapters of the permacrisis. The Union must stop relying on Jean Monnet's prediction that "Europe will be forged in crises", and on the belief of a "European progress illusion," according to which the incremental policy progress made during crises is sufficient to address systemic challenges (Zuleeg 2023). Although future crises will lead the Union to develop new solutions to address them, this will remain insufficient in the context of the permacrisis, where crises are interlinked, with extended spillovers. In addition, it is far from certain that solutions found to address specific crises will always allow the development and strengthening of the EU further (Eisl and Rubio 2024). A change of mindset is necessary to shift from a quasi-permanent crisis management mode to adapting EU governance and policymaking not only to current crises or the imperatives of potential future rounds of EU enlargement, but also to long-term transformations of the global geopolitical and geo-economic environment.

Based on lessons learned, or not learned, from the COVID-19 crisis and on the challenges that we identified for the short- and longer-term, we propose in this section twelve recommendations to increase the resilience of the EU in the three areas covered by this study: social, economy and governance.

Social resilience

Recommendation 1: Provide more fiscal space for social investment

Experience from the last financial crisis and the COVID-19 pandemic has underlined the critical role played by strongly financed and responsive welfare states. Robust social protection systems (e.g. inclusive and adequate unemployment benefits and short-time working schemes), public and social services, as well as temporary support for impacted sectors are essential prerequisites for effectively absorbing systemic shocks. Furthermore, they are vital tools for reducing societal inequalities which, considering the impact that inequality had on fatality levels during COVID-19, underlines their importance in improving the EU's pandemic preparedness (McGowan and Bambra 2022).

Space must be found within the EU economic governance framework for future-oriented social investments, especially after the end of the RRF. Providing more fiscal space for social investment allows member states to make long-term structural investments without fearing an imminent requirement to consolidate spending.

Recommendation 2: Adopt a ‘Health in All Policies’ approach

Improving pandemic preparedness requires long-term solutions to health inequalities through tackling the social determinants of health. Reducing these inequalities—and those that might arise from future pandemics—demands long-term action to reduce inequalities in health and wealth (McGowan and Bambra 2022). Providing more accessible, affordable and higher quality services through investments to upgrade social and healthcare systems, improve education, reduce skills gaps and update our public services offers a crucial tool to reduce levels of inequality in society.

A comprehensive ‘Health in All Policies’ approach is needed. This does not necessitate treaty change but rather utilises the legal competencies already granted to the EU. The next Commission should also include an Executive Vice-President for the Well-Being Economy, who would have the capacity to work across Commission silos and Directorates (McLeod, Rayner, Kuiper and Brady 2023) .

Recommendation 3: Include social policies in the defence of democracy

Tackling disinformation is paramount to societal resilience. Efforts made so far in strategic communication, the regulation of platforms and support to the media will be insufficient if they are not complemented by addressing the social dimension of public distrust. EU policies should start with an analysis of the reasons why citizens are receptive to disinformation and alternative media and take more into account the impact of social factors on public trust. They should adapt awareness and media education campaigns accordingly and increase citizen participation in policymaking to raise citizens’ understanding of the issues, the process and to reduce the gap with decision-makers.

Furthermore, economic policy must be reframed to deliver shared well-being for people and the environment. The emphasis of policy should be shifted away from GDP growth as an overriding metric of societal welfare (EEA, 2015). Persisting with an approach that regards maximising GDP growth as the key aim of economic and social policies is gradually hollowing out societal resilience across a range of facets (e.g. levels of inequality, mental health, trust) and will inevitably lead to further political challenges to democracy (Stiglitz 2012).

Economic resilience

Recommendation 4: Create an EU Economic Security Council

To prepare more concretely for possible future crises, there should be a build-up of mapping, monitoring and foresight capacities on critical technologies and value chains.

This could include risk assessments in the areas of food, energy, semiconductors, defence, transport and digital infrastructure. These activities should be coordinated by a standing EU Economic Security Council (EU-ESC), which could also support the overall EU's strategic orientation and decision-making process, linking together security and economic thinking across institutions.

The EU should also improve its instruments to protect its economy from malevolent foreign actors in trade and technology. At the same time, it should strengthen trade and investment partnerships with allies, for example, trade clubs in critical value chains and raw materials, and coordination of industrial policy. The EU should also conceive of enlargement as a means to more economic security. It should particularly push for Ukraine's accession, with a roadmap for integration of strategic industries like agriculture, metals and raw materials, and defence.

Recommendation 5: Develop a new strategic investment paradigm

To advance industrial policy efforts in strategic areas, the EU should develop a new strategic investment paradigm governing and synchronising existing public financing instruments on the EU and national levels. This would include a gradual phasing out of state aid liberalisation to protect the Single Market. Instead, economic governance should allow more room for national strategic investment plans guided by EU strategic goals and coordinated by the Commission. The next MMF should similarly be reconceived under a strategic investments banner. For example, this could imply leveraging cohesion policy more for investments in critical sectors and gearing the Common Agricultural Policy more towards food security. Similarly, unused funds in the RRF could be used in a more focused and coordinated manner to push strategic goals such as developing European clean tech and semiconductor industries.

Recommendation 6: Plan an RRF-like instrument based on strategic foresight

At the same time, concrete plans should be developed for a successor instrument to the RRF, which should also be financed by common EU borrowing. Unlike its predecessor, it should be less focused on crisis recovery and national grievances. Instead, it should be more forward-looking and anticipatory, based on strategic foresight to deliver investment in critical sectors as part of an EU strategic investment paradigm. Alternatively, the Union should extend the mandate of the European Investment Bank and turn InvestEU into a proper sovereignty fund taking direct equity stakes in scale-ups in critical industries and cooperating more with large institutional investors like pension funds.

Governance resilience

Recommendation 7: Integrate resilience thinking into policy-making

In order to improve the European Union's resilience, it is important to identify the areas where resilience will be most tested in future crises. This requires developing analytical tools and mechanisms to integrate into policy and decision-making.

Some tools already exist but are not fully used. In 2021, the Commission set up resilience dashboards¹ that look at member states' capacities and vulnerabilities in four areas: social and economy, green, digital and geopolitical. The dashboards are used by the Commission to elaborate the country reports (part of the European Semester, the EU economic governance mechanism), but are not yet used for other policymaking purposes. In future, the Commission's work on resilience should be better factored into comprehensive thinking about EU strategy. For example, the dashboard's economic, green and geopolitical indicators should inform future policy proposals related to the climate and energy transition, industry, cohesion and social issues. This would help to identify the linkages between them and how to address them, as well as maximise or mitigate the impact on member states according to their capacities and vulnerabilities. A dedicated resilience test in the EU's better regulation agenda should also be introduced to better anticipate risks to economic security in all of the EU's legislative activities.

Recommendation 8: Develop interinstitutional strategic foresight

Resilience also means preparedness and, therefore, understanding deeper and longer-term trends and anticipation of challenges. Since 2020, the Commission publishes a yearly Strategic Foresight Report that focuses on long-term trends and challenges on a specific theme, in order to shape its priorities and work programme. The reports are discussed at experts' level in the working groups of the Council that are relevant to the topics developed in the reports, but they are not integrated into policy discussions at the level of Coreper - the Committee of Permanent Representatives of the member states, or at ministers' level.

Strategic foresight has been designed mainly as an internal tool for the Commission. However, linking strategic foresight to policy planning in an interinstitutional manner would be key to ensuring that there is a common approach to future challenges by all institutions. The Commission has established the EU-wide Foresight Network, composed of so-called ministers for the Future, who meet once a year - the last time in 2023, and national experts who meet at least twice a year. To increase ownership by mem-

1. https://commission.europa.eu/strategy-and-policy/strategic-planning/strategic-foresight/2020-strategic-foresight-report/resilience-dashboards_en

ber states and to foster a common approach, member states should hold more regular meetings of the ministers of the Future, and the Council should discuss foresight and possible policy outcomes once under each Council presidency, or at least once a year. This would be all the more relevant as almost all ministers for the Future are their country's EU affairs minister.

Recommendation 9: Make decision-making processes clearer, more effective and accountable

The EU should establish a clear, effective and democratic crisis decision-making process, in particular to remedy the reduced role of the European Parliament in emergency decision-making due to the growing use of Article 122. It should also incorporate contingency planning in policymaking (Pilati and Zuleeg, 2019). Regular decision-making should be made more efficient and accountable, beyond the existing discussion on the extension of qualified majority voting.

Operational and political coordination between institutions should be improved. The Commission and Council should formalise the way their respective emergency mechanisms, the ERCC and the IPCR, can work together in a complementary way. Learning lessons of the difficult personal relationship between Commission President Ursula von der Leyen and the President of the European Council, Charles Michel, the interaction and distribution of competences between the two presidents should also be further clarified, to avoid overlaps, in particular on issues with an external dimension, to limit the risk that political initiatives and their timing are uncoordinated.

Equally important is the EU's capacity to implement decisions and achieve its objectives. Political and administrative coordination between the EU, national and regional levels of power should be improved, as well as cooperation and complementarity between a multi-level EU and a diversity of actors such as business, social actors, NGOs and citizens.

The Conference on the Future of Europe (CoFoE), the proposals of the European Parliament adopted in November 2023 for the amendment of the Treaties (European Parliament 2023b), and the report of a Franco-German working group presented in September 2023 lay out possible governance solutions that should be thoroughly discussed. The latter, for instance, proposes to “strengthen provisions on how to deal with unforeseen developments”, in particular in finance, health, security, climate, the environment, and to amend Article 122 TFEU to include the Parliament in the emergency decision-making (Working group 2023, 28). The three documents also propose to strengthen subsidiarity in decision-making or implementation of measures to enhance the efficiency of EU action.

Recommendation 10: Adopt a more transversal approach to link policies in a coherent strategy

The challenges that the EU faces are increasingly interrelated, with spillover effects from one domain to another. The EU must break administrative and political silos and adopt a more transversal approach to link policies in a comprehensive and coherent strategy. To achieve a more holistic approach to policymaking, which better balances economic, social and environmental considerations in the efforts to improve EU resilience, an EU well-being framework or EU development plan should be adopted, with its agenda based on citizens' participation. The aforementioned Executive Vice-President for the Well-being Economy should be responsible for coordinating efforts to achieve the ambitions of this framework.

The next president of the European Council should plan, from the beginning of their mandate, a series of informal meetings of EU leaders to examine what reforms would be needed and how they could be done. The European Council should also agree on the creation of a "Wise Women Group" which would be tasked with identifying core policy priorities and governance reforms (Van Rompuy and Laffan 2022).

Recommendation 11: Develop new tools for participatory democracy

Efforts to increase citizens' participation in the EU's political process, including, in particular, the CoFoE in 2021-2022, should be increased. The 'new generation' European Citizens' Panels, introduced in the wake of the Conference on the Future of Europe by the Commission, can be utilised for this purpose.

Broadly agreed objectives provided through deliberative, participatory processes with citizens offer a clear mission statement and political legitimacy for the tough decisions ahead, and citizens panels should be used to discuss and present recommendations, not only on specific issues, but also for long-term priorities. The EU should establish new participatory formats, such as 'big tent' fora to discuss EU strategic priorities every five years, as well as citizens' deliberations on major transformative projects. In the context of the future enlargement and the reforms of the Union that will be necessary, European citizens' Reform Panels should also be established, involving citizens from existing and potential future member states (Emmanoulidis and Stratulat 2024, 17).

Recommendation 12: Invest in Europe's defence

Facing a prolonged war in Ukraine and Russian threats to their security, EU member states should invest collectively to build their own capacities, to maximise the benefits of investment. This would avoid competing projects and reduce the fragmentation of

the European defence industrial base, as well as duplication of their arms and equipment (Panella et al. 2024, 31-34). Based on EDIS (the European Commission's defence strategy presented in March 2024), the EU should develop cooperation and joint procurements, and ultimately build a true defence industry market. This strategy should be supported by joint borrowing up to €100 billion as proposed by Commissioner Breton, as well as provisions in the economic governance framework to facilitate defence investment even in times of budget consolidation. This would help the European Union ensure the basic requirement for resilience: the security of its territory and population.

Conclusion

In this paper, we have demonstrated that while the COVID-19 pandemic was a crisis of an unprecedented nature, it was also part of a broader series of crises that the EU has had to face in recent years. This “permacrisis” has and will continue to affect all policy domains, and in particular the EU's social model, economy and political and institutional architecture. Exploring how the EU reacted to the COVID-19 crisis, we have shown that it made progress towards a Health Union, but that this progress was not sustained in the face of a new crises such as the war in Ukraine. We have analysed how the EU addressed the economic dimension of the crisis with innovative and flexible instruments that limited the impact of the shock on member states and workers. And we have looked at how EU crisis management and decision-making functioned despite insufficient coordination and a lack of parliamentary oversight.

As things stand, the Union is facing a wider and long-term situation of crises and transformations. We have examined the consequences for the EU of Russia's war of aggression against Ukraine and how they are linked to global trends like growing EU-China rivalry and the return of power politics. The Union must now increase its competitiveness and develop defence capabilities while, at the same time, achieve the twin climate and digital transition without losing the support of its citizens. It must also prepare for a future enlargement to new members that will entail difficult institutional and budgetary reforms.

Four years after the outbreak of COVID-19, the post-pandemic European Union has largely recovered from the health crisis. However, it still faces many challenges that were generated or highlighted by this event, and that have been compounded by war. To address the permacrisis, to prepare for future shocks and to ensure its resilience, the Union needs to develop a more strategic and comprehensive policymaking which properly assesses the impact of decisions across multiple areas and equip itself with more efficient and democratic, accessible decision-making mechanisms. This should include increased investment in social policies to reduce inequalities. Through the development of a EU well-being framework by citizens, policymakers will be provided with

a compass for action as well as an accessible, transparent method to identify, debate and respond to difficult trade-offs based on a clear set of commonly-agreed objectives. Considering the geopolitical and geo-economic environment, economic security should be mainstreamed into policy-thinking across institutions, as well as the integration of more foresight into policy-making. This should be the priority of EU leaders in the new legislature.

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