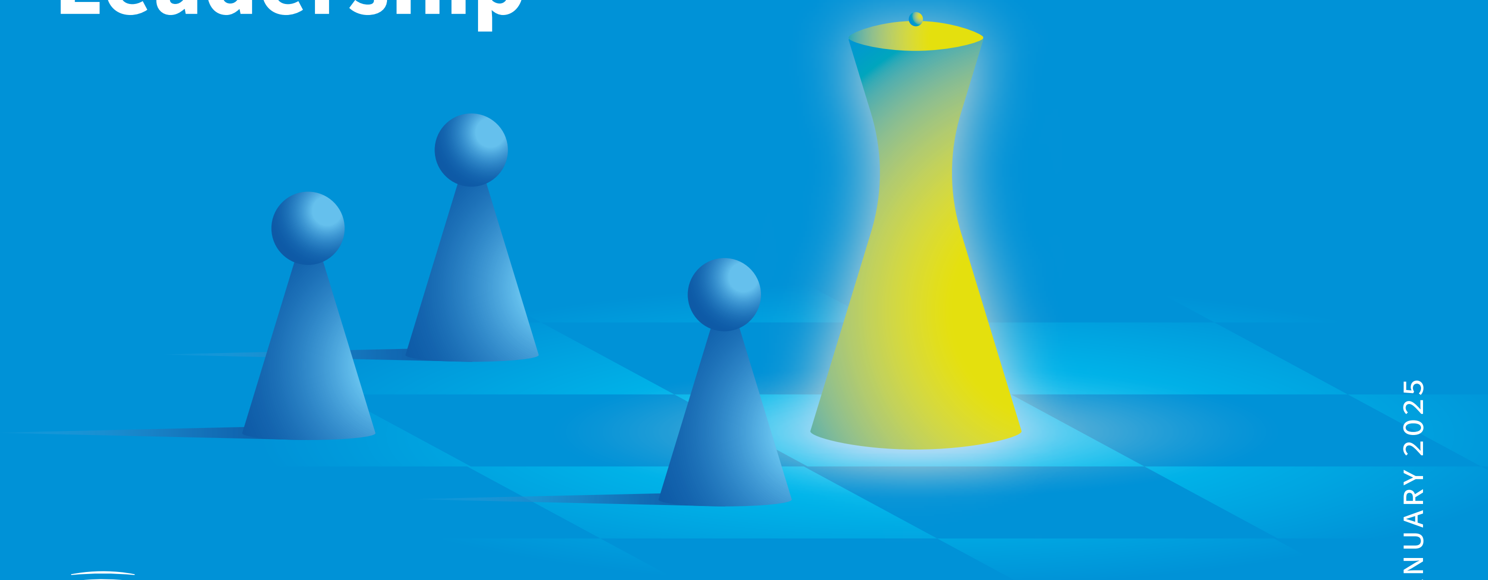
ART —— Analysis and Research Team

FORWARD LOOK 2025

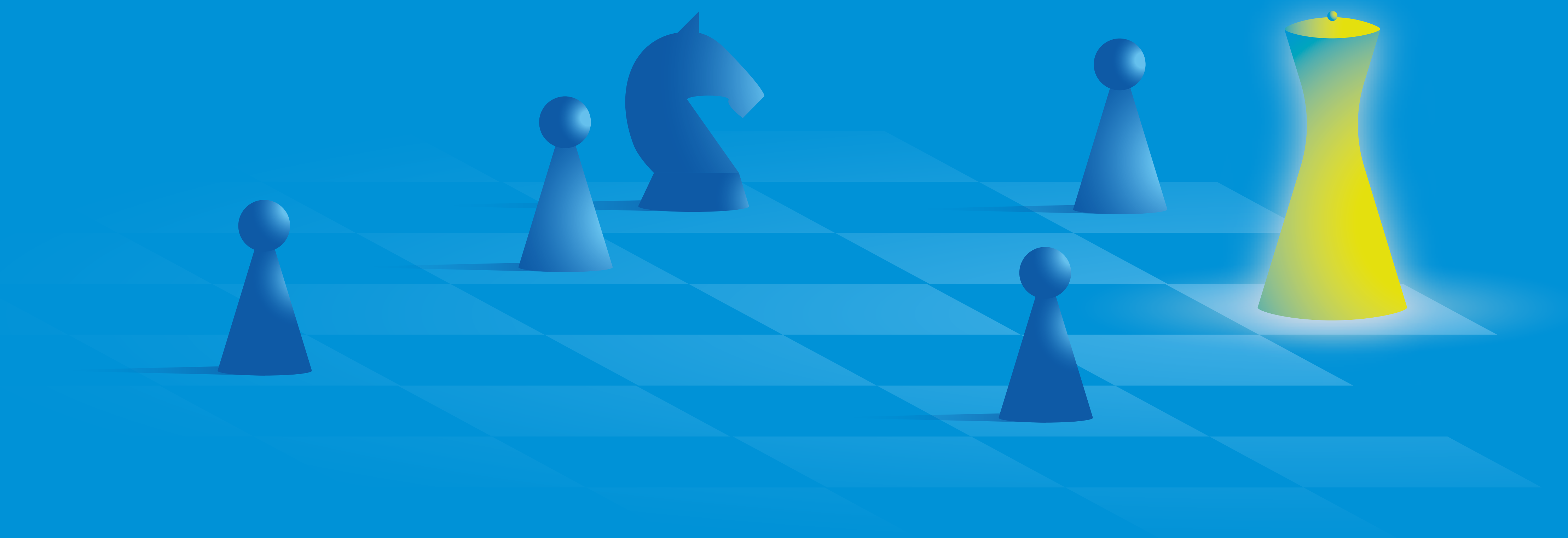
Time for **Leadership**



JANUARY 2025

Council of the European Union
General Secretariat

In Brief



Introduction

After a year marked by turbulence and uncertainty[1], 2025 begins with a sense of great anticipation on many fronts. In Europe, 2024 felt in many ways to be a year of *waiting*: waiting, for example, for the outcomes of key elections on both sides of the Atlantic; waiting for the results of high-level reflections on competitiveness, preparedness and the single market; waiting for signs of breakthrough in the conflicts afflicting the European Union's periphery. With the start of a new institutional cycle, and with many of the unknowns of 2024 at least partially resolved, uncertainty has given way to clearer expectations, making it a critical moment for a shift from observation to engagement: **a time for leadership**.

Naturally, 2025 still holds its share of uncertainties – compounded by the return to office of a US President who has elevated unpredictability to the status of a foreign policy doctrine. However, the broader contours of the year ahead look sharper than they did twelve months ago. Elections in 2024 have helped to clarify the political landscape, and the terms of the key challenges facing the EU and the world have been diagnosed by report after report. But while the playing field may seem clearer, uncertainty still shrouds the players' next moves. The key questions of the coming year are not about the context of policymakers' decisions, but rather about their agency, and the leadership that may be required to turn existing action plans into real action.

The **Forward Look 2025**, the fourth in the series, aims to provide a reflection on how leadership may be articulated across critical domains during the course of the year ahead. Who will lead, and who will follow? What forms will leadership take? What leadership shifts may be unfolding, and what leadership vacuums seem poised to emerge? In the following pages, the theme of **leadership is explored in relation to five key topics:** the world's conflict landscape; great power competition; the medium to long-term economic outlook; electoral and societal polarisation; and the ever-present threat of climate change.

With the world currently facing the highest number of active military conflicts since the end of World War II[2], **security is at the top of the year's agenda**. And as key conflicts appear increasingly interconnected, the need for an integrated and coherent response has never been more evident. Expectations of ceasefires in the EU's neighbourhood are mounting, at least in the medium term. The key challenge for leadership will be to turn these ceasefires into a just and lasting peace, and to ensure the development of sufficient capabilities to guarantee it.

At a global level, the results of the US presidential elections seem to signal a rekindling of great power competition, and a potentially major shift in the international role played by the US. With an ongoing crisis of multilateral institutions, political fragmentation, and in the absence of viable and unifying alternatives, the **international system faces a critical leadership vacuum**. At the same time, the unpredictability of US foreign and trade policy under the Trump administration may contribute to lowering tensions among other powers, as a form of hedging against the possibility of deteriorating ties with Washington.

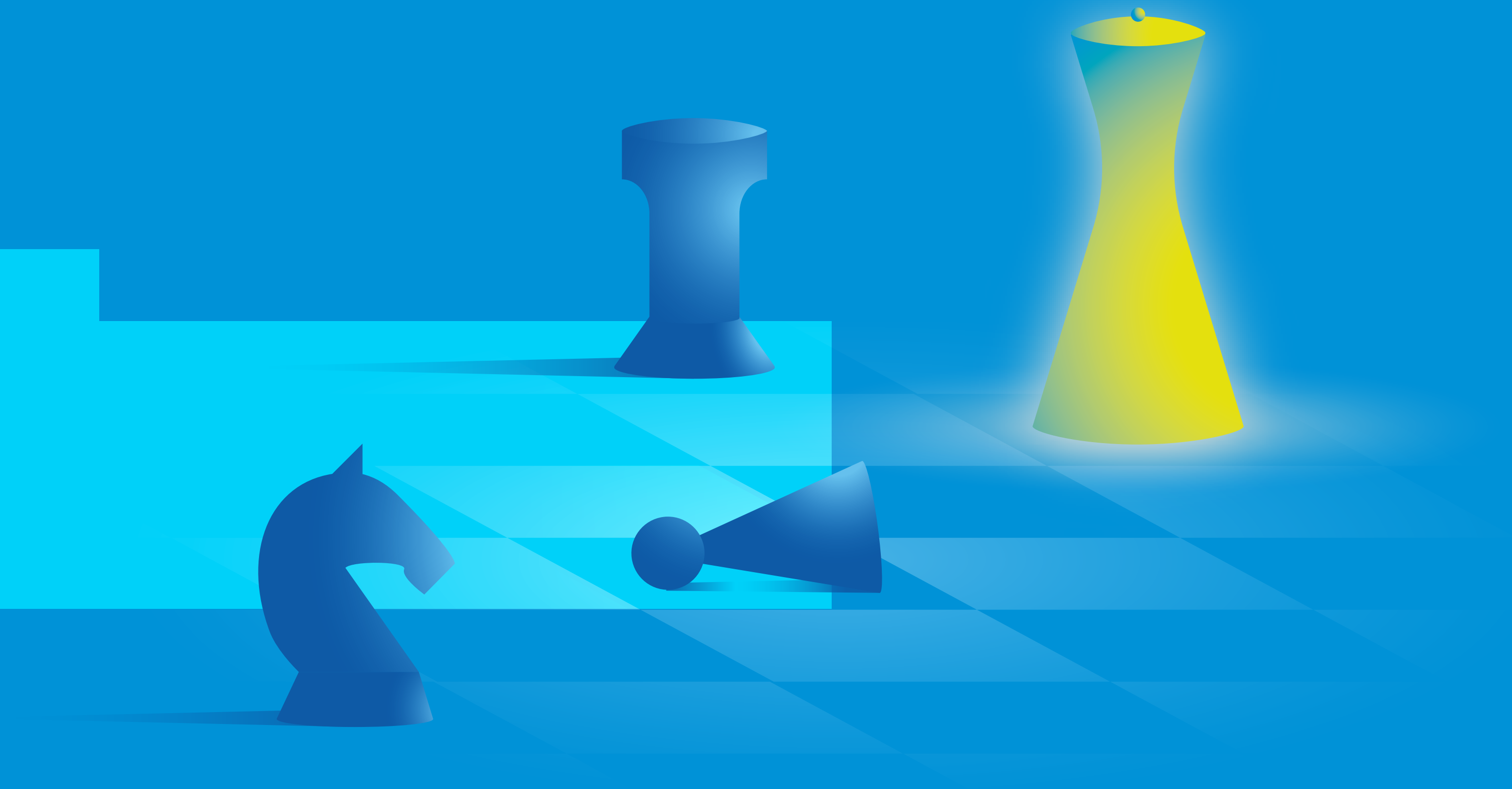
After the external shocks of recent years, the economic landscape seems increasingly driven by structural factors requiring long-term solutions. The traditional pillars of Europe's economic growth – free trade, cheap energy and a stable geopolitical environment – are under increasing stress. With a global outlook of 'stable but underwhelming' economic performance, and different economies being unequally affected by the coming year's trends, **economic leadership may gradually begin to shift.** In the EU, a new Multiannual Financial Framework (MFF) proposal is expected later this year, and it may provide an indication of the Union's ability to reconcile competing economic imperatives – such as fiscal restraint and investments in productivity growth.

Economic and geopolitical factors have also played a crucial role in the 2024 'super year' of elections. For the first time in recorded history, governing parties have lost vote share in every developed country that held electoral contests – a phenomenon attributed by analysts in large part to the effects of cumulative inflation since the Covid-19 pandemic and Russia's invasion of Ukraine[3]. More broadly, electoral politics has been a reflection of rising inequalities and societal polarisation. **Political leadership can aim to foster unity and social cohesion**, or it can succumb to divisive politics. 2025 will see broad political alignment among the main EU institutions, but also concerns of rising 'transatlantic illiberalism' across Europe[4].

Political, geopolitical and economic dynamics may obstruct leaders' ability to address the greatest threat looming on the horizon: climate change. Violent floods in Europe in recent months, as well as extreme weather events worldwide over the course of 2024, are a stark reminder that climate change is not only a concern for the long term, but a present reality. As global warming exceeded the threshold of 1.5°C for the first time last year, the risk of crossing critical tipping points in the near future could rise dramatically. **Climate leadership in all its forms will be a critical facet of broader leadership challenges** for years to come.

It is a well-known adage that while politicians focus on the next election, true leaders think of the next generation. In 2025, leaders in Europe and worldwide will be judged not only on their ability to deliver on the electoral promises of 2024, but also on their response to the long-term trends driving citizens' concerns. While change may be slower and more gradual than many hope or fear, the coming months may at least hold significant clues to its direction. This Forward Look, like its predecessors, aims to broaden the perspective of political analysis by viewing the year ahead through the lens of the longer term: for the purpose of assessing leadership, this may be the only valid frame of reference.

A world in conflict



1.

At the start of 2025, **the EU's most pressing concern remains the war on its doorstep, while conflicts are globally on the rise**. The number of active conflicts is at its highest level since the Second World War[5], and 2024 was the deadliest year on record for humanitarian workers, largely due to the war in Gaza[6]. Global military expenditure increased for the ninth consecutive year in 2023[7] – a trend which is set to continue. Against the background of these developments, the **EU faces both external and internal obstacles** that limit its influence and its ability to address conflicts effectively.

The EU's diminishing influence reflects **a global leadership gap**, as further discussed in the next section. An **erosion of multilateral structures** – including a deadlocked UN Security Council, with vetoes almost reaching Cold War levels[8] – is aggravating the lack of progress on conflict resolution efforts. Proxy wars, alongside the growing involvement of non-state armed actors[9] and listed terrorist groups in some conflicts, further complicate the search for political solutions.

Conflicts are increasingly interconnected, heightening the risk of spillovers and unintended consequences. For instance, North Korea is supplying troops and arms for Russia's war of aggression against Ukraine, while Moscow's support for North Korea is raising tensions in the Korean Peninsula and threatening stability in the Indo-Pacific[10]. The interconnectedness of conflicts is perhaps most evident in Syria, where the rapid fall of Bashar al-Assad's regime was significantly influenced by Israel's war with Hezbollah and Russia's overstretching in Ukraine[11]. Russia in turn risks losing its bases in Syria, which are critical for its military presence in the Sahel and Central Africa[12]. Meanwhile, Israel and Ukraine are cooperating on countering Iranian-made drones[13], used by both Russia and Hezbollah[14]. This **growing entanglement of actors and conflicts** is adding new layers of complexity, making a coherent response increasingly difficult.

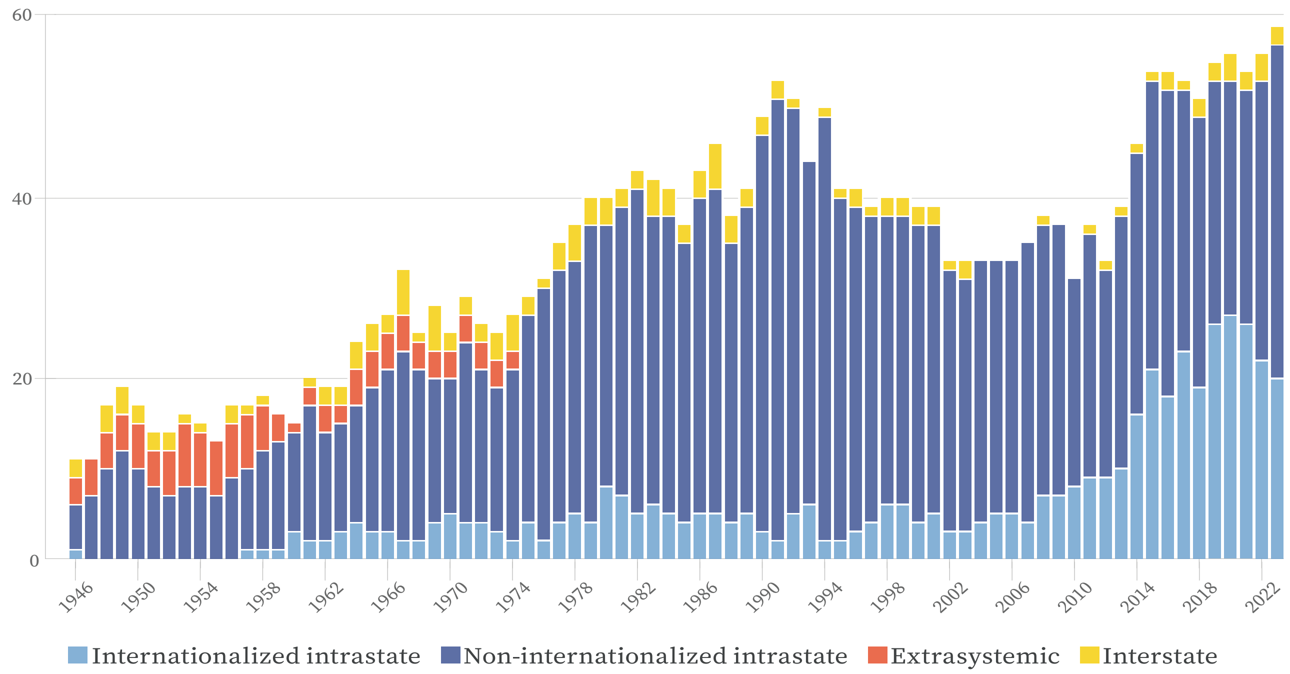
In addition, **internal and external security are also increasingly linked**. Instability in North-East Syria, for example, poses a risk of Daesh fighters and affiliates escaping from prisons and camps in which they are being held[15], thereby increasing terrorist threats to the region and to Europe. War has also been linked to international drug trafficking and transnational organised crime[16], both of which increase risks of destabilisation.

Structural factors also contribute to prolonged conflicts. Climate change and poor governance act as risk multipliers, causing internal displacement and exacerbating instability. For example, the Sahel recorded the highest increase in violent conflict and jihadist activity in recent years[17], while the regional spillover from terrorism has spread instability across borders. The decline of both the US and the European presence in the Sahel, combined with several coups, has reduced Western influence in the region, with local governments increasingly turning instead to Russia, China, Türkiye, and the Gulf States.

The nature of warfare is also changing. Conventional territorial conflicts persist, but **hybrid threats and technological advances** are reshaping the landscape. Over the course of 2024, the EU and candidate countries have faced a rising number of hybrid threats involving foreign information manipulation and interference (FIMI), cyberattacks, and sabotage of critical infrastructure, such as undersea cables and pipelines. These threats are set to grow in 2025. **Grey-zone activities**, such as

THE NUMBER OF ACTIVE CONFLICTS IS AT ITS HIGHEST SINCE THE END OF WWII, DRIVEN PRIMARILY BY A SURGE IN INTERNATIONALISED INTRASTATE CONFLICTS IN THE PAST DECADE

Number of state-based conflicts by type, 1946-2023



Source: Uppsala Conflict Data Program and Peace Research Institute Oslo (2024), processed by Our World in Data

Interstate conflict
A conflict between states.

Intrastate conflict
A conflict between a state and a non-state armed group inside the state's territory. If a foreign state is involved, it is called "internationalized", and "non-internationalized" otherwise.

Extrasystemic conflict
A conflict between a state and a non-state armed group outside the state's territory.

China's actions in the South China Sea and in the Taiwan Strait, have increased, raising risks of escalation[18]. Moreover, the **growing commercial availability of some military and dual-use technologies to violent non-state actors** is adding a new dimension to counterterrorism and defence efforts[19].

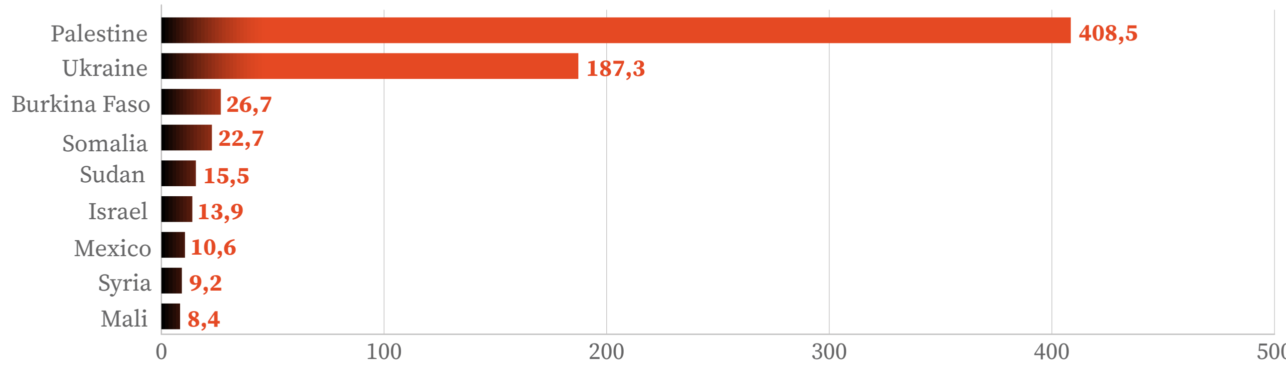
In this rapidly evolving context, **anticipating technological developments and new domains of warfare will crucially affect the EU's capacity to act.** The broader trend towards militarisation of space is gaining increasing prominence, particularly in view of last year's reports on the development of Russian nuclear anti-satellite systems[20]. The Arctic is also becoming an increasingly contested strategic area, as evidenced by Russia's recent expansion of its military infrastructure in the High North[21] and China's continuing plans for a 'Polar Silk Road'[22].

Internally, **fragmented defence spending continues to hinder the EU's ability to invest effectively**. Expectations in terms of ramping up defence capabilities in 2025 are hampered by differing national priorities, a fragmented European defence market and a lack of common standards, joint procurement and economies of scale[23].

To some extent, the EU's ability to influence conflict outcomes is also weakened by **diverging foreign policy visions**. This has also contributed to challenging the EU's credibility as an ethical geopolitical actor, prompting criticism of perceived double standards in the application of international law[24]. Regaining trust in the EU's capacity to make a difference will be one of the main leadership challenges in the year ahead.

PALESTINE AND UKRAINE RECORDED BY FAR THE HIGHEST CONFLICT DEATH RATES IN THE TEN DEADLIEST ARMED CONFLICTS IN 2023

Death of combatants and civilians due to fighting, per 100,000 people



Source: Uppsala Conflict Data Program (2024), Natural Earth (2022), population based on various sources (2024), processed by Our World in Data

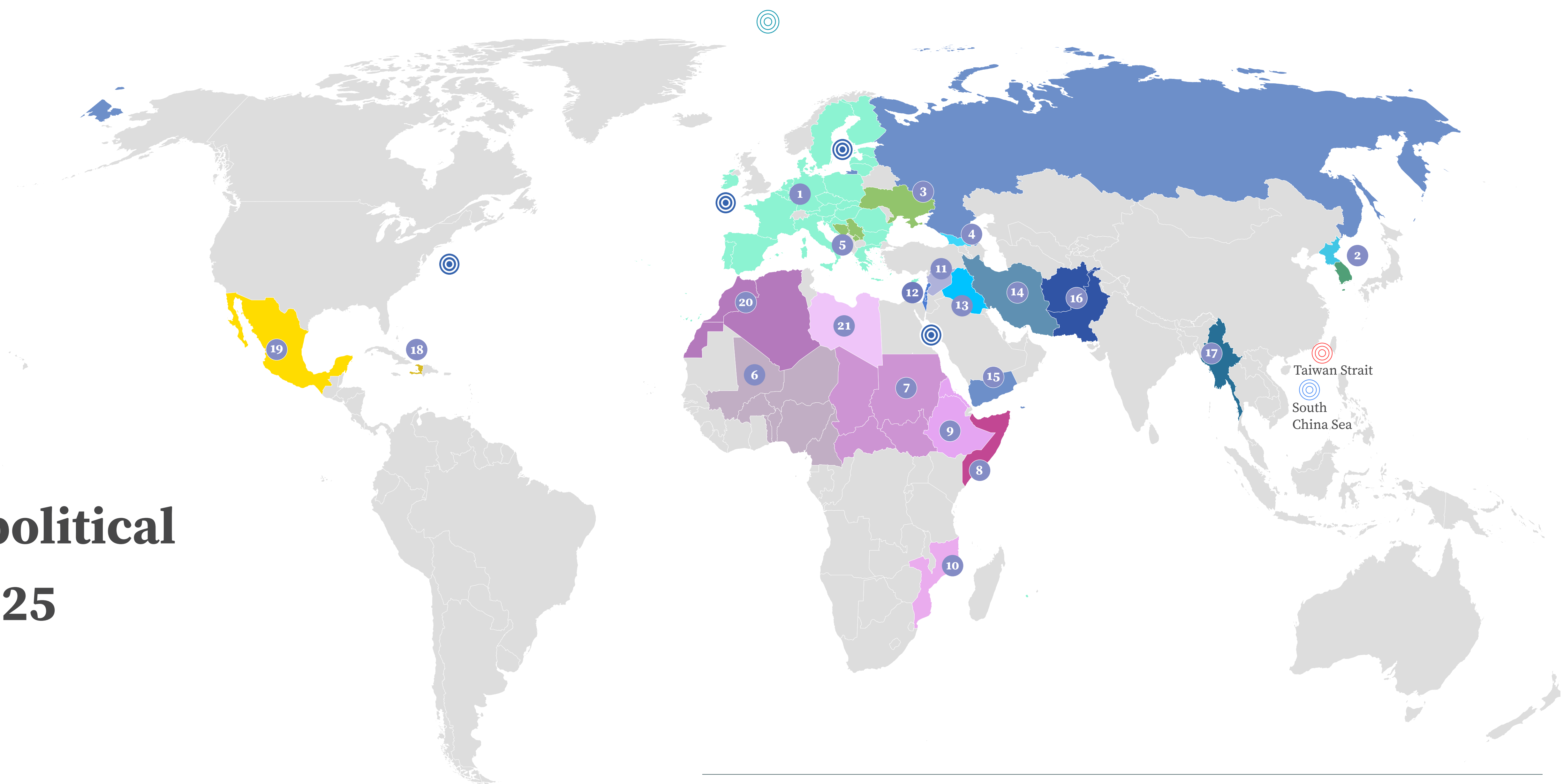
The **return of Donald Trump to the White House** has the potential to create major shifts in ongoing conflicts and raises uncertainty about future US policy on crucial geopolitical challenges. Expectations for **ceasefire negotiations in Ukraine** are rising[25], although different scenarios remain possible. Key advisers to Trump seem intent on achieving a quick solution so as to re-focus attention on countering China and its partners[26], but initiating meaningful talks could prove difficult. A critical question for the EU and NATO will be how to provide **security guarantees**[27], alongside decisions on international military presence, territorial issues, reconstruction efforts and sanctions[28]. Negotiations will affect core European interests, and ensuring the EU has a meaningful role in shaping the terms of a ceasefire – and not just in implementing them – will be a major test for EU leadership[29].

Dynamics in the Middle East may also shift with the evolving situation in Syria, as well as the second Trump administration. The questions of governance in Gaza and of Palestinian statehood will be critical considerations when attempting to broker a lasting diplomatic solution. It is unclear how Trump's support for Israel will align with his desire to strengthen relations with regional powers such as Saudi Arabia[30], which has made Palestinian statehood a condition for normalising Saudi-Israeli relations. Whether the EU will be able to influence the trajectory of the conflict and restore its own credibility will depend on its ability to reach a common position and cooperate with regional actors[31].

Lastly, the **threat of nuclear proliferation** has re-emerged in several regions, posing a major geopolitical risk for both 2025 and the longer term. As the last remaining nuclear arms control treaty between the US and Russia is set to expire in early 2026, the new US government will have to decide whether to engage in negotiations or possibly even shift towards expanding its nuclear arsenal[32]. Trump officials are also reportedly considering pre-emptive air strikes to stop Iran's nuclear programme[33], which Tehran may seek to ramp up in view of its weakened regional position[34]. In the meantime both China and Russia have been modernising and even expanding their arsenals[35]. **Uncertainty over Trump's adherence to security commitments** and fears of North Korea expanding its nuclear programme have also intensified a debate on a potential nuclearisation of South Korea[36]. The emerging **era of nuclear disorder** will complicate the challenging year ahead.

Ongoing and potential geopolitical hotspots in 2025

Non-exhaustive selection



Legend

Arctic
Possible tensions over Arctic routes and raw materials

Taiwan Strait
Risk of escalating tensions

South China Sea
Risk of escalating tensions

Submarine cables
Critical locations for sabotage

1 **Hybrid attacks**
Risk of hybrid attacks against institutions and infrastructure in the EU

2 **Korean peninsula**
Risk of escalating tensions and further nuclearisation

3 **Russia's war on Ukraine**
Risk of wider escalation

4 **Georgia**
Risk of escalation linked to protests

5 **Western Balkans**
Risk of further tensions over territorial ambitions

6 **West Africa**
Jihadist insurgencies

7 **Sudan**
Ongoing civil war, risk of spillover to neighbouring countries

8 **Horn of Africa**
Tensions involving Ethiopia and Egypt over recognition of Somaliland

9 **Ethiopia**
Risk of regional flare-ups and Eritrean interference in Tigray

10 **Mozambique**
Ongoing insurgency and Jihadist activity

11 **Syria**
Risk of state collapse, Daesh re-surgence, and foreign interference worsening regional instability

12 **Israel-Hamas-Hezbollah war**
Risk of protracted fighting, instability, and worsening humanitarian crisis

13 **Iraq**
Insurgencies and risk of spillover from Israel-Hamas-Hezbollah war and instability in Syria

14 **Iran**
Risk of escalation in regional conflicts

15 **Yemen**
Ongoing insurgency and risks for shipping routes

16 **Afghanistan and Pakistan**
Insurgencies and domestic instability

17 **Myanmar**
Ongoing civil war

18 **Haiti**
Ongoing gang violence and instability

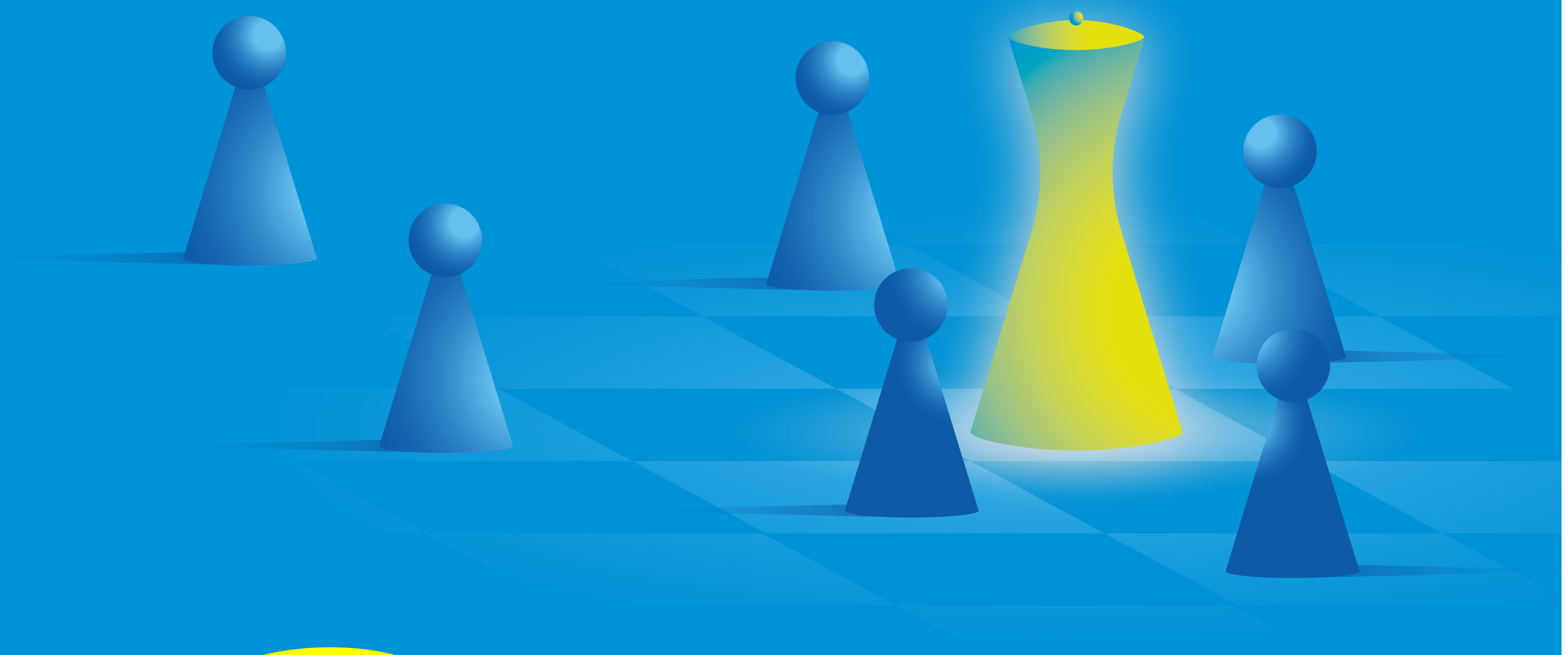
19 **Mexico**
Risk of escalating violence in the fight against cartels

20 **Algeria-Morocco**
Risk of escalating tensions over Western Sahara

21 **Libya**
Ongoing political instability

Source: GSC

A moment for middle powers



2.

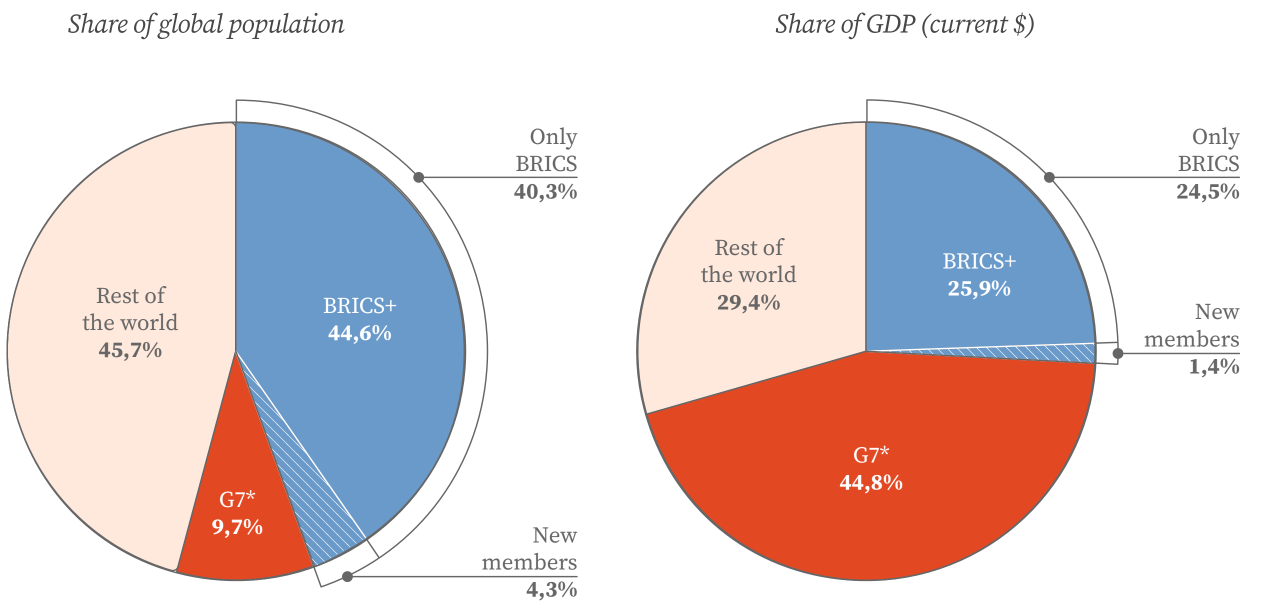
After a year marked by decisive elections, the **global balance of power remains uncertain**. Despite discourses around a return to a bipolar world order, neither the US under President Trump nor China are poised to assume global leadership. Both face significant domestic challenges that limit their capacity to project power effectively, while their international postures have raised concerns among partners and neighbours – albeit to different degrees. This intensifies a **growing leadership gap** in the international system, **opening the door for middle powers** – a rising number of countries intent on pursuing independent strategies without fully aligning with any major geopolitical camp. The EU will have to navigate this fragmented international system, managing pressures from the intensifying US-China rivalry, growing scepticism towards the current international order, and the ambitions of increasingly confident middle powers.

In 2024, the fragmentation[37] of the global order continued. Key multilateral events, including the WTO Ministerial Meeting, the UN's Summit of the Future and COP29 **highlighted the international system's inability to address critical global challenges**[38]. Despite minor successes, these gatherings were unable to achieve ground-breaking advances or deliver the systemic reforms[39] and increased financial support sought by poorer nations. Instead, they laid open the extent of **international divisions**, not only between developed and developing countries, but also among key middle powers[40]. Although 2024 saw the signing of the Council of Europe's Framework Convention on AI, the first international treaty on AI governance, the **competition over a comprehensive global AI governance framework continued**[41]. Instead of a cohesive multilateral approach, a fragmented patchwork of competing initiatives has emerged, with the US, China and the EU championing different models[42].

Despite a series of high-level bilateral meetings, **fractures grew in the US-China relationship**, with both sides taking measures to restrict the other's access to critical technologies and expand ties with other countries in support of their camp[43]. Meanwhile, China has increasingly weaponised its dominant position in critical mineral supply chains against the US and its partners[44]. **China also continued to promote an alternative vision of global order** through formats like the BRICS+ or the Shanghai Cooperation Organisation, supported by like-minded partners such as Russia. Commentators have also framed the growing ties between China and Russia within the broader context of an 'axis of upheaval' encompassing North Korea and Iran. However, this narrative risks overstating the extent of cooperation among these countries, and oversimplifying the underlying motives behind the individual partnerships that connect them[45].

The **2024 BRICS+ summit**, hosted by Russia, gave President Putin an opportunity to promote an anti-Western agenda, but it also highlighted the limits of this approach in reshaping global order. The BRICS+ agreed to pursue initiatives to strengthen coordination among its members in international fora and to promote the use of local currencies to reduce reliance on the US dollar, which triggered a strong negative response from President-elect Trump[46]. These outcomes underscored the BRICS+ ambitions to position itself as a **representative of non-Western countries in a multipolar world**[47]. Nevertheless, despite this symbolic display of unity, many members remain cautious about fully embracing an anti-Western agenda. For them, BRICS+ serves more as an opportunity for **diversification rather than confrontation**.

THE BRICS+ HOLD A GROWING SHARE OF GLOBAL INFLUENCE, AS MEASURED BY POPULATION AND GDP



Source: [UN World Population Prospects] and [IMF World Economic Outlook Database]

New members: Iran, Ethiopia, Egypt, United Arab Emirates

**Figures for the G7 include Germany, France and Italy as G7 member states, but not the EU as a whole.*

The return of Donald Trump to the White House in January 2025 will likely bring a **major change in the US' role within the international system**. Trump's reactions to the events unfolding in Syria at the end of 2024 indicate a shift towards a more isolationist foreign policy, with the US only directly engaged on issues that concern its immediate national security interests[48]. For the incoming administration, **China will be the defining foreign policy issue**, possibly to the detriment of commitments to Ukraine and the Middle East.

The **intensifying US-China rivalry will significantly limit the EU's room for manoeuvre** in the international system in the year ahead, with both sides trying to influence the EU's actions. Intent on deterring China and maintaining 'peace through strength', **the US will apply pressure on its partners and allies to follow suit and decouple fully from China**[49]. At the same time, China will try to create distance between the US and its European allies. To promote its narrative of an 'equal and orderly multipolar world'[50], **China will aim to present itself as an alternative partner for the EU** and as the main advocate for the 'Global South' in international fora. On AI and other emerging technologies, China is already working with a range of non-Western countries to set international standards based on Chinese norms[51]. China might even become more actively involved in mediating in Russia's war against Ukraine to enhance its image as a globally responsible power[52].

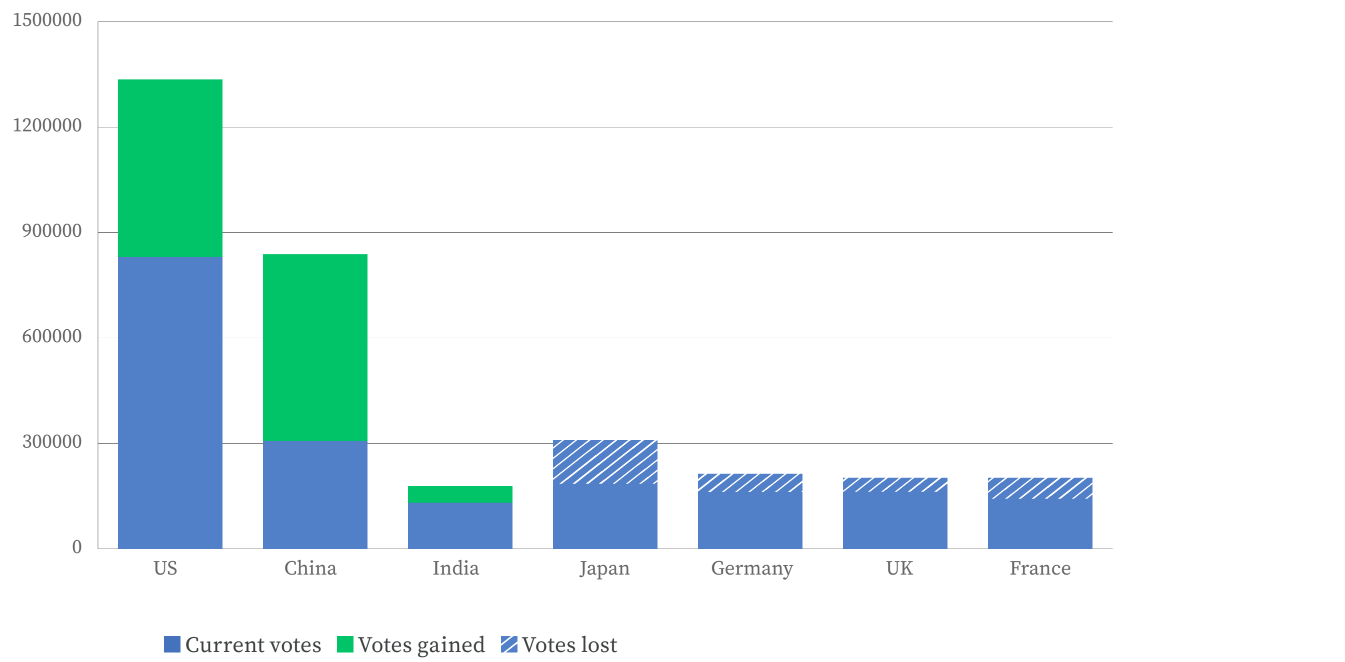
However, the economic weight of both the US and China makes full decoupling from either power unfeasible. Moreover, internal challenges, like the ongoing domestic divisions within the US and economic difficulties in China, will continue to limit their ability to lead and convince others to follow[53].

Most middle powers are likely to continue pursuing multi-alignment strategies, aligning with different actors based on specific issues, circumstances and national interests. For the EU, **fostering close partnerships with key middle powers** in areas such as defence, trade and access to critical raw materials could increase its resilience to coercion[54]. On this, the EU shares many interests and concerns with **Indo-Pacific** partners, which are also at risk of being caught up in US-China tensions[55]. Initiatives like the EU-Mercosur trade agreement present significant opportunities to deepen ties with **Latin America** and alleviate mutual pressures, although its adoption is expected to face hurdles[56]. Similarly, initiatives like the **Global Gateway** could gain importance as a framework for outreach and mutually beneficial partnerships. As the US shifts its focus from Europe back to Asia, calls are likely to grow for the EU to **strengthen ties with its neighbourhood** and improve economic and security partnerships to ensure regional stability[57].

With the international system at risk of gridlock and co-optation, **middle powers are increasingly seen as key actors**. In 2025, Brazil and South Africa, two influential middle powers, could provide new leadership for multilateral governance[58]. **Brazil**, set to lead both BRICS+ and COP30, is eager to advance the diversification of the global financial system, enhance the role of the so-called 'Global South' and establish new emissions targets[59]. The first G20 summit in Africa, hosted by **South Africa**, presents a chance to address middle powers' grievances about the multilateral system and provide new impetus to debates on reforms[60]. For these opportunities to materialise, Western actors like the EU would have to demonstrate a **willingness to engage and take credible steps towards sharing power**, which could mitigate the appeal of alternative models promoted by Russia and China[61].

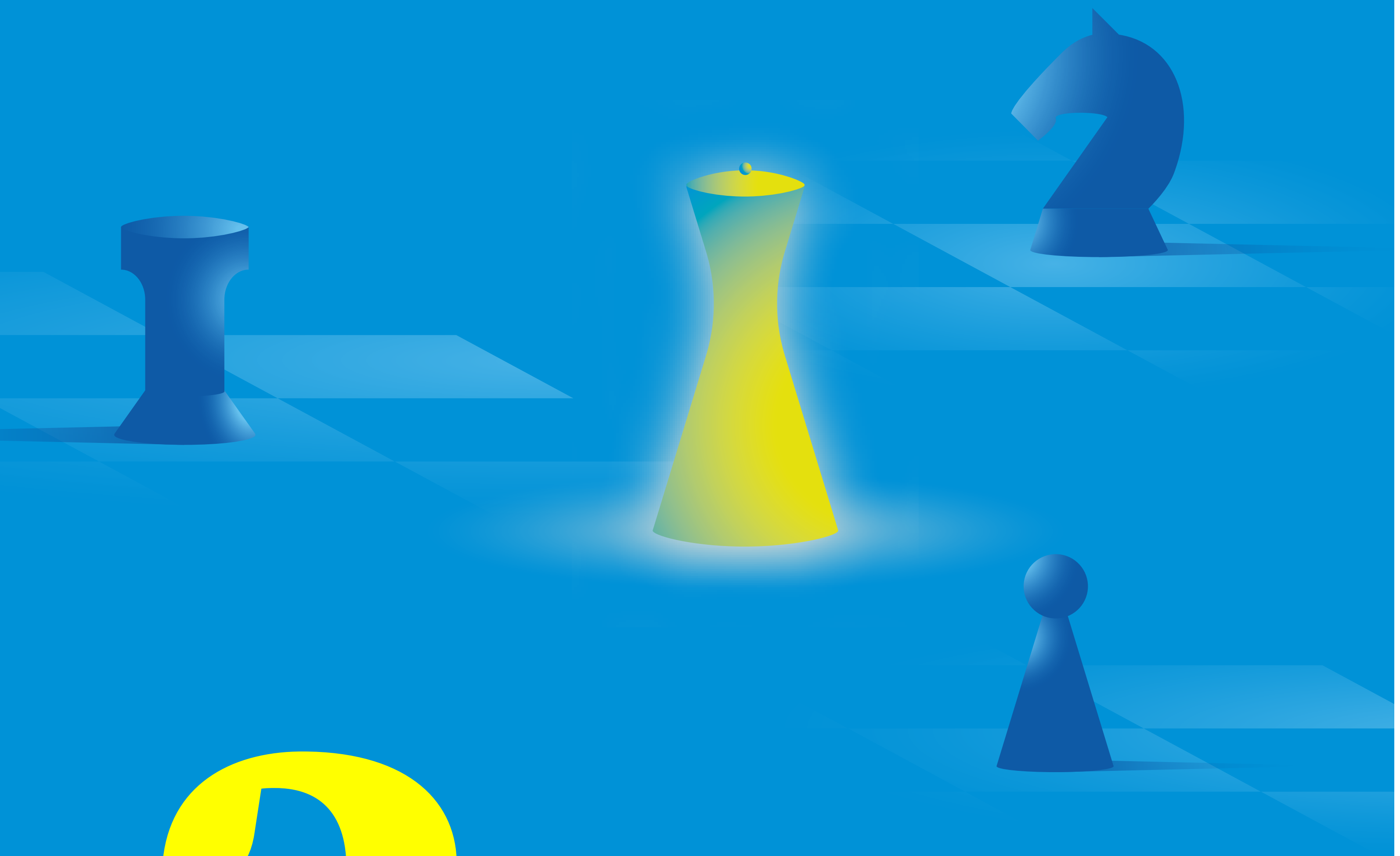
INTERNATIONAL MONETARY FUND (IMF) VOTING POWER WOULD SHIFT SIGNIFICANTLY IF VOTES WERE ALLOCATED SOLELY ON THE BASIS OF MEMBERS' SHARE OF GLOBAL GDP

Current IMF votes of selected countries and possible shifts reflecting their share of global GDP



Source: [Atlantic Council] and [IMF]

3. Diverging economies



The **global economy appears to have turned a corner** after the disruptions caused by the COVID-19 pandemic and Russia's war against Ukraine. But this positive outlook masks notable divergences, both globally and within the EU, which could increase in the year ahead. With the US turning towards protectionism, China turning inwards, and the EU's economic powerhouses under strain, other players may have to step up to provide economic leadership.

Geopolitical, social and environmental pressures have affected economic activity in 2024, leading to a **'stable, but underwhelming'[62] global GDP growth** of 3.2% – still below pre-pandemic levels. Despite China's economic performance falling short of expectations, emerging economies in Asia were the main drivers of global growth, which highlights the ongoing shift of the economic centre of gravity towards the Indo-Pacific[63]. Thanks to its remarkable productivity growth and supported by a large stimulus package, the US economy was able to significantly outperform most advanced economies, including the EU, which further widened the transatlantic gap in GDP[64]. Within the EU, there has been a shift among the Member States driving economic growth, with many mid-size and southern Member States performing better than the traditional engines of the EU economy[65]. Despite recent shocks and trade restrictions, global trade has grown moderately and remained stable as a share of world GDP[66], but the ongoing fragmentation of trade along geopolitical lines continues[67].

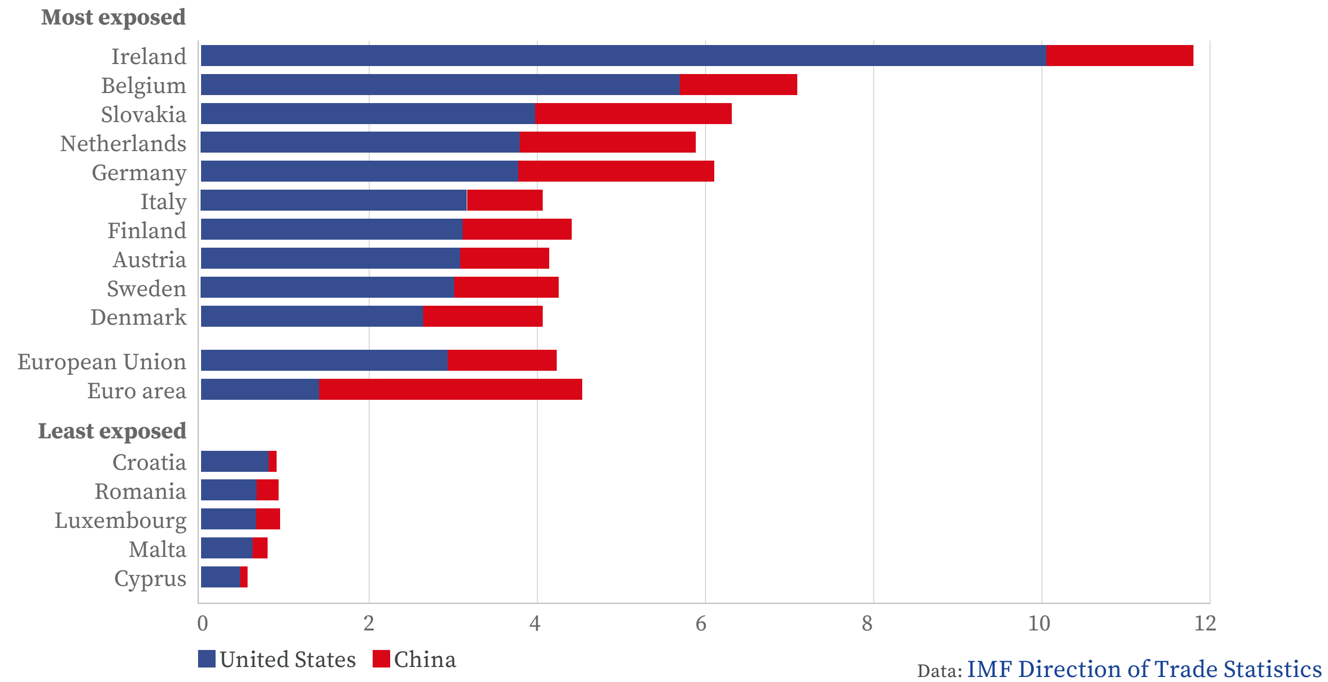
In many areas, however, **the crisis lingers**. Although energy prices in the EU have declined from their 2022 heights, they are still far above their pre-war state[68]. Manufacturing continued to struggle, with multiple mass layoffs especially in the automotive sector[69]. Aided by monetary policy measures, inflation rates may again be close to their pre-pandemic averages, but progress remains uneven, with certain regions still facing challenges. Moreover, average food prices are almost 50 percent higher than in 2019 and hourly wage growth has mostly failed to keep up[70].

The global economy is set to stabilise at a weak level, but geopolitical tensions will weigh on economies around the world in the year ahead, epitomised by **the return of an unpredictable President Trump** to the White House in January. It is still unclear whether his proposed tariffs of up to 60% on China and 10-20% on everyone else will indeed be enacted. If so, they could be rolled out sequentially to create leverage and minimise the risk of a coordinated backlash. [71] However, even if his tariffs were to remain only a threat, the effect of his policies on global growth are likely to be harmful, albeit unequally so, depending on relative exposure to the US market[72].

With the US market increasingly closed off and domestic demand struggling to recover, **China is expected to shift much of its manufacturing output to the EU and emerging markets**. This would increase tensions about Chinese overcapacities and unfair trade practices, both in the EU and in third markets where EU companies compete with Chinese ones, and might lead to calls for a stronger EU response[73]. To avoid further dissonances, China could opt to increase its greenfield investment in EU Member States, especially along the electric vehicle (EV) value chain, raising the potential of new divisions over the treatment of Chinese foreign direct investment (FDI)[74].

EXPOSURE TO THE US AND CHINESE MARKETS VARIES SIGNIFICANTLY ACROSS EU MEMBER STATES

Goods exports to the U.S. and China, 2023 (% of GDP)



Data: [IMF Direction of Trade Statistics]

Note: Sorted according to the relative size of exports to the US.

Despite the high degree of geopolitical uncertainty, **financial markets have so far remained remarkably stable**, which could indicate that markets are currently **under-pricing the impact of conflicts and trade disputes**. This, combined with a growing importance of non-bank financial institutions and the concentration of stock market activities around fewer large firms, renders markets vulnerable to turbulences[75]. Worse-than-expected economic indicators or external shocks could trigger a sudden local sell-off, which could spill over into other sectors[76]. Moreover, record investment in artificial intelligence (AI) and related technology is set to continue, but fear of a bubble is rising, especially because even the most successful AI companies have been unable to generate significant profits so far[77]. The prospect of running out of high-quality training data as early as 2026 could further dampen enthusiasm[78]. For the moment, AI's impact on the workforce and the economy at large is likely to remain limited[79].

Within the EU, **public deficits remain large, limiting fiscal flexibility**, which makes it difficult to stimulate growth or respond to new crises. **Growth will increase modestly over the next year, projected at around 1.5%, but the EU's overall recovery is seen as falling short of its full potential**[80]**.** Meanwhile, the EU faces multiple structural challenges, which were spelled out in the Draghi and Letta reports, such as a high regulatory burden that limits innovation, lack of integration in key economic areas and slow productivity growth curtailed by demographic change, compounded by a dearth of leading EU companies in emerging and disruptive technologies. These factors will continue to hinder recovery and weaken competitiveness[81].

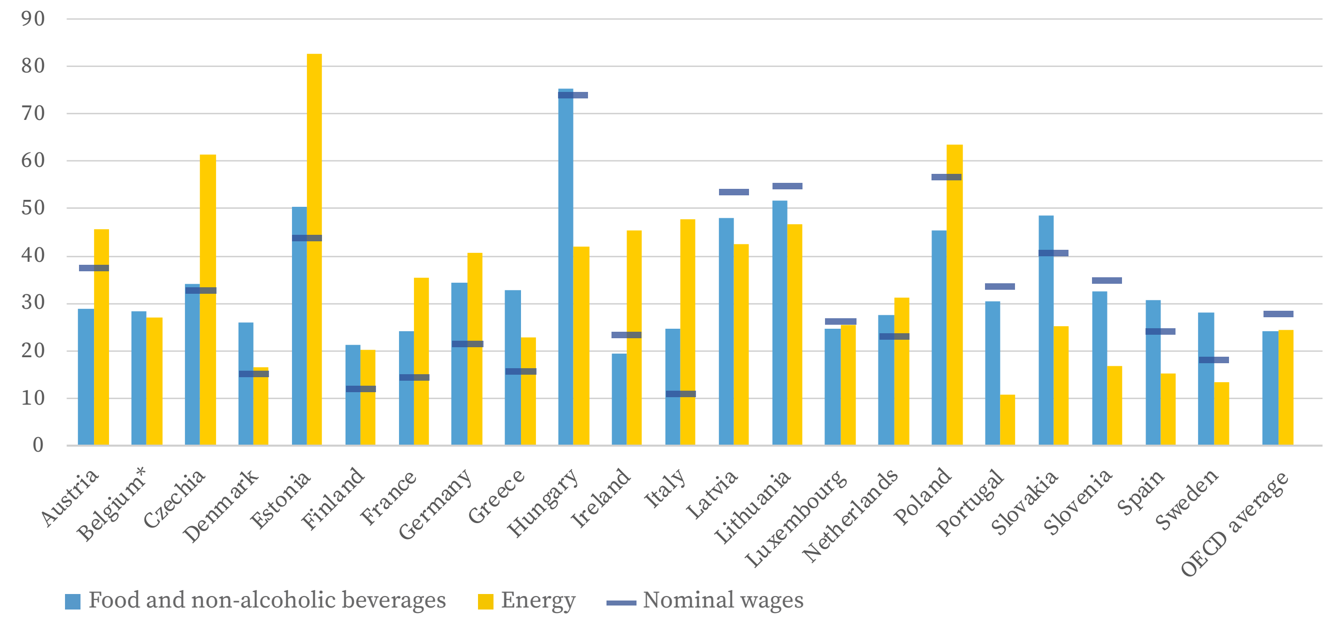
Managing high public debt while ensuring sufficient investments in growth and innovation will remain a delicate task. As the European Central Bank (ECB) has warned, a failure to adequately address the **challenge of high debt and low growth** could raise the risk of another sovereign debt crisis[82]. The Letta and Draghi reports highlight the importance of timely action to avoid 'slow agony'[83] and offer detailed suggestions in many sectors, which the new Commission could translate into practical proposals. But in order to be effective, more impulses would need to come from across the EU. As a longer-term policy compass, the new Multiannual Financial Framework (MFF) proposal, expected for July 2025, will be key in setting the direction and balancing interests at leaders' level[84].

With many southern Member States expected to outperform their northern counterparts, and traditional manufacturing powerhouses likely to face further troubles, **economic performance will continue to diverge**. In addition, new US tariffs against the EU would have asymmetric effects on its Member States, as they have differing degrees of exposure to the US economy[85]. These developments could lead to gradual **shifts in economic leadership within the EU**, and thus affect debates on the future of the European economic model[86].

Faced with the prospect of an escalating trade war, the EU and others will need to carefully consider **whether to enter into negotiations on a trade deal with the Trump administration**[87]. For the EU, this could require commitments to increase purchases of liquid natural gas (LNG) and agricultural goods, like those made during the first Trump administration[88], but could also include defence equipment or even Teslas. Some commentators have pointed out that a discriminatory trade deal with the US could undermine the EU's commitment to free trade under World Trade Organisation (WTO) rules, and may even damage them irretrievably[89]. Should the EU be unwilling to make unilateral concessions, it would need to demonstrate a credible commitment to retaliation. This would require a united approach in the face of Trump's likely attempts to 'divide and conquer'.

WAGE GROWTH HAS NOT KEPT UP WITH RISING PRICES IN MANY EU MEMBER STATES

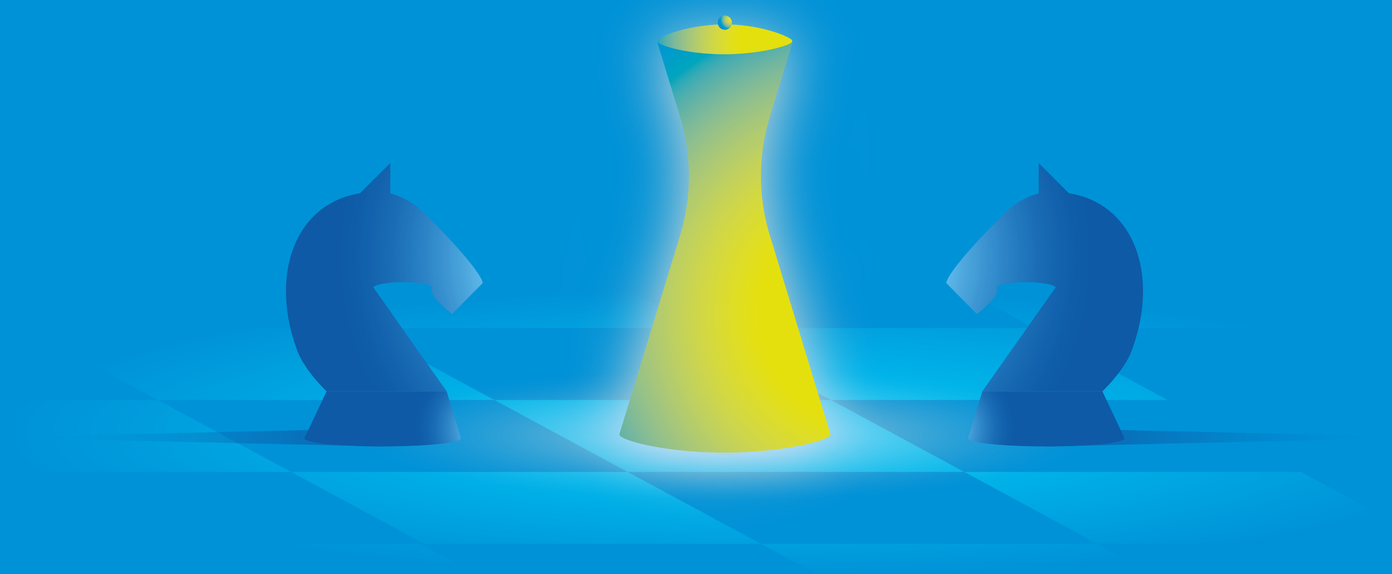
Average change in food and energy prices and in nominal wages (% change compared to December 2019)



**No wage data*

Data: [OECD Statistics]

Divisive politics



4.

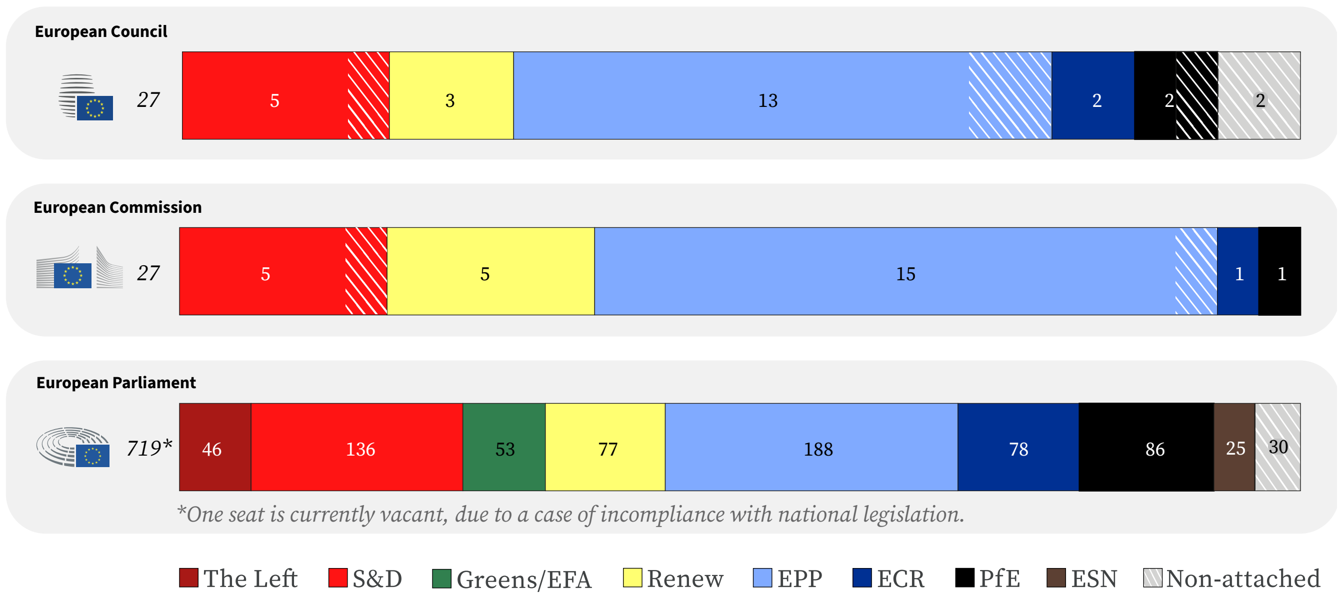
After a year of crucial elections around the globe, 2025 will be a pivotal year for the **implementation of political agendas**. The ongoing war in Europe, the rise in destabilising conflicts, weak growth and falling real wages[90] have fostered a climate of disruption, fuelling **citizens' anxiety** across Western countries. As a result, **incumbent leaders throughout the developed countries faced electoral setbacks** in 2024[91]. Even the private sector experienced record-high executive turnover, as 'increasing complexity' drove an unprecedented wave of CEO resignations[92]. Economic pressures, in particular, have contributed significantly to the rise of **populist movements and political instability**[93]. This reflects a broader trend of citizens seeking leaders who can offer clear solutions to complex challenges – such as technological transformation, demographic decline, sustainability, or geopolitical crises.

The results of many elections that took place in 2024 indicate that similar **political shifts** have been taking place within electorates across the world, with few notable exceptions. These include diminishing support for climate-friendly policies and the parties advocating for them, declining support for left-wing parties and victories for conservative ones, as well as a significant rise in right-wing populist movements[94].

At the European level, the **newly elected European Parliament** is more fragmented, and its traditional governing coalition only holds a narrow majority. However, the strong presence of conservative parties and their representatives among the governing coalitions in Member States, at the European Council and within the College of Commissioners indicate an unprecedented **political alignment across the EU's main institutions**.

AFTER THE 2024 EUROPEAN ELECTIONS, THERE IS A NOTABLE ALIGNMENT IN THE POLITICAL AFFILIATIONS OF THE MAIN EU INSTITUTIONS

Political affiliation of the main EU institutions



Note: Striped areas for the European Council and the European Commission indicate lack of formal affiliation with political groups within the European Parliament.

Source: GSC

Within EU Member States, the **climate of uncertainty** that dominated in 2024 has resulted in a **fragmented and conflictual political landscape**, in which **fragile majorities, minority governments, and unstable coalitions of more politically distant parties** are increasingly common. This hampers effective decision-making, and risks causing delays where swift and decisive action would be needed. With budgets increasingly under strain, the diverse governing coalitions in some Member States struggled to overcome their political differences[95]. The resulting uncertainty has affected business confidence, which threatens to exacerbate fiscal challenges[96] .

As a result of increasing uncertainty, **themes of protection** — protection of borders, of the existing social model, of economic preferences, the ability to act as a military power, and climate change — are at the centre of the political discourse[97]. As these issues rise to the top of political agendas, they impact on debates over the **scale, speed and scope of necessary measures to deal with long-term trends**, which will take centre stage in 2025. These dynamics are particularly visible in the ongoing debate on **migration**. Managing migration is currently seen as the second-most impactful issue for EU citizens' lives that the EU should address[98]. Finding a balance between these **demands of citizens to address illegal migration and integration** within EU societies and the **role that migration could play in stabilising demographic imbalances** in the longer term will be a challenge[99].

Economic hardship will remain a pressing concern for voters, particularly in a confrontational economic environment in which national and international politics intersect, as discussed in previous sections. Here too, leaders face a delicate **balancing act between addressing immediate needs while steering essential long-term transformations**. During periods of industrial transition, challenges such as plant closures or restructuring plans intensify social tensions, highlighting a need for comprehensive transformation plans that feature robust support systems for affected workers. In 2025 these **social pressures** will be further compounded by debates over public debt, fiscal capacity and the prioritisation of future investments, which demand careful and inclusive policymaking.

Overall, electoral year 2024 highlighted several trends that have influenced the past decade and will continue to shape political landscapes in 2025. One key trend concerns the way in which the democratic system works for its citizens. **Trust in political leaders and institutions has visibly declined** across Europe and globally[100]. The percentage of citizens in democratic countries expressing **scepticism about their ability to influence political decisions has risen** in recent years. These doubts extend to political parties, public administrations and the media in most OECD countries[101]. Within electoral systems this has led to a **crisis in political party representation,** illustrated among other things by the increasing variety of anti-establishment parties[102] and the growing importance of personality over political affiliation. The year is also a milestone in the evolution of populism as a structural political component (or '**establishment populism**'[103]), with more mainstream political parties adopting populist rhetoric and positions.

Societal divisions continued to deepen, with contentious issues such as immigration, identity, multiculturalism, minority rights and climate change fuelling further antagonism. These **debates often blend moral and cultural dimensions**, framing opposing political ideas as threats. In this context, perceptions and narratives can produce political outcomes regardless of actual developments on the ground. This **dynamic extends to foreign conflicts**, especially in the Middle East, which has a direct impact on the political discourse in EU Member States, increasing polarisation, radicalisation and antisemitism[104].

The **growing influence of new technologies** is disrupting both the transmission and perception of a political message. Social media communication channels supported by **algorithms that favour divisive narratives** and confirmation bias continue to **undermine traditional, more nuanced political communication**. Generative artificial intelligence exacerbates these trends, blurring the line between reality and manipulation, and enabling the use of more sophisticated attempts to manipulate online discourses[105]. This is contributing to the growing influence of aggressive narratives on political agendas, which is likely to intensify in the near future.

Moreover, external developments will continue to impact on the EU's political debates. In a recent Eurostat poll, **ensuring peace and stability** was considered to have the highest positive impact on EU citizens' lives in the short term. Nearly seven in ten Europeans agree that the EU has sufficient power and tools to defend its economic interests in the global context, which raises expectations for EU leadership[106]. However, political developments such as the return of Donald Trump, the escalating US-China rivalry and the promotion of anti-Western models will affect the ability to deliver, as discussed in previous sections. In this unstable international context, external powers will continue their **efforts to destabilise liberal democracies** through hybrid threats. **Foreign information manipulation and interference (FIMI)** is therefore expected to increase further across the EU and in candidate countries, targeting not only electoral campaigns but also political or societal debates that could undermine cohesion.

The new US administration is expected to adopt a **protectionist and nationalist agenda** in response to a **growing backlash against globalisation** and its consequences. This will likely include a push for deregulation on issues such as environmental regulations, AI and cryptocurrencies, as well as attempts to decrease the size of the federal government and cut spending on social programmes. The US model, which is already characterised by strong public-private collaboration and less stringent regulation than in the EU, will aim to support the globally dominant position of its big businesses, particularly in sectors including technology, defence and finance.

These developments are not unique to the US, and they will likely affect political debates in the EU. Politicians such as Argentina's President Milei and Brazil's former President Bolsonaro have already spread similar ideas in Latin America[107]. The spread of this nationalist agenda is reinforced by the formation of **illiberal transnational alliances between European parties and parties in the Americas**, which suggests that there may be a structural dimension to these political currents. The extent to which these ideas will shape European debates in 2025 remains unclear, but they will complicate the political environment in which the EU leadership will have to operate.

Tipping points for the green transition

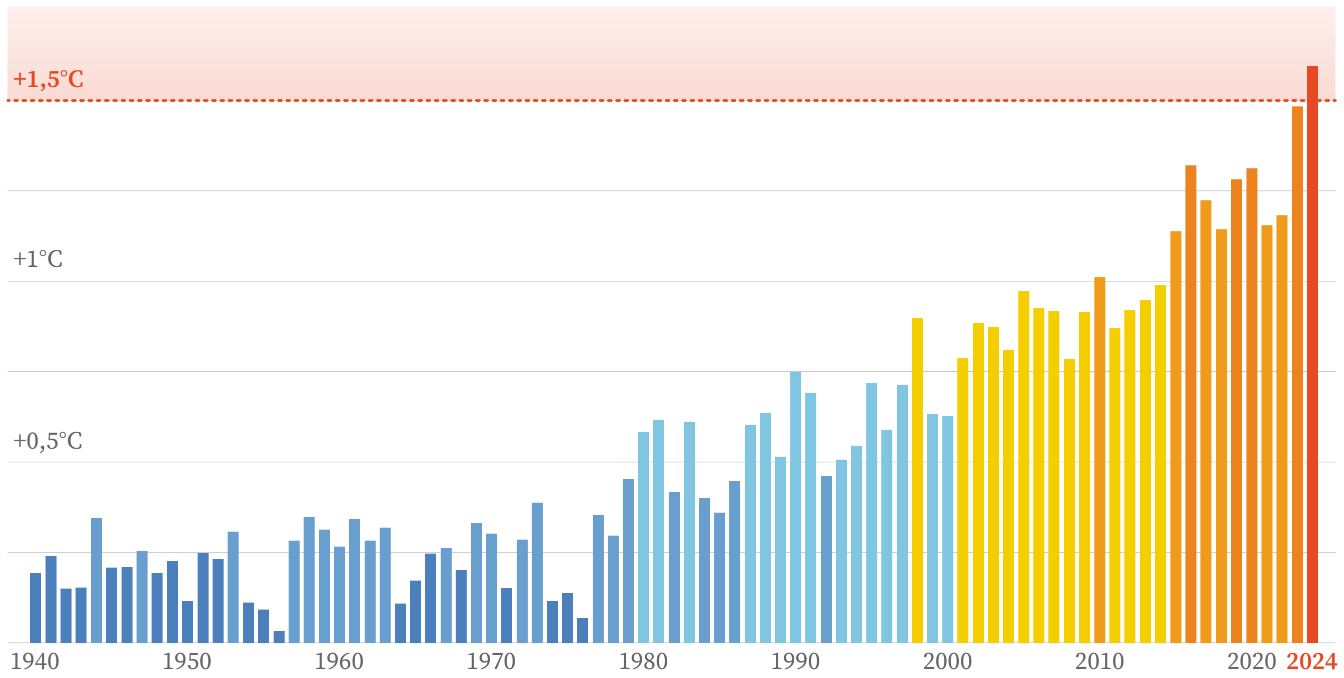
5.

2024 was the **hottest year on record**, with global warming exceeding the threshold of 1.5°C above pre-industrial levels for the first time[108]. This unprecedented heat was accompanied by a cascade of climate-related disasters, including devastating floods in central Europe in September[109], and in Valencia, Spain, less than two months later[110]. These events highlight Europe's growing vulnerability as the world's fastest-warming continent[111]. As temperatures continue to rise, the **risk of breaching critical climate tipping points** – beyond which key systems changes may become self-sustaining and irreversible – increases[112]. Growing evidence indicates that parts of the West Antarctic ice sheet may have already crossed a tipping point[113], while early warning signs of destabilisation have been detected in the Greenland ice sheet, the Atlantic Meridional Overturning Circulation (AMOC) and the Amazon rainforest[114].

This reality demands decisive global action. Yet the response remains fragmented, as demonstrated by the mixed outcomes of COP29[115]. In 2024, **tensions surrounding the race to net-zero emissions** became evident, including within the EU. While climate change remains a top priority for European citizens[116], who broadly support a transition to a greener future, enthusiasm begins to wane when confronted with the inevitable trade-offs[117]. This **reluctance to fully accept the costs** of the green transition has led to the emergence of 'transition fatigue', with some political leaders calling for regulatory delays, pauses, or even a rethink of the European Green Deal itself[118]. This dynamic was reflected in the results of the 2024 European Parliament election[119] and could intensify further in 2025. Governments will be facing strained national budgets, struggling to balance short-term economic and social pressures with long-term environmental commitments.

2024 IS ESTIMATED TO BE THE WARMEST YEAR ON RECORD, AND THE FIRST TO EXCEED 1.5°C OF GLOBAL WARMING

Annual global temperature anomalies relative to pre-industrial (1850-1900)



Source: Copernicus

The 2024 **US presidential election** added a **new layer of uncertainty** to global efforts. During his campaign, Donald Trump dismissed climate change as a 'scam'[120], and there are strong indications that his administration will roll back environmental regulations, accelerate fossil fuel production, and withdraw the US once again from the Paris Agreement[121]. There are even concerns that Trump could sever ties with the UN framework underpinning global climate action[122]. Nonetheless, **resistance to fully dismantling climate initiatives may emerge** from within Trump's own political base. The Inflation Reduction Act, a cornerstone of US climate policy, has channelled billions into green technologies, much of which has benefited Republican districts[123]. These economic gains have fostered growing support for clean energy, potentially constraining the administration's ability to abandon green initiatives entirely.

The withdrawal of one of the world's largest emitters from climate commitments could **undermine global efforts in 2025 and beyond**, potentially prompting other countries to scale back their climate goals[124]. This retreat risks deepening the transatlantic divide and complicating the EU's role as an advocate of multilateral climate cooperation. Moreover, the EU's efforts to establish global environmental standards for businesses, which would also ensure that companies operating within its borders are not unfairly burdened, will be harder to achieve[125]. This includes carbon pricing, which will remain a debated issue, particularly in the light of the full implementation of the EU's carbon border adjustment mechanism (CBAM) as of January 2026[126]. At this critical juncture, the EU has an opportunity to **reaffirm its position as a reliable partner** and leader on global action. However, leadership without the engagement of major emitters risks leaving **the EU as an isolated frontrunner**, unable to address the scale of the climate crisis effectively. With Europe contributing only 6.7% of global emissions[127], collective global action remains essential.

For the EU, pursuing **climate leadership offers significant benefits** beyond advancing global climate goals[128]. As outlined in the Draghi report, the green transition could present **a major growth opportunity**, provided that the EU can develop plans that combine competitiveness with decarbonisation[129]. However, the EU also faces competition from China in the technologies needed to achieve its green transition. Despite being the world's largest greenhouse gas emitter[130], **China has also emerged as a green tech superpower**. Its industrial policies have promoted clean energy sectors which accounted for 40% of its economic growth in 2023[131]. China installed more solar and wind power capacity in 2023 than the rest of the world combined[132] and is set to account for more than half of the renewable capacity installed worldwide by 2030[133]. In 2025, the EU will have to plan for a significant **increase in exports from Chinese clean energy companies** and **competition over future technologies.** Going forward, the EU faces a trade-off: on the one hand, openness to Chinese exports could accelerate the transition and avert potential trade wars; on the other, without targeted support for key industries, de-industrialisation could undermine the political sustainability of the transition and cause the EU to lose out on future productivity gains from clean tech innovation[134]. This trade-off also applies to the EU's support for third countries in their green transitions. Whether the EU will remain competitive vis-à-vis China in third markets will depend on its ability to provide and mobilise stronger financial and diplomatic support, including for climate finance[135].

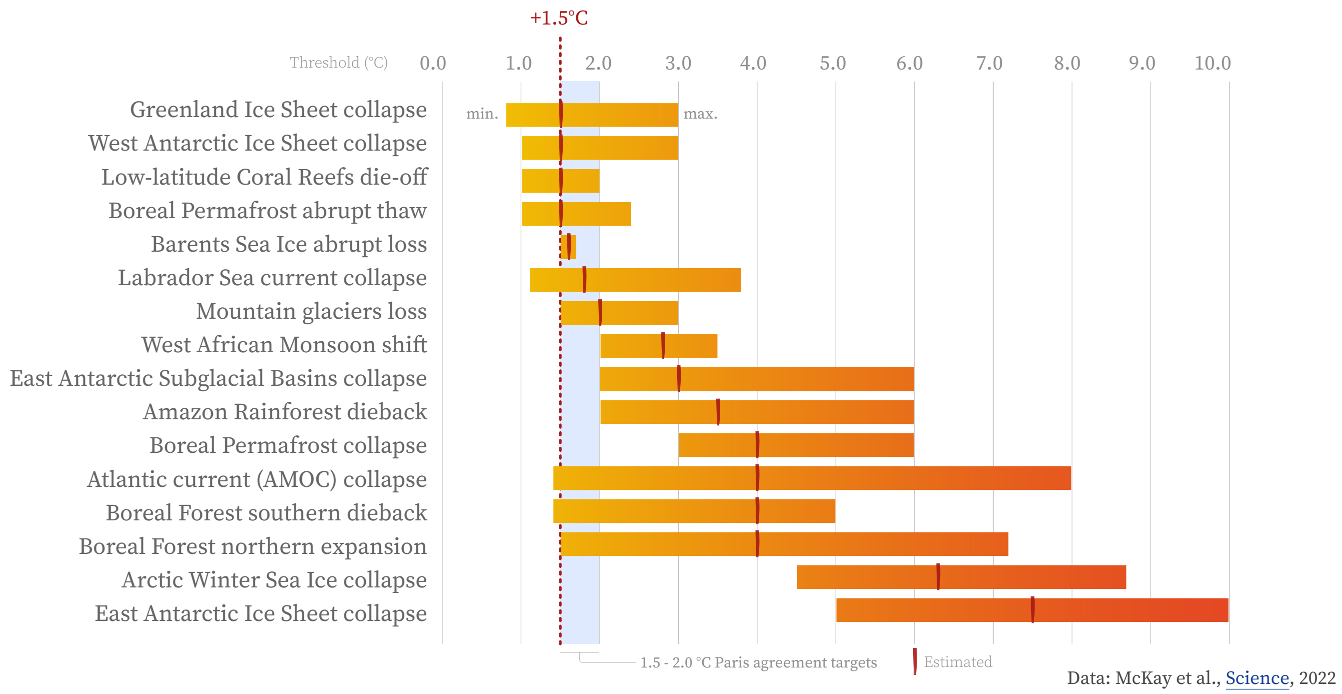
Regardless of actions taken by other countries, the scale of the climate crisis makes inaction untenable, with the **consequences of insufficient efforts** already becoming tangible. Over the past four decades, climate-related extremes have cost the EU an estimated €738 billion in economic losses, with over €162 billion (22%) incurred between 2021 and 2023 alone[136]. These figures underscore the increasing frequency and severity of natural disasters, which have **far-reaching economic and social implications**. One significant consequence is the growing strain on Europe's insurance market, where rising costs and widening coverage gaps risk pushing the continent toward a **potential insurance crisis**[137]. In some regions the threat of assets becoming uninsurable looms, leaving governments and citizens increasingly vulnerable to financial risks.

As the 2°C target slips further out of reach[138], the need to complement mitigation efforts with **robust adaptation strategies** becomes more urgent[139]. The UN has warned that, without significant policy shifts, global temperatures could rise by more than 3°C this century – a reminder that the impacts of climate change will only intensify in the coming years[140]. This trajectory calls for a shift **from reactive crisis management to proactive resilience**, focusing on planning ahead to reduce risks and limit damage before crises occur[141]. The upcoming COP30, where countries will be required to present their national adaptation plans (NAPs), could provide some much-needed momentum[142].

In 2025, sustaining the momentum of the green transition will mean having to navigate an increasingly polarised political landscape, where environmental policies face growing scrutiny and division. For policymakers, **addressing the social challenges of the green transition** will be critical, ensuring that its benefits are distributed equitably while minimising economic disruptions[143]. Achieving this balance is essential not only to maintain public support for the transition, but also to secure the EU's role as a global leader in climate action.

EXCEEDING THE 1.5°C GLOBAL WARMING THRESHOLD HEIGHTENS SIGNIFICANTLY THE RISK OF TRIGGERING MULTIPLE CLIMATE TIPPING POINTS

Estimated range of global warming needed to cross climate tipping points



Data: McKay et al., Science, 2022

The European Council and the Council of the EU in 2025

If 2025 is indeed **a time for leadership**, as the previous pages have sought to illustrate, the European Council and the Council of the EU will have a strategic role to play: the European Council, as the key institution responsible for setting the priorities and political direction of the Union; the Council, for its policy-making and coordinating role which will be essential for turning action plans into policy.

Effective leadership always involves choices, but different contexts may call for different forms of leadership. In the year ahead, **three aspects of leadership** will be especially relevant for the EU:

- the vision required to set bold priorities and navigate complex trade-offs
- the ability to anticipate threats and challenges, and prepare the Union to face them proactively
- the capacity to communicate with clear and unifying narratives, both internally and externally.

---

1. Leading with purpose

In July 2025 the Commission is expected to table a proposal for a new Multiannual Financial Framework (MFF). The MFF will give the European Council and the Council the opportunity to set EU spending ambitions and priorities far into the next decade, and to decide how to address the structural problems identified by the Letta and Draghi reports. A debate over the allocation of scarce budgetary resources is likely to ensue, with different priorities competing against the background of a polarised political climate. Member States facing different challenges and divergent growth prospects can reasonably be expected to bring diverse views to the table. The challenge will consist in moving **beyond the logic of zero-sum games** in resource allocation, and recognising that **the interconnectedness of the challenges facing the EU requires a holistic approach** – especially in areas where EU funding can make a real difference.

While some trade-offs may be inevitable, others may point to opportunities to **advance different priorities in mutually reinforcing ways**, cognisant of the fact that some structural challenges cannot be addressed in isolation from others. For example, the Draghi report made a convincing case that it may be impossible to decouple long-term competitiveness from a successful green transition, while the green transition itself would not be economically and politically sustainable without addressing the EU's competitiveness gaps. Similar arguments could be made about defence, industrial policy and other priorities.

At the same time, leaders will necessarily have to find **a delicate balance between the constraints of managing high public debt and the need to secure sufficient investment** – including from the private sector – to safeguard Europe's future. This is likely to raise questions of equity and fairness across social, geographical and generational divides. The EU has already proven that it is capable of finding **creative and innovative solutions** in times of present and urgent crisis. The test of purposeful leadership will lie in the ability to do as much when faced with challenges that are equally severe, but further removed in time.

---

2. Leading with anticipation

The events of the past year have underscored the unpredictability of the current (geo-)political landscape. While it may be impossible to anticipate the next crisis in a world of 'black swans', **anticipatory leadership** involves the responsibility to build resilience across the board, to increase preparedness for future scenarios, and to act upon the signals of challenges that may lie ahead.

As discussed earlier in this report, the **interconnectedness of conflicts** is a major source of geopolitical unpredictability, giving rise to possible spillovers and unintended consequences that need to be considered in order to provide a coherent response. With respect to the conflicts in its neighbourhood, the EU will need to increase its efforts to anticipate and prepare for a range of possible scenarios. By identifying its interests and red lines proactively, the EU will be able to ensure that it can play a meaningful role in shaping possible solutions and not merely in implementing them.

The year ahead will provide an opportunity to capitalise on the current impetus to **improve European defence capabilities** – especially in the light of possible shifts in US priorities, which may be refocused towards the Pacific, and US pressures on Member States and NATO. It may, however, be impossible to reap the full benefits of defence investments without joint defence policies, which in some cases may involve reassessing the balance between national and European strategic autonomy[144]. Leaders will also need to manage possible trade-offs between the long-term benefits of investing in the EU defence industrial base on the one hand, and the more urgent need to acquire advanced equipment from partners – including to continue supporting Ukraine – on the other. This calculus may be further complicated by its possible implications for relations with the Trump administration.

At the same time, preparedness also involves **strengthening internal security** and upgrading the EU's **resilience to hybrid threats and cyberattacks**, foreign information manipulation and interference (FIMI) and radicalisation. Events in 2024 have highlighted societal vulnerabilities to foreign-controlled social media, and call for a proactive approach in navigating relations with big tech companies, while remaining mindful of their increasing role in shaping the political environment. The Council is also likely to face increasing demands to **improve crisis management frameworks**, including through cross-border coordination and bolstering the EU Civil Protection Mechanism to enable it to respond more effectively to climate-related disasters. The need for anticipatory leadership may be nowhere more evident than in the urgency of effective climate adaptation measures.

Lastly, building resilience in today's international landscape will also require the EU to increase its **strategic autonomy and build strong relationships with additional partners**. This would also create a buffer against pressures and attempts to 'divide and conquer' its Member States. For many middle powers, the EU is not currently the third partner of choice: designing flexible and attractive offers to address this situation will require forward-looking leadership. **Tailor-made partnerships** will be essential to provide the EU with more options to diversify its external relations, in particular with regard to energy independence and access to critical raw materials. Such diversification could go hand in hand with deepening the EU's cooperation with its neighbours. In this respect 2025 may provide significant opportunities, especially for developing post-Brexit relations with the United Kingdom. Progress on enlargement – along with gradual integration in the meantime – may also contribute to this end.

3. Leading with clear narratives

None of the issues confronting the EU can be overcome without **strong and unifying narratives, both internally and externally**. Domestically, leaders may face the challenge of communicating necessary but often unpopular economic measures to citizens. While scapegoating 'Brussels' may serve as an expedient tactic for some politicians, **honesty and empathy in acknowledging social hardships and inequality** will prove to be a more effective long-term strategy to rebuild trust in institutions and their ability to deliver. Strategic investments in areas such as defence, the green transition and technological innovation will also require a coherent, clear and transparent communication strategy in order to avoid possible backlash. Particularly with regard to the social impacts of the green transition, narratives focusing on how to protect vulnerable populations and highlighting the positive effects of the transition on quality of life, sovereignty and resilience, could increase societal support.

Internationally, effective communication requires that the possible causes of a deterioration in how the EU is perceived among third countries and their populations be addressed. The EU, and the West more generally, have been criticised for double standards ranging from Covid vaccine policies to the application of international law in different conflicts. Winning the 'battle of narratives' and rebuilding soft power will require messages based not only on values – which may sometimes be perceived as hypocrisy – but also on mutual benefits.

Conclusion

In March this year, the EU celebrates the **fiftieth anniversary of the first meeting of the European Council**. This occasion should serve as a reminder of the primary reason for the creation of this institution: to give Europe the means to respond quickly and adequately to new and difficult challenges at a time when other institutions failed to provide sufficient leadership[145]. Fifty years later, **it is once again a critical time for leadership in Europe**. The 2024 electoral cycle has produced a remarkable political alignment across the main EU institutions, which creates invaluable opportunities for the EU to take decisive action in the years ahead. The increasing interconnectedness of the challenges facing the EU underlines the importance of the role of the European Council in providing a coherent response. As this report has aimed to illustrate, the terms of the challenges confronting the EU are relatively clear across a number of significant domains, and possible solutions are in many cases on the table. The board is set: who will make the next move?

Events to watch in 2025

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Elections	EU	**Jan.** Greece, presidential	**23 Feb.** Germany, parliamentary			**4 and 18 May** Romania, presidential **18 May** Poland, presidential					**Oct.** Czechia, parliamentary Ireland, presidential		
Elections	Non-EU	**26 Jan.** Belarus, presidential	**9 Feb.** Liechtenstein, national parliament **9 Feb.** Kosovo, parliamentary			**11 May** Albania, parliamentary **By 17 May** Australia, federal (Senate)		**By July** Moldova, parliamentary		**Sept. (tbc)** Egypt, parliamentary **8 Sept.** Norway, parliamentary **By 27 Sept.** Australia, federal (House)	**By 20 Oct.** Canada, federal **26 Oct.** Argentina, midterm election	**23 Nov.** Chile, general election	
Other events	EU events	**1 Jan.** Polish Presidency **1 Jan.** Bulgaria and Romania: full membership of Schengen area	**3 Feb.** Informal retreat of European Council members	**19 Mar.** Tripartite Social Summit **20-21 Mar.** European Council			**26-27 Jun.** European Council	**1 Jul.** Danish Presidency			**1 Oct.** Informal European Council **23-24 Oct.** European Council		**18-19 Dec.** European Council
Other events	Multilateral summits and events	**20-24 Jan.** World Economic Forum, *Davos, Switzerland* **2025 (tbd)** EU-CELAC Summit, *Colombia* **2025 (tbd)** EU-UK Summit	**10-11 Feb.** AI Action Summit, *Paris* **14-16 Feb.** Munich Security Conference			**May** Target date to conclude negotiations on WHO global pandemic treaty **16 May** EPC, *Albania*	**16-17 Jun.** G7 Summit, *Kananaskis, Canada* **24-26 Jun.** NATO Summit, *The Hague*	**July (tbc)** BRICS Summit *(Brazilian presidency)*		**9 Sept.** UNGA: Opening session **23 Sept.** UNGA: 1st day of high-level general debate	**2 Oct.** EPC, *Denmark*	**10-21 Nov.** COP30, *Belém, Brazil* **22-23 Nov.** G20 Summit, *Johannesburg, South Africa*	
Other events	Cultural events				**13 Apr.-13 Oct.** Expo 2025 *Osaka, Japan*	**9 May** Charlemagne Prize **13-17 May** Eurovision Song Contest *Basel, Switzerland*	**14 Jun.-13 Jul.** FIFA Club World Cup *United States*	**2-27 Jul.** UEFA Women's Euro 2025 *Switzerland*		**Sept. (tbc)** First Olympic Esports[146] Games *Saudi Arabia*	**15-19 Oct.** Frankfurt Book Fair *Germany*		**10 Dec.** Nobel Peace Prize **10 Dec.** Sakharov Prize
Other events	International leadership appointments *(non-exhaustive list)*						**18 Jun.** (UNDP) UN Development Programme *Administrator*			**30 Sept.** (UNFPA) UN Population Fund *Executive Director* **30 Sept.** UN Women *Executive Director*		**9 Nov.** (UNESCO) UN Educational, Scientific and Cultural Organisation *Director-General* **Nov.** (INTERPOL) International Criminal Police Organization *President*	**10 Dec.** (UNIDO) UN Industrial Development Organisation *Director-General* **31 Dec.** (UNHCR) UN High Commission for Refugees *High Commissioner*

References

1 'Forward Look 2024 – Managing Uncertainty', Analysis and Research Team, General Secretariat of the Council of the European Union, January 2024.
2 Elin Bäckström, 'UCDP: record number of armed conflicts in the world', Uppsala University, 3 June 2024.
3 John Burn-Murdoch, 'Democrats join 2024's graveyard of incumbents', Financial Times, 7 November 2024.
4 Armida van Rij, 'Trump and his growing number of European allies threaten the European project', Chatham House, 11 November 2024.
5 'Global Peace Index 2024: Measuring Peace in a Complex World', Institute for Economics & Peace, June 2024.
6 '2024 deadliest year ever for aid workers, UN humanitarian office reports', UN News, 22 November 2024.
7 Nan Tian et al., 'Trends in World Military Expenditure, 2023', Stockholm International Peace Research Institute, April 2024.
8 'Security Council Data - Vetoes Since 1946', UN Peace Security Data Hub, December 2024.
9 'New data shows record number of armed conflicts', Peace Research Institute Oslo, 10 June 2024.
10 'North Korea-Russia military ties require coordinated response to maintain Indo-Pacific stability', Indo-Pacific Defense Forum, 24 November 2024.
11 Lina Khatib, 'Assad's Fall Is the Middle East's 1989', Foreign Policy, 9 December 2024.
12 Simon Marks and Katarina Höije, 'Russia's Africa Strategy at Risk After Syria Regime Collapse', BNN Bloomberg, 10 December 2024.
13 Ilan Ben Zion, 'Israeli FM promises cooperation with Ukraine against Iran', AP News, 16 February 2023.
14 Seth J. Frantzman, 'What types of deadly drones is Hezbollah using against Israel?', The Jerusalem Post, 14 October 2024.
15 Emily Boyle and Sharon Gaffney, 'Power vacuum raises fears about ISIS prisoners guarded by Kurds in Syria', France 24, 12 December 2024.
16 See for example 'Drug Trafficking Dynamics across Iraq and the Middle East: Trends and Responses', United Nations Office on Drugs and Crime, March 2024. See also Sune Engel Rasmussen, 'Assad's Fall Upends the Middle East's Largest Drug Empire', The Wall Street Journal, 16 December 2024.
17 Hugo Brennan and Mucahid Durmaz, 'Political Risk Outlook', Verisk Maplecroft, November 2024.
18 Li Mingjiang and Xing Jiaying, 'The Possibility of a China-Philippines Conflict in the South China Sea', Carnegie China, 03 June 2024; David Sacks, 'China's Gray-Zone Offensive Against Taiwan Is Backfiring', Foreign Affairs, 08 November 2024.
19 Francis Okpaleke, 'Eyes in the Sky: The Innovation Dilemma of Drone Proliferation among Violent Non-State Actors in the Sahel', Global Network on Extremism & Technology, 10 April 2024.
20 Jaroslav Lukiv, 'US says Russia likely launched anti-satellite weapon', BBC, 22 May 2024; 'The race to prevent satellite Armageddon', The Economist, 27 June 2024. For a broader discussion, see also 'Space: the new battleground of modern warfare', Analysis and Research Team, General Secretariat of the Council, forthcoming.
21 Malte Humpert, 'Russia Upgrades Key Arctic Military Base With Expanded Runway', High North News, 14 August 2024.
22 Trym Eiterjord, 'The Arctic in China's Subnational 14th Five-Year Plans', The Arctic Institute, 30 November 2023; Ryan R. Duffy et al., 'More NATO in the Arctic could free the United States up to focus on China', War on the Rocks, 21 November 2024.
23 Sauli Niinistö, 'Report: Safer Together – Strengthening Europe's Civilian and Military Preparedness and Readiness', European Commission, 30 October 2024; Enrico Letta, 'Much more than a Market', Report to the European Council, April 2024; Mario Draghi, 'The future of European competitiveness', European Commission, 9 September 2024.
24 Judy Dempsey, 'Judy Asks: Has the War in Gaza Irreversibly Damaged Europe's Credibility?', Carnegie Europe, 14 March 2024.
25 'Zelenksyy hopes Ukraine war will end in 2025 through diplomacy not fighting', Euronews, 17 November 2024.
26 Alec Russel, 'Donald Trump's foreign policy plan: embrace unpredictability', Financial Times, 06 November 2024; see also Jacob Heilbrunn, 'Elbridge Colby Wants to Finish What Donald Trump Started', Politico, 04 November 2023.
27 Mykhailo Soldatenko, 'Getting Ukraine's Security Agreements Right', Carnegie Endowment, 8 July 2024.
28 Arne Delfs and Andrea Palasciano, 'NATO Membership as Part of Possible Peace Deal', Bloomberg, 3 December 2024.
29 Laurence Norman et al., 'Trump to Europe: Overseeing a Ukraine Cease-Fire Would Be Your Job', Wall Street Journal, 13 December 2024.
30 Clauda Tanios, 'Saudi Arabia forms global alliance to push for Israeli-Palestinian two-state solution', Reuters, 27 September 2024.
31 Hugh Lovatt and Muhammed Shehada, 'Dealing with Trump, Israel, and Hamas: The path to peace in the Middle East', ECFR, 11 December 2024.
32 Amna Saqib and Maryyum Masood, 'Under Trump 2.0, what happens to nuclear arms control?', South China Morning Post, 27 November 2024.
33 Alexander Ward and Laurence Norman, 'Trump Team Weighs Options, Including Airstrikes, to Stop Iran's Nuclear Program', Wall Street Journal, 13 December 2024.
34 Natalia Drozdiak and Peter Martin, 'Weakened Iran Raises Fears It May Make Push for Nuclear Arms', Bloomberg, 3 October 2024.
35 Madelyn Creedon and Franklin Miller, 'Deterring the Nuclear Dictators', Foreign Affairs, 20 November 2024.
36 Julian Ryall, 'Trump's comeback fuels nuclear debate in South Korea', Deutsche Welle, 11 November 2024.
37 See 'Forward look – Trend Analysis', General Secretariat of the Council, Analysis and Research Team, 21 December 2021.
38 'The WTO at a Crossroads: What the Failed Ministerial Conference Means', Council of Foreign Relations, 06 March 2024; 'The Guardian view on Cop29: poor-world discontent over a failure of rich countries to deliver', The Guardian, 24 November 2024.
39 Heba Aly et al., 'The UN Charter needs rewriting', Al Jazeera, 23 September 2024.
40 Anthony Dworkin, 'Future imperfect: The lessons the EU should draw from the UN Summit of the Future', ECFR, 20 September 2024.
41 Raluca Csernatoni, 'The AI Governance Arms Race: From Summit Pageantry to Progress?', Carnegie Endowment for International Peace, 07 October 2024.
42 Raluca Csernatoni, 'Charting the Geopolitics and European Governance of Artificial Intelligence', Carnegie Endowment for International Peace, 06 March 2024.
43 Jia Qingguo, 'US–China relationship's fragile stability shows fractures in 2024', East Asia Forum, 08 December 2024.
44 Amy Lv et al., 'Rattled by China, West scrambles to rejig critical minerals supply chains', Reuters, 06 December 2024.
45 Daniel R. DePetris and Jennifer Kavanagh, 'The 'Axis of Evil' Is Overhyped', Foreign Policy, 14 August 2024; Eugene Rumer, 'The United States and the "Axis" of Its Enemies: Myths vs. Reality', Carnegie Endowment for International Peace, 25 November 2024.
46 Georgi Kantchev and Chelsey Dulaney, 'Trump's Threat Over an Imaginary Currency Risks Backfiring on the U.S. Dollar', Wall Street Journal, 03 December 2024.
47 Hung Tran, 'The underestimated implications of the BRICS Summit in Russia', Atlantic Council, 01 November 2024.
48 Stephen Collinson, 'Trump has big plans at home, but Syria shows why he can't escape the world's problems', CNN, 09 December 2024.
49 James Crabtree, 'The Fiction of Western Unity on China De-Risking', Foreign Policy, 05 December 2024.
50 Wang Yi, 'The Historic Step from Peaceful Coexistence To a Shared Future for Humanity', Ministry of Foreign Affairs of the People's Republic of China, 17 July 2024.
51 William Matthews, 'Trump's "America First" foreign policy will accelerate China's push for global leadership', Chatham House, 14 November 2024.
52 Eva Seiwert, 'MERICS China Security and Risk Tracker 03/2024', MERICS, 09 October 2024.
53 Jo Inge Bekkevold, 'No, the World Is Not Multipolar', Foreign Policy, 22 September 2023; Dani Rodrik, 'China or the US? The world need not choose a hegemon', South China Morning Post, 12 November 2024.
54 Arancha González Laya, 'The next five years: How strong economic and trade alliances can prepare the EU for a post-America world', ECFR, 30 October 2024.
55 Giulia Tercovich et al., 'Navigating the Indo-Pacific: Strategic Priorities for the New EU Leadership', Centre for Security, Diplomacy and Strategy, 28 October 2024; Joshua Kurlantzick and Abigail McGowan, 'The U.S. and China Aren't Southeast Asia's Only Options', World Politics Review, 19 November 2024.
56 Peggy Corlin, 'Mercosur: what's new, what's next in the deal?' Euronews, 09 December 2024.
57 Sven Biscop, 'EU Strategy 2025-2029: We Have the Instruments, Now Set the Objectives', Egmont, November 2024.
58 Alan Beattie, 'Can the middle powers save multilateral trade?', Financial Times, 16 September 2024.
59 Arkady Petrov, 'Brazil Takes the Helm: BRICS Presidency 2025 Promises Broader Agenda Than G20', The Rio Times, 02 October 2024; Zia Weise, 'COP30 host Brazil tells EU to move up climate neutrality target', POLITICO, 19 November 2024.
60 Robert A. Manning, 'The G-20 Needs a Grand Bargain With the Global South', Foreign Policy, 30 October 2024.
61 Stewart Patrick, 'BRICS Expansion, the G20, and the Future of World Order', Carnegie Endowment for International Peace, 09 October 2024.
62 'World Economic Outlook: Policy Pivot, Rising Threats', International Monetary Fund, October 2024, p.xiv.
63 See 'Forward look – Trend Analysis', General Secretariat of the Council, Analysis and Research Team, 21 December 2021.
64 Valentina Romei et al., 'Why America's economy is soaring ahead of its rivals', Financial Times, 03 December 2024; Robin Brooks and Ben Harris, 'The US recovery from COVID-19 in international comparison', Brookings, 17 October 2024; Paola Tamma and Valentina Romei, 'Eurozone growth gap to widen with US, as Brussels cuts forecasts', Financial Times, 15 November 2024.
65 'Prospects for the euro-area in 2025', Oxford Analytica, 12 November 2024.
66 'European Economic Forecast, Autumn 2024', European Commission, Directorate-General for Economic and Financial Affairs, November 2024, p.20.
67 'World Economic Outlook: Policy Pivot.', op. cit., p.6.
68 Piero Cingari, 'Why have European natural gas prices soared to more than 1-year highs?', Euronews, 22 November 2024.
69 Piero Cingari, 'Why is European manufacturing still in such a critical state?', Euronews, 02 September 2024.
70 Tom Arend et al., 'Does the slowdown in inflation mean that consumers are better off?', OECD Statistics and Data Directorate, 06 November 2024; Sam Fleming et al., 'Consumer anger over high prices piles pressure on politicians', Financial Times, 11 November 2024.
71 Uri Dadush, 'What the European Union should expect from Trump's tariffs', Bruegel, 12 November 2024; Shawn Donnan, 'A Guide to Trump's Tariff Plans: Expect High Drama and a Bumpy Rollout', Bloomberg, 12 November 2024.
72 'Tariff threats will do harm, even if Donald Trump does not impose them', The Economist, 28 November 2024.
73 Finbarr Bermingham, 'Is the EU hatching a new weapon for dealing with Chinese overcapacity?', South China Morning Post, 29 November 2024.
74 Gregor Sebastian and Camille Boullenois, 'Terms and Conditions Apply: Regulating Chinese EV Manufacturing Investment in Europe', Rhodium Group, 01 October 2024; see also 'MERICS Forum: Chinese EV investments in Europe', MERICS, 17 October 2024.
75 'Financial Stability Review, November 2024', European Central Bank, November 2024.
76 'Steadying the Course: Uncertainty, Artificial Intelligence, and Financial Stability', IMF, Global Financial Stability Report, October 2024.
77 Gerrit DeVynck, 'Big Tech says AI is booming. Wall Street is starting to see a bubble', The Washington Post, 24 July 2024; Mike Isaac and Erin Griffith, 'OpenAI Is Growing Fast and Burning Through Piles of Money', The New York Times, 27 September 2024.
78 Matt O'Brien, 'The AI gold rush is hitting a 'bottleneck' that could spell disaster for Google and Meta', Fortune, 06 June 2024.
79 Christopher Pissarides, 'Should Workers Fear AI?', Project Syndicate, 11 March 2024.
80 'Regional Economic Outlook, Europe', IMF, October 2024.
81 Mario Draghi, 'The future of European competitiveness', op. cit.
82 Olaf Storbeck and Ian Smith, 'ECB warns low growth and high debt risk Eurozone crisis', Financial Times, 20 November 2024.
83 Philip Blenkinsop, 'Draghi urges EU to catch up rivals or face 'slow agony'', Reuters, 09 September 2024.
84 Sébastien Maillard, 'Mario Draghi's competitiveness report sets a political test for the EU', Chatham House, 10 September 2024.
85 'Prospects for the euro-area in 2025', op. cit.; see also Aurélien Saussay, 'The economic impacts of Trump's tariff proposals on Europe', London School of Economics and Political Science, Grantham Research Institute on Climate Change and the Environment, October 2024.
86 Sébastien Maillard, 'Mario Draghi's competitiveness report...', op. cit.
87 Roula Khalaf, Patrick Jenkins and Olaf Storbeck, 'Buy American to avoid Trump trade war, says Christine Lagarde', Financial Times, 28 November 2024.
88 'Trump and EU's Juncker pull back from all-out trade war', BBC News, 26 July 2018.
89 Uri Dadush, 'What the European Union should expect...', op. cit.
90 Jonathan Federle et al., 'Inflation surprises and election outcomes', Kiel Working Paper no. 2278, Kiel Institute for the World Economy, December 2024.
91 Janet Nguyen, 'Incumbents are losing around the world, not just the U.S.', Marketplace, 14 November 2024.
92 'CEO exits fall in Oct 2024; seasoned executives leave in October; women more likely than men to be interim leaders', Challenger, Gray & Christmas, 26 November 2024.
93 Jonathan Federle et al., 'Inflation surprises and election outcomes', op. cit.
94 See Jesus Casquete, 'The modern world's relationship to time is broken – and it's fuelling the rise of the far right', The Conversation, 18 June 2024; Zack Beauchamp, 'Why the far right is surging all over the world', Vox , 17 June 2024; Matina Stevis-Gridneff, 'The Greens Are Dead. Long Live the Greens!', The New York Times, 16 June 2024; Ajit Niranjan, 'Europe was a leader on saving nature. Now, its backsliding could threaten global progress', The Guardian, 09 October 2024.
95 Willem Marx, 'France's toppled government adds to the European Union's bigger political problems', NPR, 05 December 2024; Tina Teng, 'Germany's political uncertainty diminishes investor confidence', Euronews, 11 September 2024.
96 'Business leaders see political instability as a threat to Europe', Reuters, 19 June 2024.
97 'Security, Europe' is the motto for the programme of the Polish presidency of the Council of the EU, which begins on the 1st of January.
98 44% of European citizens think that ensuring peace and stability will have the highest positive impact on their life in the short term, followed by managing migration and securing food, health, and industry supplies in the EU (both at 27%), see 'Standard Eurobarometer 102 - Autumn 2024', Eurostat, European Commission, 29 November 2024.
99 Immigration is projected to be the main driver of population growth in 52 countries and areas through 2054 and in 62 through 2100, see World Population Prospects 2024, UN Population, 2024.

100 Massimiliano Mascherini, ‘Trust in crisis: Europe’s social contract under threat’, European Foundation for the Improvement of Living and Working Conditions (Eurofound), 02 May 2024.
101 ‘OECD Survey on Drivers of Trust in Public Institutions – 2024 Results’, OECD, 10 July 2024.
102 Bartek Pytlas, ‘Beyond populism: The diversity of thin anti-establishment contestation in turbulent times’, Party Politics, 2023, vol.29 no.4, pp. 648-660.
103 ‘Populism’, Analysis and Research Team, General Secretariat of the Council of the European Union, 8 December 2021.
104 ‘Jews in Europe still face high levels of antisemitism’, European Union Agency for Fundamental Rights, 11 July 2024; see also ‘Key challenges of 2023 and beyond’, European Commission against Racism and Intolerance (ECRI), Council of Europe, 20 June 2024.
105 Sam Stockwell et al., ‘AI-Enabled Influence Operations: Safeguarding Future Elections’, Centre for Emerging Technology and Security, Alan Turing Institute, 14 November 2024.
106 ‘Standard Eurobarometer 102 - Autumn 2024’, op. cit.
107 Tom Phillips and Facundo Iglesia, ‘Maga on the River Plate as global populist right descends on Argentina’, The Guardian, 10 December 2024.
108 ‘Copernicus: 2024 virtually certain to be the warmest year and first year above 1.5°C’, Copernicus Climate Change Service, 7 November 2024.
109 ‘Storm Boris and European flooding September 2024’, ECMWF, 23 October 2024.
110 Javier Galán et al., ‘A visual guide to understanding the deadly floods in Spain’, El País, 1 November 2024.
111 ‘European Climate Risk Assessment’, European Environment Agency, 11 March 2024, p. 11.
112 David Armstrong McKay et al., ‘Exceeding 1.5°C global warming could trigger multiple climate tipping points’, Science, vol. 377, no. 6611, 9 September 2022.
113 Alexander T. Bradley and Ian J. Hewitt, ‘Tipping point in ice-sheet grounding-zone melting due to ocean water intrusion’, Nature Geoscience, vol. 17, 25 June 2024.
114 ‘Scientists warn of collapse of the Atlantic meridional overturning circulation AMOC’, Integrated Carbon Observation System, 11 November 2024.
115 Valerie Volcovici et al., ‘Contentious COP29 deal shows climate cooperation fraying at edges’, Reuters, 25 November 2024.
116 ‘Attitudes of Europeans towards the environment’, Eurobarometer, May 2024. See also ‘Eurobarometer: Majority of Europeans consider that the green transition should go faster’, European Commission, 20 July 2023.
117 ‘Climate Survey Resources’, European Investment Bank, Edition VI.
118 Alessia Peretti, ‘Italy’s Meloni vows to revise “disastrous” EU Green Deal’, EurActiv, 19 September 2024. See also Federica Di Sario and Giorgio Leali, ‘Macron’s calls for regulatory pause in EU environmental laws wink at conservatives’, Politico, 12 May 2023; Anne-Sophie Brändlin, ‘EU Parliament delays, waters down law to slow deforestation’, DW, 14 November 2024; Andy Bounds, ‘EU centre-right joins backlash against bloc’s green agenda’, Financial Times, 4 May 2023.
119 Kate Abnett, ‘EU climate policies could be slowed in future after rightward shift in election’, Reuters, 10 June 2024. See also Tim Schauenberg and Ella Joyner, ‘Will EU election mess with the bloc's bold climate policies?’, DW, 29 May 2024.
120 James Liddell, ‘Trump sparks controversy for calling climate change a “scam” as Hurricane Helene leaves trail of destruction’, The Independent, 30 September 2024.
121 Sara Schonhardt, ‘Why Trump’s 2nd withdrawal from the Paris Agreement will be different’, Politico, 10 November 2024.
122 Oliver Milman and Ajit Niranjan, ‘“A wrecking ball”: experts warn Trump’s win sets back global climate action’, The Guardian, 6 November 2024.
123 Coral Davenport and Lisa Friedman, ‘What Trump’s Victory Means for Climate Change’, New York Times, 6 November 2024. See also Liam Denning et al., ‘Biden Is Giving Red Districts an Inconvenient Gift: Green Jobs’, Bloomberg, 20 June 2024.
124 Karl Mathiesen, ‘Argentina mulls Paris climate agreement exit with Trump’, Politico, 15 November 2024.
125 ‘Trump’s in. Here’s what it means for Europe’, Politico, 6 November 2024.
126 ‘The path to global carbon pricing’, Financial Times, 22 September 2024.
127 ‘GHG emissions of all world countries’, EDGAR (Emissions Database for Global Atmospheric Research), European Commission, 2023.
128 Fatih Birol et al., ‘Now is the time to climate-proof Europe’s economy’, ECB Blog, European Central Bank, 24 November 2023; Susi Dennison and Mats Engström, ‘Ends of the earth: How EU climate action can weather the coming election storm’, ECFR, 28 September 2023.
129 Mario Draghi, ‘The future of European competitiveness’, op. cit., pp.2-3.
130 ‘China at COP28 + UAE between US and China + Evergrande reprieve’, MERICS, 7 December 2023.
131 Lauri Myllyvirta, ‘Analysis: Clean energy was top driver of China’s economic growth in 2023’, Centre for Research on Energy and Clean Air, 25 January 2024.
132 August Graham, ‘Fact check: China built more wind and solar than the rest of the world in 2023’, The Independent, 5 September 2024.
133 ‘Massive global growth of renewables to 2030 is set to match entire power capacity of major economies today, moving world closer to tripling goal’, International Energy Agency, 9 October 2024.
134 Mario Draghi, ‘The future of European competitiveness’, op. cit.
135 Belinda Schäpe, ‘How to De-risk Green Technology Supply Chains from China Without Risking Climate Catastrophe’, Carnegie Endowment, 14 August 2024.
136 ‘Economic losses from weather- and climate-related extremes in Europe’, European Environment Agency, 14 October 2024.
137 Ian Smith, ‘EU regulator urges action on climate threat to insurance’, Financial Times, 22 April 2024.
138 Brad Plumer and Mira Rojanasakul, ‘A Big Climate Goal Is Getting Farther Out of Reach’, New York Times, 14 November 2024.
139 Tim Rayner, ‘Adaptation to climate change: EU policy on a Mission towards transformation?’, npj Climate Action, 16 October 2023. See also ‘EU Mission: Adaptation to Climate Change’, European Commission, retrieved 12 December 2024.
140 Matt McGrath, ‘Is the UN warning of 3.1C global warming a surprise?’, BBC, 24 October 2024.
141 Sauli Niinistö, ‘Report: Safer Together...’, op. cit.
142 ‘Financing the Paris Agreement and the carbon market must be the focus of COP29 discussions in Baku’, Presidency of the Republic of Brazil, 18 October 2024.
143 ‘Green transition: navigating social challenges for a sustainable future’, Analysis and Research Team, General Secretariat of the Council of the European Union, May 2024.
144 See ‘Strategic autonomy, strategic choices’, Analysis and Research Team, General Secretariat of the Council of the European Union, 5 February 2021, p 10.
145 Neill Nugent, *The Government and Politics of the European Union,* 8th edition, London: Palgrave, 2017, p. 183.
146 The term ‘Esports’ (or ‘e-Sports’) refers to the growing phenomenon of organised, competitive video gaming. The development of Esports is among the themes indicated in the EU Work Plan for Sport for the period from 1 July 2024 to 31 December 2027 (doc. 9771/24 of 14 May 2024).

Edition notice

This publication has been produced by the General Secretariat of the Council of the European Union (GSC) and is intended for information purposes only. It does not involve the responsibility of the European Union institutions nor the member states.

For further information on the European Council and the Council of the European Union, please contact the GSC Public Information service: www.consilium.europa.eu/en/infopublic

Print ISBN 978-92-850-0224-4 doi: 10.2860/6613681 QC-01-24-012-EN-C

PDF ISBN 978-92-850-0223-7 doi: 10.2860/6613681 QC-01-24-012-EN-N

This ART publication was created with the contribution of the Creative Services (DG COMM) of the General Secretariat of the Council.

ART —— Analysis and Research Team