The Middle-Power Moment

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A New Strategic Core for European Foreign Policy

Executive Summary

This brief argues that the European Union should deepen its cooperation with democratic middle powers such as Canada, Japan, Australia and South Korea. In an era of unprecedented strain on the traditional rules-based international order, these "like-minded" states constitute a critical core for global stability (Emerson, 2026). These states can bolster international institutions through flexible coalitions, coordinated economic security

policies and increased defence cooperation while adapting to an age of intense strategic competition (World Economic Forum, 2026; Emerson, 2026; Patrick, 2026). The EU and its middle-power allies can offer a stabilising "third path" by pursuing a strategy of principled realism that avoids total submission to great-power transactionalism (World Economic Forum, 2026).

Introduction

For more than thirty years, European foreign policy was based on the premise that economic interdependence, multilateral institutions, and democratic enlargement would steadily reinforce the liberal international order, eventually putting an end to history (Börzel & Shaffer, 2024). Today, the liberal world order seems to be falling apart, making it increasingly difficult to defend this assumption (World Economic Forum, 2026; Emerson, 2026). The Russian invasion of Ukraine, the growing rivalry between the United States of America and the People's Republic of China, and the greater use of sanctions, export controls, and technology restrictions show that geopolitics is now at the centre of international relations and politics as a whole (World Economic Forum, 2026; Emerson, 2026).

Simultaneously, democratic institutions are coming under increasing strain in many states around the globe (Börzel & Shaffer, 2024). A development catalogued by some scholars as soft fascism, where social life is taken over to prevent dissent without the use of overt police states, other scholars prefer terms such as democratic backsliding or illiberal democracy to describe a similar dynamic (Siddiquei, 2025; Shimabukuro, 2018). Regardless of terminology, these developments challenge the conventional approach to foreign policy in Europe and beyond (World Economic Forum, 2026; Krastev & Leonard, 2025). Instead of trying to rebuild an extinct post-Cold War order and giving in to nostalgic ideals, the European Union and its Member States should recalibrate by embracing cooperation among middle powers with shared interests, and strive for the capacity to uphold international law while balancing great-power competition (World Economic Forum, 2026; Emerson, 2026).

The Strategic Challenge

The international order is described by many to be in a stage of transition towards a "New World Order" in which the once great powers fail to provide global stability. As the tectonic plates of the geopolitical landscape start to shift and eruptions around fault lines are looming, the reference points of foreign policy once thought to be set in stone crumble, leaving Europe confronted with new security, political, and economic challenges (Emerson, 2026; World Economic Forum, 2026).

The first challenge is Security, motivated first and foremost by a revanchist Russia. The full-scale invasion of Ukraine in 2022 has destroyed the

Helsinki principles of European security, turning the European Union from a "peace project" into a fast-developing "war project" (Emerson, 2026; Krastev & Leonard, 2025). Russia's aggression is a broader reversal of the European enlightenment in favour of an antiliberal, authoritarian countermodel (Ruda, 2025; Vankovska et al., 2025). This is further enhanced by the erosion of the reliability of the US's nuclear umbrella and the Europeans' push for higher military spending and independent deterrents (Krastev & Leonard, 2025).

The second challenge is Economics, with an ever more assertive China at its centre. Many countries have been drawn to China's "authoritarian modernity," but its economic statecraft often seeks strategic subordination rather than mutual benefit (Nagy & Ping, 2025; Neumann & Shaw, 2023). Economics has become a weapon of coercion. Trade surpluses, supply chain vulnerabilities and financial infrastructure are all weaponised. Europe is vulnerable to the Chinese industry-killing surpluses and the merciless exploitation of technological dependencies (World Economic Forum, 2026; Emerson, 2026).

The third challenge is Politics, seen in the global democratic backsliding and the rise of soft fascism (Siddiquei, 2025; Shimabukuro, 2018). You see it in regimes from Hungary to Venezuela, where the political trend is characterised by the systematic expansion of executive power and the evisceration of judicial independence (Emerson, 2026; Siddiquei, 2025). In the West this takes the form of "fascist libertarianism", a sort of destructive market liberalism that suspends individual protections for the sake of "neo-feudal masters" (Ruda, 2025). This internal erosion of values allows for manipulation from the outside and makes it difficult for the EU to show unity (Börzel & Shaffer, 2024; Neumann & Shaw, 2023). Economic coercion has thus become normal, and great powers increasingly ignore international institutions when they conflict with narrow national interests (World Economic Forum, 2026; Emerson, 2026; Nagy & Ping, 2025).

Middle Powers Matter

In the face of these odds, a Coalition of Middle Powers has become a global imperative. States like Canada, Japan, Australia, South Korea, Norway and New Zealand can help keep a fragile world order together (Emerson, 2026). These states, grouped together as a "like-minded" core, comprise 1.6 billion people and a huge economic force that can withstand hegemonic pressure (Emerson, 2026).

These states matter because of their common interests and their "diplomatic stamina" to promote policy innovation where great powers have stepped back (Patrick, 2026). These partners are committed to the rule of law and maritime security, open trade and building resilient supply chains (World Economic Forum, 2026; Patrick, 2026). Canada and Australia are key sources of rare earths crucial for the green transition, and Japan and

South Korea are global leaders in technological governance and semiconductors (World Economic Forum, 2026; Emerson, 2026; Nagy & Ping, 2025; Siddiquei, 2025).

The cooperation proceeds from the idea of "principled realism" (or value-based realism) (World Economic Forum, 2026; Patrick, 2026). This strategy requires middle powers to be principled in their commitment to fundamental values such as human rights, sovereignty and the UN Charter, but also pragmatic enough to understand that progress is often incremental and that not all partners will share the same liberal models (World Economic Forum, 2026; Neumann & Shaw, 2023). Middle powers working together avoid the weakness of bilateral negotiations with hegemons in which they are often reduced to "competing with each other to be the most accommodating" (World Economic Forum, 2026).

Rather than adopting one institutional model, these states adopt a "variable geometry", generating flexible, issue-specific "coalitions of the willing" (Emerson, 2026; Patrick, 2026). We see this already in the military support for Ukraine and in plurilateral trade agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which has high standards without US leadership (Emerson, 2026). The necessary "checks" on superpowers are the middle powers. They are the stewards of the international system and law (Patrick, 2026).

Policy Recommendations

The European Union should take the following concrete steps to better navigate this new world order:

Institutionalise an EU–Middle Powers Strategic Forum as an overarching consultative and coordinating framework. The forum should ask a core group of Canada, Japan and Australia to draft a "manifesto" of summary principles for a progressive international order.

Expand partnerships such as the EU-Canada Security and Defence Partnership (SDP) to other middle-power allies to coordinate defence procurement and military mobility. The EU should encourage partners to join arrangements such as the Security Action for Europe (SAFE) to collectively develop domestic defence industries.

Develop common approaches to AI, semiconductors, critical minerals and cybersecurity. These strategies should seek to align standards with democratic partners, using the EU's AI Act and its "trustworthy AI" model, so that middle powers do not have to choose between competing hegemonic technology stacks.

Apply flexible ("variable geometry") coalitions, where unanimity at the level of the EU or universal multilateral consensus is not achievable. This includes spearheading "High Ambition Coalitions" for climate action and "Buyers' Clubs" for critical minerals to diversify away from concentrated supply.

Build bridges between existing trading blocs. Reduce strategic dependencies without resorting to protectionism. Strengthen ties with the CPTPP. Capital investment and talent retention should be prioritised to create "strength at home," while maintaining a material basis for a truthful, principled foreign policy.

Conclusion

Europe cannot replicate the geopolitical conditions of the 1990s. Nostalgia is not a strategy. However, the EU can help shape the future international order by deepening its cooperation with democratic middle powers. The best way to protect European interests and sustain the norms that underpin international cooperation is a strategy of principled realism and a robust support for international law combined with increased geopolitical capability.

The rise of soft fascism and the breakdown of great-power leadership have created this "middle-power moment" as a rare window of opportunity for innovative thinking. In a variety of sectoral areas, middle powers can "America-proof" and "China-proof" the global system by pooling resources and acting in concert. The challenge is therefore not to choose between values and power but to align them better in order not to slide into a lawless age in which force dictates the terms of engagement.

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