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Europe: five lessons from the war against Iran

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Four months after Donald Trump and Benjamin Netanyahu launched their joint war against Iran and Lebanon in complete disregard of international law, there remains a great deal of uncertainty as to whether hostilities in the region will come to a lasting end. It is already clear that this venture has been catastrophic for the region, for the United States and for the world.

But it has also been a disaster for Europe. Although these events unfolded just a few kilometres from its borders, the European Union was unable either to protect itself from the effects of this war or to influence its course. This conflict has confirmed, if confirmation were still needed, the European Union's geopolitical insignificance and its inability to defend its values and interests. If we are not to satisfied with this situation, we must urgently learn lessons from it on the economic, military and geopolitical fronts.

I. Strengthening Europe's economic resilience

On the economic front, this crisis highlights our weaknesses in the cyclical management of the European economy.

The crisis caused by the war against Iran is the third major successive shock in less than ten years, following the disruption caused by the COVID-19 pandemic in 2020 and the energy crisis triggered by the invasion of Ukraine in 2022.

AN INADEQUATE MACROECONOMIC MANAGEMENT FRAMEWORK

These successive crises highlight the persistent inadequacy of the macroeconomic management of the EU and the eurozone in the face of exogenous crises. Faced with shocks which, as is currently the case, tend to push prices upwards, the European Central Bank first adopts a more restrictive monetary policy to bring inflation back down to 2 per cent.

It does so even though the sources of this inflation have nothing to do with the European economy overheating. Whilst there is certainly a risk that imported price rises could trigger an inflationary spiral – and this must be contained – an overly strong reaction from the ECB risks exacerbating the situation in a European economy already hampered by rising energy and other commodity prices. Shocks of this kind raise again the issue of the ECB's mandate and its overly one-sided definition in the current Treaty.

As for national budgets, they are heavily constrained by the Stability Pact, a framework reinforced by the 2024 reform, even though, on that occasion, a few manifestly unenforceable rules were also – fortunately – eliminated.

The Commission had given Member States considerable leeway in 2020 in the face of the COVID-19 pandemic by suspending the Stability Pact and state aid controls. It had also authorised a few deviations from the rules in response to the energy crisis in 2022. But for the time being, it has no intention of making significant concessions in the face of this third shock, which is nevertheless set to be devastating for the European economy.

Admittedly, under pressure from Giorgia Meloni, it has just agreed to exclude certain public investments in the energy transition from the calculation of public deficits, but these will in any case remain very small amounts. The ability to respond on the scale required to a major economic crisis such as the current one is limited for many Member States, particularly France and Italy, which together account for 30 per cent of the EU economy and 35 per cent of that of the eurozone.

THE EU BUDGET CANNOT BE USED TO CUSHION SHOCKS

As for the EU budget itself, it remains both very small and must be kept in balance at all times. It cannot therefore play any role in cushioning macroeconomic shocks.

In 2020, however, the Member States of the European Union agreed for the first time to jointly take on debt amounting to €750 billion – 4 per cent of the EU's GDP – for the Next Generation EU plan. This funding was intended both to support the post-COVID-19 economic recovery and to accelerate structural transformations in the energy and digital sectors.

The final assessment remains to be seen, but Next Generation EU has undoubtedly helped the European economy to recover, particularly in hard-hit countries such as Italy and Spain[1]. This funding also helped to limit the damage caused by the war in Ukraine in 2022 and to help reorient the European energy system. Most of the funding for the RePower EU plan adopted at the time consisted of using the remaining Next Generation EU funds for this purpose. But today its impact has become negligible.

IN THE ABSENCE OF SHARED DEBT, EUROPE IS DOOMED TO STAGNATION

This significant shared debt has not been renewed in the face of the invasion of Ukraine and, now, the war against Iran. Member states' ability to respond is hampered both by the deterioration of their public finances and by increasingly strict European rules. Meanwhile, the ECB is pursuing a restrictive monetary policy. Under these circumstances, Europe is doomed, if not to recession, then at least to prolonged stagnation.

The effects of this inability to respond to the current crisis are not merely cyclical: businesses that go bankrupt disappear for good; employees who find themselves unemployed gradually lose their skills; no one sets up new, innovative businesses in such a climate; and governments are reducing the quality of public services to cope with their falling revenues...

THE URGENT NEED FOR MORE APPROPRIATE MACROECONOMIC MANAGEMENT

In short, there is an urgent need to restore the capacity of Member States and Euro-

1 See https://institutdelors.eu/publications/les-brillantes-performances-post-covid-du-sud-de-leurope-quel-impact-des-fonds-europeens-de-relance-dans-la-dynamique-de-reprise/

pean institutions as a whole to cushion these exogenous cyclical shocks. This necessarily involves creating a permanent borrowing capacity at EU level. The ideal solution would be to equip Europe with 'automatic stabilisers', that is, mechanisms that run a deficit when the economy slows down and generate surpluses when growth is strong. This would be the case, in particular, with the long-standing proposal for a European unemployment insurance scheme – or, more precisely, a European mechanism to reinsure national unemployment insurance schemes. But failing that, there is an urgent need to equip European institutions with a recurring discretionary borrowing capacity that would allow schemes such as Next Generation EU to be renewed without fanfare in the face of major economic shocks.

Although it is more necessary than ever, the issue of shared borrowing capacity features very little in the European public debate today. Unfortunately, we will probably have to wait until the Union's economic situation deteriorates further before we can successfully address it again…

II • Accelerating the Green Deal rather than holding it back

The war against Iran has also highlighted Europe's serious structural vulnerabilities. Our economies remain heavily dependent on hydrocarbons, and, in that matter, our reliance on sources outside the EU is virtually total.

Provided the ceasefire holds, the energy crisis triggered by the war against Iran should, however, be of a more limited scale for Europe than that caused by the invasion of Ukraine. This war is primarily affecting Asia, which imports a large proportion of its oil and gas from that region. Nevertheless, it will continue to affect us over the coming months, both in terms of prices and the availability of these resources.

Last year, the EU imported 6.8 per cent of its oil from Saudi Arabia and 5.8 per cent from Iraq. As for gas, supplies coming directly from the Gulf account for an even smaller share of European supplies: Qatar supplied 3.7 per cent of Europe's gas in 2025. But even if the fighting were to cease permanently, the effects of the war would continue to be felt in terms of both prices and available quantities, because significant infrastructure has been destroyed, notably LNG production facilities in Qatar.

HIGH TENSIONS OVER GAS IN EUROPE ONCE AGAIN

The situation is currently tense, particularly with regard to gas in Europe. A heavy reliance on Donald Trump's United States – now hostile and unpredictable – has replaced the previous reliance on Russia. European stock levels are lower than in previous years at the start of the period intended to their replenishment. The global shortage resulting from the war will not only push prices up in the long term but also risks diverting gas flows originally intended for Europe to other countries.

Having succeeded in quickly finding alternative sources of gas supply in 2022, the European Union has tended to rest on its laurels. In particular, it has ceased to develop the EU-wide joint gas procurement mechanisms launched as part of RePower EU.

AFTER 2022, EUROPEANS TOOK THEIR FOOT OFF THE ACCELERATOR

Whilst also easing off on policies promoting energy conservation and efficiency. In 2024, the latest year for which figures are available, final energy consumption within the EU stood at 901 million tonnes of oil equivalent. Whilst this is 5 per cent lower than in 2021, before the invasion of Ukraine, it is still 18 per cent higher than the EU's target for 2030. We have reduced this consumption by 1.5 per cent per year since 2021, whereas it needs to be reduced by 3 per cent per year… We will therefore need to revisit the issues of joint gas supplies and the joint management of stocks, whilst once again stepping up the 'crackdown on waste' and the roll-out of renewable energy.

This new crisis highlights just how much our very high dependence on sources outside the EU for fossil fuels – standing at 97 per cent for oil and 85 per cent for gas, a figure that is constantly rising – constitutes a major strategic weakness. As the war against Iran has shown, the potential problems associated with this extreme dependence do not concern Russia alone. Indeed, they could very well arise tomorrow from our American 'ally', from whom we currently import a quarter of the gas used in the EU.

Last year, EU countries spent 330 billion euros on these fossil fuel imports, representing 1.8 per cent of European GDP, and this year that percentage will be much higher. These figures may seem modest, but a difference of plus or minus 2 per cent is often enough to make the difference between a profitable company and one that is loss-making and forced to make staff redundancies.

DEPENDENCE ON FOSSIL FUELS: A THREAT TO EUROPE

Europe's extreme dependence therefore poses a constant threat to the stability of our economies, to the security of the continent and to the well-being of our fellow citizens. Moving away from this dependence as quickly as possible is not only essential to contribute to the global effort to limit global warming to 2°C; it is also a purely domestic imperative.

The European Green Deal, adopted during the previous parliamentary term, set out to reduce the EU's greenhouse gas emissions by 55 per cent by 2030 compared with 1990 levels, to achieve a 90 per cent reduction by 2040, and to make the EU carbon-neutral by 2050. By 2024, emissions were 37 per cent lower than in 1990. Achieving the 55 per cent target by 2030 is not out of reach, but it requires the effective implementation of significantly more proactive policies.

This ties in with the previous point: the essential surge in investment in the energy transition is only likely to happen if there is sufficient public investment behind it. However, this cannot be guaranteed at national level and can only result from an EU-wide effort on a scale at least equivalent to that of Next Generation EU in 2020.

WE MUST SAVE THE GREEN DEAL

Yet since the start of the new term of office for the European Commission and the European Parliament, the latter has been characterised by the existence, for the first time, of a majority comprising the European People's Party and the three far-right groups. Against this backdrop, there has been a strong temptation in recent months to call into question the Green Deal and its accompanying policies. This has been for example the case regarding the requirement to end the production of vehicles fitted with internal combustion engines by 2035.

Despite the deaths it has caused, one can nevertheless hope that this war will have reminded all European leaders – particularly those on the right of the political spectrum – just how disastrous a rollback of the Green Deal would be, not only for the climate but also, and above all, for Europe. That Donald Trump, a self-proclaimed climate sceptic, should be behind such a reversal of trend in Europe would be yet another example of the famous twists and turns that history regularly has in store for us...

III • Preparing for the Americans' departure from Europe

Europeans have managed to remain united in keeping their distance from the war against Iran and Lebanon, launched outside any international legal framework by Donald Trump's United States and Benjamin Netanyahu's Israel. This has also been the case for the United Kingdom. Such unanimity had not been evident during previous similar episodes, notably in 2003.

NATO HAS NO BUSINESS IN THE MIDDLE EAST

Although the North Atlantic Treaty Organisation, as its name suggests, has in principle no business in the Middle East, this abstention greatly irritated Donald Trump, who has on several occasions threatened to leave NATO.

In truth, the guarantee that NATO was supposed to provide of a US commitment alongside the Europeans in the event of Russian aggression had already become largely theoretical, given the convergence of views observed between Vladimir Putin and Donald Trump. Washington's refusal to invoke Article 5 of the Treaty in such a scenario has become the basic assumption for all those involved in Europe's defence. And this is likely to be the case for our enemies as well.

PREPARING FOR THE AMERICANS' DEPARTURE

Nevertheless, the departure of the 67,000 American troops stationed on European soil and the closure of the 30 American bases would obviously mark a further major step in US disengagement. Although the impact should not be overestimated: the armed forces of EU countries number 1,470,000 troops. It is clearly necessary to begin actively preparing for such a possibility from now on. This involves, in particular, accelerating the discussions initiated last March by Emmanuel Macron to extend the protection offered by France's nuclear deterrent. It also involves speeding up European projects aimed at deploying the capabilities we currently lack, particularly in the fields of space and intelligence.

If this break were to take the form of the United States leaving NATO, it would have the advantage of leaving Europeans (and Canadians) with a framework featuring tried-and-tested standards, known rules of engagement and established working practices. There would therefore no longer be any need to create the much-discussed 'European pillar' of NATO – a concept that has been the subject of much debate in recent years without any real clarity as to what form it might take – nor to rack our brains over how to coordinate European armed forces outside NATO.

THE AMERICANS' DEPARTURE WOULD NOT BE A DISASTER

Contrary to what one might imagine, the United States' departure from NATO would not even leave an insurmountable hole in the organisation's budget: in reality, they contribute only 14 per cent, the same as Germany.

Ultimately, this means we must rapidly reduce our dependence on the American military-industrial complex for equipment. But the war against Iran has also shown just how ill-suited this very expensive equipment often was to the conditions of asymmetric warfare following the invasion of Ukraine. With the Ukrainian defence industry, we now have the means on the continent to meet many of our needs at much lower costs.

IV • Building a force projection capability

This war has also brought to mind another essential fact that had largely disappeared from public debate in recent years: the defence of Europe's vital interests is not solely a matter of defending the Union's territory – an issue which Russia's aggression against Ukraine has rightly placed at the forefront of Europeans' concerns.

BEWARE OF CHOKE POINTS

It is also at stake at the so-called *choke points*, which could block our supply or export routes. This issue had already been at the heart of the limited progress made in building an autonomous European defence policy, notably through the European naval mission Atalanta off the coast of Somalia, the coordinated maritime policy in the Gulf of Guinea or the European naval mission off the coast of Libya. On a different note, this was also the case – on land this time – with the European military presence in the Sahel until the withdrawal that began in 2022.

This dimension, however, has almost completely disappeared from the minds of European leaders following the combination of the Russian invasion of Ukraine and the failure of French and European policy in the Sahel. The war against Iran, however, reminds us of its importance…

EUROPE ALSO NEEDS A CAPACITY FOR *HARD POWER*

This is not about building projection capabilities similar to those currently possessed by the United States. Strengthening Europe's geopolitical position will obviously not rest primarily on its military capabilities. Nor, however, can it stem solely from its *soft power* and its involvement in a multilateralism that is now greatly weakened. The *hard power* dimension remains (unfortunately) essential to prevent our 'partners' from trampling on our interests.

The war against Iran therefore shows us that it is equally urgent to resume the work already begun to equip the Union with its own force projection capability. This implies coordinating the navies of its Member States and the bases they have around the globe much more closely, whilst involving the United Kingdom as closely as possible in this process from now on.

Politically, defence issues are always very sensitive to deal with, but this one could be less contentious than others: if there is one area in which no European country can hope to go it alone in tomorrow's world, it is surely that of long-range projection capability… In this regard, there is also no overlap – which is always difficult to manage – between NATO and the Union's military structures.

V • Radically changing Europe's stance in the Middle East

Despite the show of military force by the Israeli and US armed forces, the failure to bring down the Iranian regime has constituted a major geopolitical setback. Benjamin Netanyahu and Donald Trump have probably just destroyed the gains made in the region through the Abraham Accords.

Historical analogies are often misleading, but many observers are describing this war as the United States' 'Suez moment', in reference to the fiasco of the war launched in 1956 against Gamal Abdel Nasser's Egypt by the alliance of Israel, the United Kingdom and France following the nationalisation of the Suez Canal.

Following this American failure, the paralysis of European diplomacy in the Middle East can no longer continue. Whilst they have – fortunately – kept their distance from this war, the European Union and its Member States have nevertheless been unable to influence events in the Middle East, either before 28 February or during the war; nor have they been able to help bring it to an end. Europe has been unable either to protect Lebanon and the Lebanese people from Israel and Hezbollah, or to assist the Iranian people in the face of their regime and Israeli-American bombs.

And yet this is a region geographically very close to the Union's borders – as the attack on the British base in Cyprus served to remind us – a region that is also vital for our fossil fuel supplies and crucial for trade between Europe and Asia. Furthermore, the instability prevailing there could trigger one of those waves of migration that European leaders so dread, whilst the conflicts unfolding there have a direct impact on civil peace within European societies themselves. Donald Trump is right to say that Europeans actually have far more interests to defend in this region than the United States…

EUROPE HAS PLAYED A ROLE IN THE MIDDLE EAST IN THE PAST

Europe has not always been incapable of exerting influence in this part of the world. The European Union played an important role during the 1990s in the negotiations for the Oslo Accords, in an attempt to resolve the Israeli-Palestinian conflict. It was in this context in particular that an association agreement with the European Union – highly favourable to Israel – came into force in 2000, following an agreement reached in 1995 with Yitzhak Rabin's government, just before his assassination. It was, in a sense, the carrot used by the European Union to encourage Israel to make peace with the Palestinians.

This is, moreover, the reason why the European Parliament adopted a resolution in 2002 calling for the suspension of this agreement, in view of the Ariel Sharon government's anti-peace policy. This warning shot was not without effect, as it was followed a few months later by Israel's withdrawal from Gaza. But subsequently, the EU allowed Israeli policy to become increasingly radicalised without ever again reacting in any meaningful way.

Despite Israel's opposition, the European states and the European Union itself had also played a central role in the negotiation and then in the conclusion in 2015 of the JCPOA, the agreement that allowed for close monitoring of Iran's nuclear activities in exchange for the lifting of Western sanctions. An agreement that Donald Trump had sabotaged in 2018. The EU's subsequent failure to protect European companies from US sanctions sounded the death knell for our regional ambitions. And the failure to reinstate this deal under Joe Biden's presidency paved the way for the disaster of recent weeks.

EUROPE IS MARGINALISED BECAUSE IT HAS FAILED TO STAND UP TO NETANYAHU

The European Union's current weakness in the Middle East stems primarily from its inability to adopt a stance towards Benjamin Netanyahu's government that is consistent with the values the EU claims to uphold regarding multilateralism, the defence of fundamental human rights and international law.

The Europeans' leniency towards the numerous violations of international law and fundamental human rights committed by successive Israeli governments can be explained, first and foremost, by a guilty conscience – understandable, of course – linked to European anti-Semitism and the monstrous acts committed in its name, a sentiment that remains particularly strong in Germany. With the rise of political Islam and Islamist terrorism since the late 1990s, this has been compounded by the notion – very much present across the entire right of the European political spectrum – that Israel constitutes, in a sense, the forward outpost in the Middle East in the fight to defend a pseudo 'Judeo-Christian civilisation ' in the face of Islamism, and that, as such, Europeans should support the Israeli government's policies, whatever they may be.

EUROPE'S DOUBLE STANDARDS HAVE UNDERMINED ITS CREDIBILITY

Since 2022, Europeans have emphasised the defence of international law and respect for fundamental human rights in opposing Russian aggression against Ukraine, whilst tolerating—without reacting beyond issuing soothing statements—the numerous war crimes and crimes against humanity, as well as the multiple violations of international law committed by the Israeli government, particularly since 7 October 2023. This double standard has done much to discredit Europe around the world, and particularly in the Middle East. This is all the more so given that all the region's leaders know that, if it wished to use them, the Union would in fact have powerful means at its disposal to influence the policies of Israeli leaders through the EU-Israel Association Agreement, visa policy, arms supplies or potential sanctions.

This double talk has weakened the support that Middle Eastern countries could and should have given to Ukraine and has driven many of our partners, particularly in the Sahel, into Vladimir Putin's arms. It has also served to further marginalise the EU in the Gulf. Given their military clout, the countries in the region remained obliged to deal with the United States despite their constant alignment with the Netanyahu government, but there was no point in them taking the European Union into account, as it is militarily insignificant and, in practice, aligned with the Americans and Israelis on matters concerning the region and its future.

ISRAEL'S RADICALISATION LEAVES EUROPE WITH NO CHOICE

The war against Iran, the catastrophic invasion of Lebanon and the constant radicalisation of Israeli policy – notably including the recent introduction of the death penalty for Palestinians only and the escalating abuses by settlers in the West Bank – mean that the European Union can no longer continue to tolerate the policies of Benjamin Netanyahu's government without reacting. It must now urgently suspend the EU-Israel Association Agreement, halt arms exports to Israel and impose sanctions on Israeli leaders who violate international law and commit or incite the commission of war crimes and crimes against humanity. This is the essential prerequisite for the EU to regain a modicum of credibility in this region of the world and to be able to contribute once again to restoring peace and stability there.

Following the Americans' failure, regional players will most likely begin to seek out new key partners. If we do not want China to be the sole power to take the lead in this region, which is crucial for Europe, we must – at long last – adopt a more balanced stance towards Israel and the Israeli-Palestinian conflict.

These five issues – the Union's macroeconomic management, the decarbonisation of our economies, the question of NATO, that of Europe's autonomous projection capabilities, and finally European policy in the

Middle East – are certainly distinct but they are not unrelated: in each case, the aim is to strengthen the European Union's strategic autonomy in a world where the United States will no longer be dominant or our ally.

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