

**“Europe in a Multipolar World:
Why We Need to Adapt – and How We
Can Do It”**

**Rede des
Bundeskanzlers a.D.
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**anlässlich des
“Young European Symposium”**

**am 19. September 2026
in Berlin**

Good morning, Europeans!

I am pleased to be here with you today. Because it is good that you have all come to Berlin. It is good that Europe's future matters to you, and that you are willing to stand up for Europe. We need more of that spirit!

We need more of that spirit because – as you all know yourselves: The decades ahead will not be an easy time for Europe. The challenges are great, and we'll have to work very hard. But we *can* do that, and we *will*. And I'm certain you will, too!

Europe – our common European future – is an issue that is particularly close to my heart. I have expressed my fundamental convictions on European policy many times, above all in two keynote speeches: one that I held as the Minister of Finance in 2018 at Humboldt University in Berlin; and another one I gave as chancellor in the summer of 2022 at Charles University in Prague.

I still stand by what I said then. If anything, the proposals I made back then have become even *more* urgent today. So let me come back to some of the key points from those speeches – and at the same time offer some new suggestions.

The challenges

But let me begin by outlining some of the global challenges we are facing as Europeans.

The ***first*** is: We live in an age of growing global multipolarity. In the 21st century the world will not be dominated by a few countries – the United States, China or Russia. Neither will it be dominated by a constellation with the EU as another major power. Yes, the U.S. will remain a preeminent power, and China will assert its historical claims. But at the same time more countries in Asia and countries in Latin America and Africa will insist on their autonomy. They will not submit to either camp. Mind you, this kind of multipolarity is humanity's historical normality.

Second: With approximately 450 million citizens, the EU now accounts for about 5 percent of the world's population. All around us, new economic and demographic heavyweights are emerging. Europe will not regain its historical role as the “centre of the world”. It is becoming *one* region on the globe among others. To be sure, a region that will still be influential – but a region that will no longer be calling the shots on a global scale.

The Global South will continue to rise. What we are experiencing in real time is a shift in power toward Asia, Africa, and Latin America. Countries as, for instance, India, Indonesia, Brazil, South Africa are rightfully asserting their own place and geopolitical influence. They don't want to be simply categorized into “blocs”. We cannot and should not force them to decide between one bloc or the other. And we should not cooperate economically for the purpose of squeezing others out.

As Europeans we have to abandon our old, condescending “Eurocentric” perspective. If Europe wants to hold its own in global competition, we must offer these emerging nations partnerships on a truly equal footing.

Third: We live in a time of militant new imperialism posing a dangerous threat to the rules-based international order. Russia's war of aggression against Ukraine is the most dramatic sign that imperial ambitions, raw power politics and the law of the jungle have returned – and are seeking to supplant international law.

We are witnessing the return of the disastrous concept of “spheres of influence”: There is talk of a „Western Hemisphere“, talk of a “Russian world” or a “Sinosphere”. Supposedly, great powers are allowed to pressure or even conquer smaller states at will – simply because they can. That way, we are facing the danger of a lawless world – but a multipolar world without firm rules would descend into chaos. Small and medium-sized states worldwide come under pressure. Therefore, the EU must become strong enough to effectively help safeguard international law.

Fourth: Unchecked globalization is over. “MAGA”, “America First”, or China's particular form of state capitalism are examples of a general tendency: As we speak, free and fair global trade is coming under pressure by protectionism, tariffs, and

subsidy races. In the past, the guiding principle was to buy raw materials and intermediate goods wherever they were cheapest. But global crises – the pandemic as well as the energy crisis following Russia’s attack on Ukraine – have proved how vulnerable one-sided dependencies make us. In particular, the toxic combination of fossil-fuel extractivism and autocratic rule poses a grave threat to world peace.

And – ***fifth*** – there is yet another challenge that must be mentioned – especially these days, especially here in the capital of Germany – given recent events you are all aware of. Many people not just in Europe, but almost everywhere in the Western democracies feel left behind. They feel disregarded and hurt, marginalized and disrespected. Strikingly, this is especially true in some of the most affluent countries – think of Austria, the Netherlands, Scandinavia. Or, indeed, Germany.

This has to do with economic changes – industrial transformation, growing inequality, the rise of the Global South, and uncertain prospects for the future. Together, these circumstances make people receptive to the supposed “solutions” offered by nationalist, authoritarian, and right-wing populist parties.

And yes, we can and must engage in an in-depth discussion of the causes. But one thing is clear: the authoritarian right-wing populists are false friends of ordinary people: They sow hatred. They incite people against one another. They point the finger at alleged culprits. They are a threat to our economy and prosperity.

The solution to the real challenges we face in Europe will never lie there. Europe will only hold its own in the world if we preserve our liberal democracy. The attack by the radical right must be repelled!

What Europe must do

What, then, needs to be done regarding the European Union and how it functions? A Europe that remains sluggish and paralyzes itself by unanimous voting requirements will simply be crushed or ignored by new power blocs in the harsh new multipolar world. Only a Europe that speaks with a single, strong voice will remain relevant in

this power structure alongside the U.S., China, and the emerging powers of the Global South. Only a united, reformed, and expanded EU will have the necessary clout to continue helping shape global standards and rules. So let me explain to you, point by point, what I believe needs to happen.

First: End internal paralysis and veto blockades!

The EU still makes decisions on key issues of foreign and tax policy by unanimous consent. This is a major vulnerability. Individual member states can use their veto to blackmail the entire Union or block important sanctions and financial aid for months on end. We need to end this dependence on individual national governments so that the EU can react quickly and decisively through qualified majority voting in the event of a crisis. On matters of foreign and tax policy, a qualified majority should be sufficient to make a decision. And this is possible without amending the European treaties.

Second: Expand the EU to the East!

The expansion of the EU to include Ukraine, Moldova, and the Western Balkan must go ahead! Not just, because promises must be kept – even though that alone would be reason enough –, but because this expansion is a geopolitical imperative.

With regard to accession procedures, the opening of a new chapter in the negotiation process should also require only a qualified majority, rather than a unanimous decision. However, a Union with 30 or 36 member states would simply be ungovernable under today's decision-making structures.

Which is precisely another argument in favour of internal reform: Only if the EU streamlines its processes, can it be stable and effective even with more members. And following the accession of new members, the organizational structure of the European Commission may also need to be streamlined so that not every country has to appoint its own commissioner.

Third: Make new friends, form new global partnerships!

Europe bears global responsibility and must enter into new strategic alliances on an equal footing with emerging powers in Asia, Africa, and Latin America – the so-called Global South. There is still a tendency in Europe to underestimate the Global South. But even today, this region accounts for well over half of global industrial production and value creation. And that figure will rise significantly in the future.

In the future, new ideas, innovations and new products will increasingly come from countries in the Global South. From India and China, obviously. But also from Indonesia or Malaysia, from Thailand, Vietnam or the Philippines. From Kenya, Ethiopia, Nigeria, South Africa, Senegal. From Brasil, México or from Chile. And that's just naming a few – there will be many others.

And that is why Europe must forge these new connections – the more the better. Free trade agreements are one way to achieve this. It is encouraging that we are seeing new momentum in this regard.

Fourth: Cooperate on military procurement matters!

Russia's war of aggression against Ukraine marks a historic turning point – a *Zeitenwende* – that makes closer European military integration within the framework of NATO more urgent than ever. This includes procurement procedures that allow any European country to purchase military goods from European companies after another country has already purchased them through a regular procurement process. This would facilitate military spending and integration.

Fifth: Establish a truly coordinated asylum policy and strengthen external border protection!

Europe needs a functional, solidarity-based European asylum system with effective protection of the EU's external borders. We have already made significant progress in this area, but there is still much to be done. The recent events in Ceuta have

highlighted this. The goal is to reliably manage irregular migration – at the same time creating legal migration pathways to address the shortage of workers.

Sixth: Secure Economic and Technological Sovereignty!

In recent crises, Europe has experienced painful dependencies in energy, semiconductors, and supply chains. To ensure that Europe remains sovereign we need sustainable free trade agreements in response to global protectionism. And we need to reduce dependencies on raw materials and supply chains.

As Europeans we must be at the forefront of global technology. We must and we can prove that climate neutrality, industrial transformation and economic success go hand in hand. Europe must become a technological pioneer in renewable energy to guarantee independence and future-proof jobs. To this end, supply chains must be more broadly diversified in the future. This is only possible, if private companies and the Union cooperate more intensely in this field.

Another urgent matter: Within the next 5 to 10 years, we must ensure that all our data centres are located in Europe. More to the point, our *public* data must be stored only in data centres located in Europe. Social media companies and large platforms should be required to be European corporations or cooperatives, even if they have foreign owners. Once that is the case, their boards of directors will be responsible for ensuring compliance with European law. They will then not be bound by opaque control agreements that subject them to the instructions of foreign owners.

Furthermore, we need strong European companies to invest in raw materials – mining companies that are strong enough to invest around the world. With the support of the European Union, they could be fair and welcome partners for countries around the world that wish to utilize their natural resources.

And since we are on the subject of mining: Of course, we need to be open to it here in Europe as well. It is a bit strange to complain about our dependence on other countries while failing to use our own resources. European legislation still imposes too many restrictions in this area.

What is a good thing is that the Union has approved subsidies for semiconductor production. But here, too, we still need to take another step toward greater sovereignty.

In certain areas, the Union should be allowed to take direct action. For the processing of rare earths, for example, only a few companies may be needed. And possibly, the right place for the one or two mines we need is actually in a member state with limited financial resources of its own. The existing regulations governing the approval of subsidies are simply not suited to such a situation.

Finally – and crucially: Complete the Economic and Monetary Union!

That may sound pretty technical, technocratic, and boring – but it's incredibly important. So do bear with me!

Currently, the money held in the accounts and investment portfolios of European citizens and businesses is not being efficiently invested in the climate-neutral and digital transformation of our economy. That is why we must complete the Capital Markets Union and the Banking Union.

Investment portfolios, including those that are part of retirement savings plans, must be able to be diversified more broadly, and the plans should not be limited to absolutely safe investments such as government bonds. This alone will enable Europe to mobilize the massive private investment we need and to prevent the exodus of key European technologies.

And this point belongs here as well: The Union needs more of its own, genuinely European sources of revenue – such as a financial transaction tax, a uniform aviation tax, and uniform tonnage taxation for ships. I proposed that a long time ago when I was finance minister.

Harmonizing value-added tax and corporate income tax would also help create a stronger European market.

A more political – and geopolitical – Europe

So that is my analysis of Europe's place in the multipolar world, and those are my proposals for the way forward. To wrap up this speech, I want to make this one final point very clear: Europe must become more political! More political and more geopolitical!

The European Union was founded nearly 70 years ago as a purely *economic* community – and traces of that heritage are still evident today. But this way, Europe is simply no longer fit for purpose! Today, the European Union must move past bureaucratic, technocratic debates.

Challenges have changed; global threats have changed – the entire world has changed! In this new multilateral world individual European nation-states are too small to survive alone. We simply can no longer afford 27 national monologues – with every country looking at the EU through its own domestic lens.

Instead, a political and geopolitical Europe requires a genuine cross-border culture of debate. Which is precisely why it is so great that you are all here in Berlin. Because the new political and geopolitical Europe needs a young vanguard. Do take on that challenge! Be that vanguard!

Thank you very much!