

Discussion Paper Series No. 01/2026

European scenarios and climate policies in a new global content

Authors

Jacques Mazier

University Sorbonne Paris North and Chair Energy and Prosperity

Pascal Petit

University Sorbonne Paris North

Executive summary

The world economy is no longer multipolar, but clearly tends towards a bipolar one following the global trade war launched by Donald Trump, with a major confrontation between US and China. The EU is neither a pole, nor a commercial power, but a very open market, only governed by competition, lagging behind in the high tech, with a manufacturing base deeply affected. The emerging countries, apart from China, are a heterogeneous group. An “active non alignment” is pragmatically claimed by some of them, though sometimes opportunistically also. In a context of growing skepticism, a downwards revision

of the climate policies is observed in the EU. In the US the turnaround is brutal with Trump. For the future, the four European scenarios presented here are neither equally likely nor equally desirable. Nor do they fit within the same time horizon.

The first scenario reflects the continuation of the fragmentation of the EU, with its inability to solve its problems of institutional inconsistencies and to overcome its divergences of economic interests and political orientation. The fear of breakup leads to a soft compromise with weak positions facing the US-China conflict, a de facto alignment on the US pole, slow growth, and a downward revision of environment policy. The second scenario describes how protectionist measures can be presented as an answer to the blockages in previous scenario. It could be settled in a limited way or in a broader perspective with a policy of disobedience towards the EU treaties and a greater break with the neo-liberal model. The third scenario corresponds to the federalist trend which appears as a logical response to the inconsistencies of the current EU. But the resistance to such a project remains high. Even a project of a hard core of countries ready to move on to political union seems confronted by many obstacles. The fourth scenario is more optimistic and is based on the emergence of a new multilateralism centered on the necessity of an environmental policy considered in its global dimension with a relaunch of international monetary cooperation. Though this scenario is likely to be more on the long term, it could happen after a chaotic period following the outbreak of a financial and economic crisis.

Introduction: the end of the past multipolar world

The world economy is no longer multipolar, but clearly tends towards a bipolar one since the global trade war launched by Donald Trump, with a major confrontation between US and China. The US has lost the hegemonic position it had at the beginning of the 2000s. But its main strengths remain its strong position in the high tech sectors, the dollar, a highly developed financial sector and a powerful federal state. China is the rising pole with the leading position in the manufacturing sector, rapid progress in high tech, and an original and efficient planning system. These two contrasted forms of capitalism are in strong competition but still interdependent, different from the cold war of the 1950s and 1960s where the two blocs US and Soviet were independent. The US is still dominant but in retreat, with a threat of financial crisis related to deregulation and difficulties in relocating activities back home. China is in expansion, especially with the “One belt, one road initiative”, and ahead in climate

transition policy. However it faces important imbalances linked to huge indebtedness and insufficient domestic demand.

The EU is neither a pole nor a commercial power, but a very open market only governed by competition, lagging behind in high tech, with a manufacturing base deeply affected (e.g. the crisis of the German model). The European countries are divided and heterogeneous and can hardly define a common trade strategy, as illustrated in facing the competition from the US and China in recent years. In spite of the successive reforms, the institutional framework of the eurozone is incomplete, the Banking Union is not fully realized, and the lack of a meaningful federal budget with a single currency is a main contradiction. A still generous social model remains in some countries, but not everywhere. Should the EU seek to form a third bloc to compete with the US and China or define an unaligned strategy respecting the diversity of its members? This issue, strongly raised by the global trade war abruptly launched by Donald Trump, is all the more complex as it is strongly perturbed by two major political shocks.

The war in the Ukraine has created a first rupture. The invasion of Ukraine can only be condemned, but the factors that prompted Russia to react cannot be ignored: the US policy of dismantling and debasing the former USSR since the 1990s (NATO enlargement, installation of US bases, unfulfilled agreements Sachs (2025)), the contempt shown (for Obama: "Russia is just a regional power"). In fact, Russia is a small country with limited resources, even in military terms (as demonstrated by its failure in Ukraine). It is threatened with long-term decline (declining demographics, depletion of fossil fuel resources, Chinese pressure in the East). The Russian peril must therefore be seen in this perspective.

The war in Gaza, and more generally in the Middle East, is the second major shock. While the Hamas attack is more than reprehensible, its origins cannot be ignored (the accelerated colonization of the West Bank over the past 10 years, and the Israeli government's explicit desire to wipe Palestine off the map of the Middle East). Israel's disproportionate response, and the unconditional support of the US and European governments, has created a double standard with the Ukrainian case that is shocking many countries.

Finally, the abduction of Maduro by U.S. shock troops and the renewed determination to take control of Greenland have marked new stages in the escalation. American imperialism is being deployed without restraint, with the objective of seizing control of raw materials and pursuing territorial expansion.

The emerging countries, apart from China, are a heterogeneous group. Only a limited number of them has condemned the Russian invasion of Ukraine. Some are dependent on the US but try to reduce this dependence, especially with respect to the dollar. Others are linked to China but are worried about the

increasing weight of China (in South East Asia or within the One Belt, One Road initiative). An “active non-alignment” is claimed by some countries with pragmatism, but also sometimes with opportunism (India). This openness, echoing somehow the spirit of non-alignment of the Bandung Conference in April 1955 which gathered 29 countries of East Asia and Africa (54% of the world’s population), has to be considered in a search for a new multilateralism, an imperative to face efficiently the climate challenge.

Moreover this issue of climate change has shown over the past decade to be much broader than the effects of greenhouse gas emissions, including many changes in our environment, be it plastics, pesticides or the like, which are threatening the sustainability of our ways of life.

This extension is important in the current ongoing downwards revision of the climate policies in the EU in a context of growing skepticism and desire of well-off minorities to keep ways of life which are highly detrimental for the environment. The turnaround is extremely brutal in the US with Trump. In the EU, ambitious targets have been fixed without simultaneously setting up a planning system which would have enabled the necessary investments to be made. Hence a continuous retreat on the measures supposed to lead to sustainable development in a context of global trade where the competition of China in the industrial sector (chiefly automobile and renewable energies) and of the US (mainly in the high tech services) are severely constraining. Everywhere the slowdown of activity and the rearmament race make financing the climate transition more difficult.

In such a context, opposing trends of fragmentation and federalism are at work within the EU, and the opportunities of cooperation likely to occur with the rest of the world are conditioning the various unequally desirable scenarios that can be envisaged for the future.

We shall consider basically four scenarios or policy objectives, more or less supported in each EU member state. One in which the current EU fragmentation prevails, leading to a soft compromise. A second one where the revival of protectionism and a policy defying EU rules are presented as a potential answer. In a third, the will to strengthen federalist moves to meet the environmental challenge makes a difference. A fourth scenario supposes that the EU enlarges its cooperation with the rest of the world to support some kind of multilateralism in a new Bandung spirit. But again the actual scenario likely to prevail in the mid-term future will much depend on the global context to be faced by the EU countries, an issue that will be addressed in the conclusion.

Scenario 1. A scenario of soft compromise with an EU mainly pursuing its fragmentation trend.

The successive enlargements have resulted in a heterogeneous union with increased operational problems. If, for political reasons, the enlargement is continued with Ukraine, Moldova and Georgia as it has been agreed or even with the Balkan countries, a long transition period will be necessary. The risks of blockage will be numerous. A multispeed EU will be de facto settled, with different groupings of countries according to the issues addressed (trade, investments, agriculture, money, defense, migration).

Even with 27 countries the heterogeneity is high. At the economic level the inequalities of income per capita between countries have been reduced since the last enlargement but remain large. The social models are very different between countries such as France with a still rather generous welfare state and very liberal ones like the Baltic countries. Some countries like Germany, but also Italy or Netherlands and Denmark, are high exporters turned towards extra-European markets (US and China especially), while other countries are more turned towards intra-European markets. The EU has a structural current surplus, mainly driven by countries like Germany or Denmark, but other European countries have structural and increasing current deficits. These heterogeneities are at the origin of asymmetric shocks. There is no mechanism at the European level to manage these imbalances and asymmetric shocks.

The heterogeneity is not only economic, but also more and more political. Some countries are both dependent and politically close to the US (Denmark, Italy), other countries are less dependent (Spain) or would like to be (France). The Eastern countries are on the whole rather nationalist and close to the US, but they can diverge in their orientation towards Russia (Poland versus Hungary for instance).

This configuration explains the inability of the EU to define an appropriate answer in the trade war with the US since the re-election of Trump, and with China over a longer period. The answer of the EU to Trump's tariff threat has been ridiculously weak (concerning only 3% of US exports to the EU). Countries like Germany, Italy and Denmark don't want to weaken their export positions to the US and are reserved about more offensive responses. This explains the very unbalanced trade agreement between US and EU of July 2025. The same happened with China whose positions are very strong in many strategic sectors (equipment for renewable energies, electric vehicles, rare earth). The current deficit of EU with China is increasing. But the interests of each European country are rather divergent and a common position can hardly be defined. This encourages individual strategies that run counter to negotiations by the EU as a whole.

The monetary regime is another source of concern. Even if it has been stabilized thanks to successive reforms after multiple crises, the euro system remains wobbly. The main problem is the existence of a single currency without a federal budget and an European debt. There is still no mechanism to manage the asymmetric shocks other than by relative price flexibility. For each European country the euro is a foreign currency, meaning that they cannot initiate any change of its exchange value. The hope that a new regime with a common European debt would be established after the first stage constituted by the Next Generation EU programme did not materialize. Even the problem of repaying the debt incurred in 2021 has not been resolved even though the creation of new own resources was hoped for. In practice it will be solved by cuts in other European expenditures within a European budget always kept at a very limited amount (1.1% of GDP). With the opposition between countries with limited public debt and countries with high public debt there is no agreement for an increase of the European budget.

In such a context the trends towards fragmentation of the EU could lead to different configurations. The fear of a breakup of the EU could maintain a form of cohesion between countries very divided on the substance. A soft compromise could prevail. In the dominant US-China conflict, the EU would de facto rally with the US pole, as evidenced by the acceptance of an unbalanced trade agreement in favor of the US. European multinational firms would seek arrangements with the US to the detriment of the European space. The Russian peril would be used to implement a rearmament policy in line with US demands and costly from a budgetary point of view. The emergence of a European arms industry would not be achieved due to EU divisions, US pressures to buy their equipment and operational constraints leading to the prioritization of that equipment. This set of factors, combined with strong budgetary constraints in many countries, would lead to further slowdown in EU growth and to a downward revision of investments for the climate transition.

The environmental policies here will not so much address the reduction of GHG (greenhouse gas) emissions, losing sight of the ambitious targets of the EU in the recent past, but may pay more attention to the local environmental issues raised by various sorts of pollution (be it plastics, pesticides or the like) or by local destruction brought by climate change (be it floods or fires). Even if EU countries cooperate to develop renewable energy production sites, they still will need to import fossil energy for a long time, an issue that the deal imposed by Trump crudely included, requiring \$750Bn of US oil and gas to be imported to the EU (a rather unrealistic figure (Jack, 2025)). Another issue, neglected so far by Trump but that came out rapidly in the comments in Europe are the high tech services. Internal coordination and concertation among EU countries as well as the local

installations to support local ecological actions do require to use all the high tech information services. These technological developments impact strongly the geography of production sites, modifying therefore the political controls elaborated over the years at local and national levels. Specific zones emerged where entrepreneurs can significantly increase their room of manoeuvre. Slobodian (2023) underlines the anti-democratic nature of this change and qualifies this as authoritarian development of neoliberal ordo-globalism.

Scenario 2. A scenario of a revival of protectionism and a breaking of EU rules

The unfavorable outlook of the previous scenario and the climate of trade war might lead to a reinforcement of protectionist measures. Small and medium sized firms (as Italian medium sized export firms or wine companies) are directly affected by the increase in custom duties and lack the means of response comparable to those of more multinational firms. They could put pressure for the establishment of traditional protectionist measures (public aid and loans, public procurements reserved to domestic firms) in response to the US policy. These defensive measures could be taken at a national level in a unilateral manner if other European countries refuse this kind of policy in the hope of preserving a better access to the US market. Conversely a more coordinated answer could be considered at the European level if the EU was ready to engage in a more marked strategy of confrontation with the US. This does not seem to be the case.

More generally a policy of disobedience of the European Treaties could be proposed by countries wishing to respond to current blockages and imbalances by breaking with the neoliberal policy of the 1990s to 2010s. In a recent paper Piketty (2024) has proposed resorting to unilateral actions to unlock national situations while respecting fair trade between EU members. Without waiting for the agreement of its partners a country could, for example, increase unilaterally the rate of tax on profits and compensate the additional cost by increasing the tariffs on products coming from other EU countries where the tax rate on profits is smaller. Rather than submitting to fiscal dumping, tariffs would be used to gain acceptance of societal choices, while respecting the principles of fair trade. The same logic could be applied to the carbon border adjustment mechanism CBAM which would be higher, or to guaranteed prices in agriculture for which the cheaper imported products would be taxed. Such actions have consequences in terms of higher cost and prices which cannot be ignored.

For countries or a group of countries ready to move forward, unilateral actions could be implemented in other areas: in electricity with the restoration of national public operators; in the manufacturing sector with national industrial

policies based on selective interventions with public firms, national aids and development banks; in transport with the revival of public intervention in freight transport. These national policies would not be incompatible with intra-European cooperation based on specific well-designed projects. They could help to trigger a new logic but would be breaking the current European rules on many points, especially regarding competition policy or, even more sensitively, tariffs. Intra-European tariffs could be reintroduced as a tool in the discussion with the other European partners. This would open a period of institutional crisis whose issue would be uncertain. Strong political and social support would be necessary.

A recent report on France's reindustrialization policy (Trouvé and Berr, 2024) follows the same logic. Based on a revival of industrial planning and on a mobilization of a public industrial pole, the report includes a set of rather traditional tools (public support with conditionality, public procurement, support to territorial industrial poles, control of foreign investment to develop technological transfer). But it incorporates also a component of protectionism for domestic products penalized by stricter environmental standards than those abroad and for some strategic sectors (digital, renewable energies, electric vehicles). The protectionism is at the EU level, but if necessary at the national level, which would imply negotiations or forms of disobedience towards EU authorities. The fear of break-up of the EU limits the implementation of such a policy but the context of trade war impelled by Trump could open opportunities.

Scenario 3. A scenario of an EU led to increase a federalist trend

Confronted with the major shortcomings of the above scenarios one must acknowledge that a federalist trend could find a new dynamic in the EU. In a sense, the federalist trends are an attempted response to the inconsistencies of the EU which have been previously underlined. The issuance of European debt and the start of European taxation (based on financial transactions, internet services and multinational firms' profit) would be appropriate to finance the huge investments necessary to achieve both the climate transition and the technological catch-up, as has been argued by the Euromemo Group for many years (Euromemo (2025)). From recent experience it seems still rather unlikely in the current EU with 27 members and many tax havens.

Facing the two blocks of US and China, the EU is threatened with a marginalization at the technological level (AI, space, telecom, digital, green technologies). A common answer would be necessary at the European level. But the task is difficult both because of the weakness of the European firms in these areas and because of their division. In the digital industry some measures have already been taken to introduce more control and regulation with the DMA (Digital Markets Act) and the DSA (Digital Services Act). But significant delays

have been encountered in their application and setbacks are underway in the face of US pressure since the Trump election. But above all the mastering of high tech services also requires to be able to install a whole set of satellites as Elon Musk did with the ever increasing set of Starlink (a subsidiary of Space X) satellites. A report by Goldman Sachs, regularly quoted by the European Space Agency, estimated the space economy market at some \$1,000 billion by 2040. Investments of this order of magnitude can only be reached with a significant European budget. But this investment issue to master the internet connections linked to a digital economy is not the only factor that could lead to significant strengthening of the European federalist trend. Somehow the real objectives of Donald Trump and his followers when criticizing all the scientific investigations on the state of the environment (cutting budgets and firing scientists) is not so much to reduce the tax levels than to mask a drastic change in our environment and to secure kinds of shelters for these “happy few”, which Naomi Klein and Astra Taylor have recently described (in the Guardian, 13 April 2025) as ‘The Rise of End Times Fascism’. The forthcoming perception in the EU of the deadly threat of this authoritarian libertarianism is bound to support an imperative of a more united and powerful Europe.

External threat is a traditional element of nation building. Wars have played a decisive role in the constitution of most nations. War is at the gates of Europe. The Russian peril is being used to push for a vast plan to rearm Europe. Here there is also an incentive to move towards greater federalism, to finance the rearmament effort, collectively define weapons systems and establish a unified command system. This question is very controversial. The Russian threat must be put into perspective even if the fears of Poland and Baltic countries can be understood due to their own history. EU solidarity does not necessarily imply engaging in a rearmament policy. .

The difficulty of progressing towards political and fiscal federalism in an EU of 27 has led to the emergence of hard core proposals. An illustration can be found in the call made in 2019 by a group *Changing Europe* with Piketty as one of the promoters. The core group would comprise an initially limited number of countries ready to move on to political union, with a budget-voting assembly, own resources and joint programs in the fields of infrastructure, research and defence. The leap is a big one, involving transfers of fiscal resources from the national to the federal level, even if new taxes could be envisaged. Similarly, spending would shift from the national to the federal level, although here too entirely new programmes could and should be launched in infrastructure for the climate transition and in research (AI, digital). New public debt would be issued. In the minds of its promoters, the France-Germany pairing could serve as a starting point. A binational parliamentary structure already exists, based on

national parliaments¹. But the Franco-German pairing has slackened in recent years. Other countries could join at a later date, provided they respect the rules.

The project is less unrealistic than moving to political and fiscal federalism at 27. It could be a way of kick-starting the movement, with only modest objectives at the outset. There are, however, many more obstacles to overcome than just the problem of delimiting federal expenditure and revenue. Relations with the rest of the EU will be complex. Joining the eurozone will require major adjustments (including a reform of the central bank and of budgetary rules) considering that five Eastern countries of the EU plus Sweden, still do not use the euro. Defence will be another politically sensitive issue, if there is to be a common defence. Over and above the budgetary aspects, armaments programs and arms purchases, who will decide on war or peace? On the whole such propositions face major difficulties in spite of the rather consistent logic, and the forces pushing in favour of more federalism in the EU don't seem so far to have been sufficient to launch the process right away. Faced with these very real obstacles, Draghi (2025) sketched out a more workable path: 'pragmatic federalism.' From this perspective, coalitions of willing countries would form around shared strategic interests, with configurations that would vary depending on the objectives being pursued (defence industries, semiconductors, etc.). Such arrangements would resemble the enhanced-cooperation schemes that achieved only limited success in the past. Some flexibility would be necessary. Nothing would, in principle, prevent a country like the UK—despite not being a member—from joining certain coalitions, as shown with the EU reset move evoked by Starmer in June 2025 (Bond, 2026).

Scenario 3 supposes that a stronger mobilization could occur, mainly regarding trade issues and achievement of a relative autonomy in the provision of a digital economy and its space infrastructures, if set in a more cooperative global context. So far scenarios 1, 2 and 3 did not pay much attention to the rest of the world (ROW), meaning basically the countries of the old third world which are however concerned in the various changes that we evoked, be it trade issues or infrastructures supporting the digital economy. Scenario 4 considered next will examine the opportunities that this perspective can open up for securing sustainable climate policies.

Scenario 4. The scenario of European countries entering in active cooperation with third world countries.

If it becomes progressively clear that Trump is denying the impacts of climate change to secure personal advantages in a world deeply transformed in a foreseeable future, his credibility will decline in a lot of countries and even in the

¹ <https://www.diplomatie.gouv.fr/en/country-files/germany/france-and-germany/>

US. More likely the already significant US imbalance (public and external debt) will be increased by the OBBB (One Big Beautiful Bill) of July 2025 which will further increase the public deficit. Furthermore, the GENIUS Act of July 18th 2025 will authorize the emission of stablecoins², a “big bang which will revolutionize finance” (The Economist, 2025) but will be also a source of new factors of financial instability, as it means the development of private digital currency with limited or no regulation. This policy is very different from the one followed by the Chinese central bank or the ECB in their quest to establish central bank digital currencies (CBDC), the Chinese project being more advanced (Monnet, 2025; Varoufakis, 2025).

In a significant move, Trump halted the CBDC projects that were underway at the Fed in order to launch only stablecoins. All these elements combine with other weaknesses in the U.S. economy, making the future highly uncertain. The trade war is creating a chaotic situation that slows growth. Tariffs will lead to a gradual rise in inflation and a decline in purchasing power, and therefore in demand. The reshoring and investments theoretically expected within the American market are far from guaranteed in such a climate of uncertainty. The boom in high tech—and particularly in AI—is not without risks. Overinvestment is likely. The overvaluation of AI-related stock prices poses the risk of a downward correction all the more severe because the stockmarket bubble born of quantitative easing has not been deflated. Added to this are the deep divisions within American society, as illustrated by the latest presidential election. Social indicators (mortality rates, mass shootings, obesity, suicides, incarceration rates, etc.) and the very high levels of income and wealth inequality reflect a society suffering from profound ailments³.

China, the other dominant pole of the global economy, is not without its own weaknesses despite its remarkable performance in AI and in sectors strategic to the climate transition. Overly dependent on external markets, China has not succeeded in refocusing on its domestic market, having failed to establish a sufficiently broad social protection system. The effects of population ageing are already being felt and will only intensify over the longer term. Despite the very real rise in living standards, social tensions persist, especially among young people. In this context, the strong competitive pressure China exerts on the global economy is unlikely to ease (Donnet, 2025).

² Stablecoins are private cryptocurrencies indexed to a currency (the dollar in the current case), backed by conventional assets, including short term US Treasuries, and using the blockchain technology.

³ A dim picture of the US that Joseph Stiglitz stressed, speaking of a deadly blow to the US economy, in *Le Monde*, 27 December 2025.

All these elements constitute a set of factors that can lead to a major worldwide crisis within few years, as it is recognized by Yifu Lin (2025) who argues for a more active monetary and fiscal policy to better support Chinese growth.

This perspective of financial chaos and obscurantism regarding environmental issues which entirely discredit the leadership of the US could pave the way to a new global accord to face climate change's destructive impacts such as the one we had in Paris 2015⁴. Such a scenario could facilitate the emergence of a new multilateralism centered on an inclusive cooperative climate policy. Moving away from any colonialism or imperialism, this fair multilateralism could be based on cooperation around a large diversity of projects, regarding not only greenhouse gas emissions but also biodiversity, preservation of ocean life as well as other ecological topics that have been unequally addressed in various countries in the last decade. A recent UN report⁵ does stress a relatively positive balance sheet of these improvements in both LDCs and DCs. The continuous attacks on scientists by Trump and his close followers will reinforce this potential front of a multilateralism around a comprehensive and diversified policy in favor of sustainable development. A major challenge in this direction will be to ensure a positive cooperation of the BRICS countries. China has a major responsibility in promoting such cooperation with its contribution to the production and use of renewable energies. In this context of profound restructuring at the international level, the EU could more easily take the step toward greater political integration. A European budget and own resources would make it possible to finance ambitious programs in strategic sectors (renewable energy, space, AI).

However, this renewal of multilateralism could also take place without a specific impetus from the EU, instead relying on a coalition of “middle powers” — willing participants ready to engage in flexible, variable-geometry forms of cooperation depending on the issues at stake and the convergence of interests — as suggested by Mark Carney, Canada's Prime Minister, in his speech at Davos in January 2026 (Drache and Froese, 2026).

Another important condition of this new multilateralism is to take advantage of and diffuse all the cooperation in resilience practices which have started to develop in diverse parts of our ways of life and modes of production. All our activities impacting the environment are concerned. Local mobilization on

⁴ Gilles Babinet, co-president of the French Conseil National du numérique stresses in a paper in Les Echos that AI is becoming a danger for democracy and that Europeans are going to enter in a civilizational war against the US (see <https://t.ly/frdc.Y>), a statement that follows the frenetic dismantling of the US environmental regulations in the last six months,

⁵ United Nations, *Seizing the moment of opportunity: Supercharging the new energy era of renewables, efficiency, and electrification*. New York. (2025).

The report can be accessed online at un.org/en/climatechange/moment-opportunity-2025

various issues such as preservation of biodiversity, looking after the quality of water supply⁶, protecting the forests from fires, the marine coasts from degradation, the sea from destruction of fish, shells and plants, are growing, and militant groups are exchanging information and knowledge in meetings and internet connections. A good example of this active militancy is given by the islands which are very exposed to all the above threats. The CSIN Climate Strong Islands Network addresses 7 key areas: 1) Reliable, Affordable, Clean Energy, 2) Watershed Planning and Coastal Resilience, 3) Food and Water Security, 4) Disaster Preparedness and Response, 5) Sustainable Marine Economy, 6) Waste and Recycling Management, 7) Transportation.

It is interesting to follow all these mobilizations (and the above list is not exhaustive) which shows the diversity of issues and actions. It confirms that beyond some reductions in the objectives of national environmental policies, as shown with the Omnibus directives in the EU, there is a widespread and strong concern of people about the environmental issues, perceived locally. France experienced recently this “contradiction” with a vote by the Senate reauthorizing some pesticides, followed a couple of days later by a petition of over two millions people protesting against this ‘Duplomb law’ (the name of a senator). This may not be a lasting contradiction. It shows that the learning processes in terms of environmental issues differ between local and national levels, but one can also hope that our institutional structures will finally come to some agreements. Indeed a good premise of such evolution may have been given on the 23rd of July 2025 when the International Court of Justice gave its advice confirming the obligations of nation states to deal with climate change effects, stating that they could be held responsible in case of inaction.

Lastly, from the perspective of a renewal of multilateralism, and after stablecoins and cryptocurrencies have demonstrated their inability to generate a stable monetary regime capable of financing anything other than more or less speculative financial investments, international monetary cooperation could be relaunched on new foundations. At the level of central banks, the introduction of central bank digital currencies would make it possible to reconcile the flexibility of digital currencies with the regulated nature of public money. The revival of an SDR regime would give the possibility to the IMF to issue new SDR to support expansionary policy, whether for climate action, new tech or infrastructures in the LDCs. In an even more ambitious way, an International Clearing Union could be created in the line of the Bancor project of Keynes to provide a complete alternative to the dollar-based international monetary

⁶ Mobilization on the plastic pollution of water is strongly increasing at present as shown with the Call Beat Plastic Pollution, retained on June 5th 2025 at the World Environment Day. Interestingly the GGKP (Green Growth Knowledge Partnership) underlines the transition occurring in this mobilization from a linear model “take-make-dispose to a circular economy approach”, meaning reducing, reusing and recovering resources.

regime, as has been argued for a long time (Ocampo, 2010; Aglietta and Vala, 2021).

Conclusion

In a world more interdependent, interconnected and chaotic, scenarios have to take into account the different dynamics of the learning processes at different levels, be they local, national or international. The four scenarios of EU policy objectives that we presented are not equally likely or desirable. They do not fit into the same time horizon. But they should help us to understand in which direction the world of all nations is moving at a time of major global challenges. The first scenario reflects the continuation of the fragmentation of the EU with its inability to solve its problems of institutional inconsistencies and to overcome its divergences of economic interests and political orientation. The fear of breakup leads to a soft compromise with weak positions facing the US-China conflict, a de facto alignment on the US pole in spite of the loss of trust caused by Trump's claims regarding Greenland, slow growth and a downward revision of environmental policy. It may still look likely but it is the least desirable scenario of EU policy objectives considering the global context.

The second scenario describes how protectionist measures can be presented as an answer to these blockages. It could be agreed in a limited way to try to preserve firms, especially the small and medium sized ones, affected by the trade war. In that sense it appears as a simple complement of the soft compromise mentioned above. In a wider perspective, a policy of disobedience of the EU treaties could represent a greater break with the neoliberal model that has been dominant since the 1980s. It would concern trade policy but also fiscal and industrial policy. However, the fear of break-up of the EU makes this scenario rather unlikely in spite of the context of the trade war impulse at the world level from Trump.

The third scenario corresponds to the federalist trend which appears as a logical response to the inconsistencies of the current EU. The risk of marginalization facing the two blocks US and China and the external threat with the Russian peril are two important factors that advocate for a federalist leap. But the resistance to such a project remains high. The EU is still an aggregate of 27 countries (or even more), heterogeneous at the economic and political levels and shaped by very different social models. Even a project of a hard core of countries ready to move on to political union would appear to be confronted by many obstacles.

The fourth scenario is more realistic, taking into account the global dimensions of the current challenges. It addresses the conditions of the potential emergence

of a new multilateralism. It involves the necessity of an environmental policy thought out in its global and diverse dimensions, together with a relaunch of international monetary cooperation with the revival of the SDR regime after the failure of the stablecoins regime, as well as some fair restructuring of trade and technological developments. The complexity of the issues at stake clearly imply that the required restructurings will take time and be open to destructive manoeuvres as shown by the erratic measures threatened by Trump on trade tariffs or on access to internet or space technologies. The challenges represented by the many dependences of the EU on the US are rather well known. The very existence of NATO implied strict conditions on the trade and use of arms, all of which led to controlled common involvement in the infrastructures of observation and data transfers by satellites or submarine links. Even though the strength of these links is impressive, the EU Commission as well as the EU Parliament have anticipated these threats and the need to aim for more independence, but such required adjustments are bound to take time, huge financial effort and political will which are far from being assured⁷. Still, the US high tech industries concerned by these transformations have also an interest in finding some general agreement as it concerns a large share of their output. This context is all the more important as the current tensions on trade tariffs and policies to control digital platforms are fuelling price inflation and economic slowdown in the US⁸. We may thus be at a turning point where, after a chaotic period following the disturbances raised by erratic Trump policies, many countries and industries may call for new international order to allow peace and a proper handling of the environmental crisis. The recent meeting in Davos is quite telling in that respect. It not only showed clearly that a country like Canada was ready to rally to such an objective, joining in that respect with the UK where Keir Starmer had clearly expressed in mid 2025 the need to reset a new common understanding with the EU. Many industrial leaders all around the world expressed a similar view in Davos after the Trump attempt to take possession of Greenland (which by the way increased also the involvement of the Nordic countries). The European Parliament's request for an opinion from the Court of Justice of the European Union regarding the EU-Mercosur agreement goes in the same direction. A major issue for the implementation of a renewed world order may lie in the cooperation that can be instituted mainly with China but also with

⁷ For a review of these dependences and of the efforts to alleviate them see the paper in Le Monde 25-26 January, pages 12 and 13, L'Europe souffre de ses dépendances aux Etats-Unis.

⁸ As stressed by Joseph Stiglitz in Le Monde December 27th 2025. See also the ten graphics showing the negative impacts of the first year of Trump presidency, presented in Alternatives Economiques <https://www.alternatives-economiques.fr/un-an.../00117534>

India⁹, both being by now major actors in a globalized economy. Once again these actors cannot accept what their role would be in a world submitted to Trump fancies. Interventions on the means of payments by internet could also lead to marked opposition in the internationalized financial system helping to put an end to an extravagant Trumpist experience. Somehow, helping to set up some new fair multilateralism seems an opportunity to seize in order to overcome the environmental threat and allow some sustainable development.

Bibliography

Aglietta Michel and Valla Natacha (2021), *Le futur de la monnaie*, Odile Jacob.

Bond Ian (2026), EU-UK relations: Will 2026 be the year to reset the reset? Centre for European Reform, February.

Donnet Pierre-Antoine (2025), Gilles Guiheux : « Une jeunesse qui préfère rester couchée pour protester contre le système », ASIAlyst, February 26.

Drache Daniel and Froese Marc D. (2026), A Canadian doctrine for the end of the American century, rabble.ca, March 2.

Draghi Mario (2025), The pragmatic federalism doctrine, Le grand continent, October 24th.

The Economist (2025), Crypto's big bang will revolutionize finance, July 23rd.

Euromemo (2025), Europe and the world beyond the polycrisis: possible futures.

Jack Victor (2025), The EU's fantasy 750B\$ energy promise to Trump, Politico, July 29.

Monnet Eric (2025), Les stablecoins, une arme au service des Etats-Unis?, Alternatives Economiques, n ° 460, Juillet-août.

Ocampo José Antonio (2010), Building a SDR based Global Reserve System, Journal of Globalization and Development, Vol 1, Issue 2, Article 14.

Piketty Thomas et alii (2019), *Changer l'Europe, c'est possible* . Editions Points.

⁹ On the scope for developing new cooperation of the EU with China and India, see IFRI <https://www.ifri.org/fr/presse-contenus-repris-sur-le-site/laccord-de-defense-entre-lunion-europeenne-et-linde-une-premiere> .

Piketty Thomas (2024), « L'entrée de l'Ukraine dans l'UE doit être l'occasion de formuler des normes strictes garantissant le pluralisme sous toutes ses formes », Le Monde 13 Avril.

Sachs Jeffrey (2025), Géopolitique de la paix, Lecture at the European Parliament, 19 February 2025, Le Monde diplomatique, April.

Slobodian Quinn (2023), *Crack Up Capitalism: Market Radicals and the Dream of a World Without Democracy*, Dublin, Penguin Books.

Trouvé Aurélie and Berr Eric (2024), Face à la crise industrielle un plan de production pour répondre aux besoins, Rapport Institut La Boétie.

Varoufakis Yanis (2025), Les stable coins, cheval de Troie d'une privatisation de la monnaie, Le Monde-Project Syndicate, 22 Juin.

Yifu Lin Justin (2025), La Chine mise sur l'explosion de la bulle IA aux Etats-Unis, Le grand continent, December 8.