



2022 OUTLOOK: Special Edition

New Year Projections from ELIAMEP's experts

Edited by **George PAGOULATOS**, *Director General, ELIAMEP*



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HELLENIC FOUNDATION FOR EUROPEAN & FOREIGN POLICY (ELIAMEP)
49, Vasilissis Sofias Ave., 10676, Athens, Greece
Tel.: +30 210 7257 110 | Fax: +30 210 7257 114 | www.eliamep.gr | eliamep@eliamep.gr

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Ioannis ARMAKOLAS, *Assistant Professor, University of Macedonia; Senior Research Fellow, Head, South-East Europe Programme, ELIAMEP*

Angeliki DIMITRIADI, *Senior Research Fellow, Migration Programme, ELIAMEP*

Emmanuella DOUSSIS, *Professor, UNESCO Chair, University of Athens; Senior Policy Advisor, ELIAMEP*

Ioannis N. GRIGORIADIS, *Associate Professor, Bilkent University; Senior Research Fellow, Head, Turkey Programme, ELIAMEP*

Manos MATSAGANIS, *Professor, Politecnico di Milano; 'Stavros Costopoulos' Senior Research Fellow; Head of the Greek and European Economy Observatory, ELIAMEP*

George PAGOULATOS, *Professor, Athens University of Economics and Business; Director General, ELIAMEP*

Panayotis TSAKONAS, *Professor, University of Athens; Senior Research Fellow, Head, Foreign Policy & Security Programme, ELIAMEP*

Loukas TSOUKALIS, *Professor, Sciences Po, Paris; President of the Board of Directors, ELIAMEP*

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Introduction

George Pagoulatos

As 2021 draws to a close, Europe and the world bid farewell to another unusual year of pandemic and crisis. If the 2010s accustomed us to the various and successive crises for which the neologism 'poly-crisis' was coined, crisis (health, economic, energy) has become a new norm, justifying the term 'perma-crisis' in 2021.

The end of 2021 casts a long shadow of doubt and uncertainty over several of the achievements made during the past year. For example, while we celebrated the remarkable progress made by science in the manufacture and dissemination of Covid-19 vaccines, we also witnessed the determined rear-guard action mounted by the science denialists as a wave of neo-obscurantism rolled across the world. We applauded the European Union's reflexes as it responded to the crisis by activating the Recovery and Resilience Fund, suspending fiscal discipline and taking bold initiatives through the European Central Bank, but we now face the uncertainties that will accompany the gradual transition back to fiscal and monetary normality in 2022, as well as the pandemic's unavoidable legacy of public debt. We watched on with relief as the world's economies 'unfroze' and consumption recovered, albeit with enormous supply chain problems and a rapid and considerable rise in energy prices. We saw reason and prudence return to the White House with the election of an Atlanticist President, but we also saw the limits on his domestic power restrict the positive international initiatives he can take. Finally, we also experienced at first hand and beyond all doubt the dystopia of climate change, with extreme weather phenomena, unbearable heat waves and megafires, only to be disappointed in Glasgow by the failure of many governments to measure up to the enormity of their responsibility to our planet.

So what is the legacy of the year now ending? And what sort of year is 2022 shaping up to be?

In this Special "Outlook for 2022" Edition, ELIAMEP's analysts attempt, as they did last year, to outline what lies ahead in the new year. After a brief review, accompanied by a self-critical overview of the predictions we made last year for 2021, we attempt to identify the main challenges and trends of 2022, the dangers, possible opportunities and turning points of the year ahead.

Starting with Greek foreign policy and security, **Panayotis Tsakonias** is of the opinion that neighbouring Turkey will remain the main threat to Greek security in the new year, and that the domestic and foreign pressure on the Erdoğan regime does not necessarily guarantee that Greek-Turkish tensions will revert to a state of "conflictual normality".

Looking at South East Europe, **Ioannis Armakolas** believes the region will remain locked in a vicious circle of instability and uncertainty resulting from inter-ethnic strife, economic hardship, corruption, and the absence of political prospects, with the influence of Russia, China and Turkey continuing to grow as the West remains unable to formulate a strategy for the Western Balkans to exit the crisis.

Writing about Turkey, **Ioannis N. Grigoriadis** considers it highly likely that early elections will have been called by the summer of 2022, but also that the ongoing economic and political instability will continue, with its negative consequences for the Erdoğan

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government, and that the restructuring of the Turkish Far Right will threaten the stability of the ruling coalition.

In the field of migration, **Angeliki Dimitriadi** believes that its instrumentalization (by Lukashenko and other similar regimes) will continue, and that internal and cross-border displacement will increase in 2022. For its part, Greece will face the twin challenge of integrating the refugee population currently resident in the country and negotiating the New Pact on Migration and Asylum, which is still being promoted by the European Commission.

Looking at the state of the European Union, **Loukas Tsoukalis** opines that Macron's chances of re-election remain high, and considers that a strong Franco-German pairing that includes Italy in a broader leadership alliance would serve as a driving force for the EU. He also stresses the significance of the elections in Hungary as an opportunity for Europe to rid itself of Orbán.

Focusing on the US, **George Pagoulatos** predicts that China will remain the top US national security priority, that Biden will seek to keep the dialogue open with Russia, that US-EU differences on issues such as trade and the EU's "strategic autonomy" agenda will remain in place, and that the Biden presidency will be further weakened after the November midterm elections.

Moving on to the European and international economy, **Manos Matsaganis** notes the medium-term risk that addressing the high levels of public debt will undermine recovery. As he sees it, thanks to the stimulation of public investment by the EE, fiscal policy will remain expansionist in 2022, and that disruption to international supply chains will slow down recovery in the short term.

Finally, in her forecasts for the climate crisis in 2022, **Emmanuella Doussis** notes that, following the Glasgow International Conference, the biggest challenge in the new year will lie in persuading laggard governments to revise their national climate plans to narrow the global emissions gap to a level compatible with the targets.

Greek Security in 2022: Too many challenges, too few opportunities

Panayotis Tsakonas

The domestic and foreign pressure on Turkey's "one man regime"—pressure which is expected to intensify in 2022—will not necessarily force President Erdoğan into an about-turn in his stance towards the United States and/or the EU.

In our predictions for 2021, we warned that “poly-crises”, meaning traditional and contemporary threats and challenges that evolve simultaneously, would constitute the “new normal” in the Mediterranean's extremely unstable environment. We also noted that Greece needed to be vigilant and institutionally prepared, given the numerous ways in which Turkish revisionism could combine with other potential threats and/or new vulnerabilities in Greek national security, such as transnational organized crime, international terrorism, uncontrolled mass irregular migration, cyber-threats and—above all—environmental problems and the consequences of climate change, or more precisely the climate crisis.

Unfortunately, our prediction that a new type of “poly-crisis” would emerge to confront Greece in 2021 proved all too accurate. Last summer, the country had to deal simultaneously with the pandemic's third wave and a series of catastrophic forest fires the length and breadth of the country, though chiefly in Attica and Evia. Although no lives were lost, the country proved unable to deal with this particular “poly-crisis” adequately and effectively, and according to EFFIS (the European Forest Fire Information System), Greece is now in the number one spot when it comes to the average area burnt per forest fire, ahead of the 14 other Mediterranean nations on the list. The establishment of the Ministry of Climate Crisis and Civil Protection in the aftermath of the catastrophic fires (9 September 2021) marked an attempt to address the institutional deficit in this area, but it remains a stop-gap solution; if Greece is to develop into a “Modern National Security State”, it will need to push through far more radical institutional reforms.

Turkey remains Greece's main security threat

The coming year will bring with it a return to a state of “conflictual normality” in the stand-off between Greece and Turkey.

Neighbouring Turkey will remain the main threat to Greek security in the year ahead. We should bear in mind that the domestic and foreign pressure on Turkey's “one man regime”—pressure which is expected to intensify in 2022—will not necessarily force President Erdoğan into an about-turn in his stance towards the United States and/or the European Union. Nor that he will necessarily adopt a less aggressive and/or more conciliatory stance in the Eastern Mediterranean, either towards Greece or—far more so—Cyprus. For these reasons, although the year is ending with Greek-Turkish tensions at lower and more controlled levels, it is anything but certain that the coming year will bring with it a return to a state of “conflictual normality” in the stand-off between Greece and Turkey.

Keeping the tension between Greece and Turkey at relatively low levels was certainly made easier by the resumption in January 2021 of the “exploratory talks” between Greece and Turkey (which had ceased in 2016) with a view to the two nations delineating their maritime zones. This resumption of contact became possible following the 'decoupling' of the Cyprus issue from the tensions between Greece and Turkey, which allowed the Greek government, in agreement with the Republic of Cyprus, to begin “exploratory talks” with Turkey independently of any resolution to the Cyprus issue.

Shoring up Greek security will be linked to the taking of initiatives which will allow Greece to play a role in shaping the EU's policies vis-à-vis two key threats and/or challenges for which the EU still lacks a clear strategy: dealing with Turkey, and managing the migration challenge.

Will this decoupling continue to be part of Greece's balancing strategy (both "internal" and "external") against Turkey? Moreover, how can Greece's unchanging orientation towards forging strategic alliances with both regional players in the Eastern Mediterranean and important external players, such as France and the United States, serve to bolster its efforts to play a bridging role between Russia and the EU, and/or to promote the issue of EU "strategic autonomy", in which Greece clearly has a vested interest? How can the new German coalition government serve to support Greece's strategy of balancing Turkey, but also the overall 'European' handling of the immigration challenge, which may become a crucial problem for Greece's security once again?

The European framework

In the coming year, shoring up Greek security will be linked to the taking of initiatives which will allow Greece to play a role in shaping the EU's policies vis-à-vis two key threats and/or challenges for which the EU still lacks a clear strategy: dealing with Turkey, and managing the migration challenge. In relation to the former, such Greek initiatives could be linked to the proposal made by the President of the European Council to hold a "Multilateral Conference on the Mediterranean" aimed at delineating maritime zones, and seek to shape both the agenda and the terms of the conference. As for the latter, six years on from the tragic annus horribilis, Turkey continues to hold the keys to managing the migration challenge, while the EU's 'common migration policy' remains limited to protecting its external borders in the light of new and stricter terms. It is here that Greece taking the initiative on behalf of the "front-line states" of the European South, which continue to bear the brunt of the migration challenge, could turn the EU's "Mediterranean component" into a factor for formulating a comprehensive European agenda for migration management. An agenda that will not view the EU's Mediterranean member-states as "Europe's shield", and will not limit itself to supporting them financially and/or through the provision of equipment.

Prospects for South East Europe in 2022

Ioannis Armakolas

In December 2020, we accurately foresaw that the crisis and destabilization trends will intensify in the region, due both to the EU's inability to provide guarantees of an assured European perspective and to the lack of effective diplomatic efforts from Washington.

We expect the new year to bring with it a continuation of the vicious circle of instability and uncertainty resulting from inter-ethnic rivalries, economic hardship, corruption and the absence of political prospects. The Western nations will remain unable to formulate a strategy for exiting the crisis. The influence of Russia, China and Turkey will continue to grow, as will the hegemonic aspirations of regional actors such as Serbia, Hungary and Bulgaria.

In Bosnia-Herzegovina, the multi-level crisis and separatist nationalism of the Bosnian Serbs are escalating dangerously.

Bosnia-Herzegovina

In Bosnia-Herzegovina, the multi-level crisis and separatist nationalism of the Bosnian Serbs are escalating dangerously. Milorad Dodik is pushing for the Serbs' withdrawal from state institutions. His goal is the full institutional and political separation of the Republika Srpska and the creation of a Serbian army, which would allow the Serbian territories to secede when conditions allow. A similar policy in the 1990s led to a war with more than a hundred thousand dead and millions displaced. The dramatic warning made by the High Representative of the International Community that the country is in imminent danger of disintegration, as well as Bosnia's return to the international media spotlight, did not therefore come as a surprise. In recent years, the West's inability to foster ethnic reconciliation and find a functional model of governance has been compounded by Russia's support for the actions of the Bosnian Serb leadership. The coming months will be crucial, as Bosnian Serb separatism must be warded off and a solution to the intractable problem of electoral reform in the run-up to the national elections should be found. The electoral reform question sets the Bosnian Croat leadership against both the Bosniak one and the civic-oriented political forces, and is particularly difficult to resolve since different stakeholders hold diametrically opposed standpoints. Curiously, but indicatively of the EU's questionable role in the country, Brussels are reportedly advocating solutions to the problem that would contradict relevant rulings of the European Court of Human Rights. On top of it all, Hungary's PM Orbán and the Hungarian European Commissioner for Neighbourhood and Enlargement, Oliver Varhelyi, appear increasingly to act in synch over policies towards the Bosnian Serbs.

The political climate does not allow for optimism over the resumption of talks between Belgrade and Pristina with a view to finally settling the Kosovo problem.

Kosovo and Serbia

In Kosovo, the Serb party Srpska Lista is threatening to withdraw from the state institutions and a cross-border dispute over license plates loomed recently—a crisis to which Serbia responded by mobilizing military forces. The political climate does not allow for optimism over the resumption of talks between Belgrade and Pristina with a view to finally settling the Kosovo problem. For now, it seems unlikely that the "circle can be squared", i.e. that an agreement be struck whereby Serbia accepts Kosovo's independence but what it gets in return does not sow the seeds of a future undermining the country's stability and sovereignty (as it would be, for example, the case with creating a Serbian entity similar to the Republika Srpska in Bosnia). In any case, the West does not seem to have ideas as to how this difficult riddle be solved. The third prong of

Serbia's destabilizing influence is Montenegro, where tensions between pro-Western and pro-Serb forces have escalated dangerously in recent months, with the moderately pro-Serb Prime Minister Krivokapić performing a difficult balancing act between the opposing forces in both the ruling coalition and Montenegrin society at large.

In Serbia, President Vučić has consolidated his political hegemony. Democratic institutions are in constant retreat, while real opposition is left in practice to civil society and youth mobilization, like the recent mass demonstrations over the environmentally harmful foreign investments. The nationalist rhetoric is escalating, while Belgrade has embarked on an arms race that is causing concern among its neighbours. Taking advantage of the gap left where the region's guaranteed European perspective used to be, President Vučić has embarked on a successful campaign to bolster Serbia's regional influence, making skilful use of Russia and China's support and joining forces on a pragmatic basis with two nations in the region which are currently calling the liberal democratic model into question: Hungary and Turkey.

It is not unlikely that negotiations for North Macedonia's accession to the EU will not begin in 2022, either, which will most likely lead to the collapse of the SDSM government and a return to power of the nationalist VMRO-DPMNE, with negative consequences for Greece.

North Macedonia and Albania: European appeal lost

In North Macedonia, as we predicted correctly, profound disappointment over the non-opening of accession negotiations, coupled with major failures on the domestic front, dealt a body blow to the Zaev administration. The recent crisis has been resolved for the time being with the formation of a new government under the SDSM, but disappointment remains widespread. This discontent is expected to intensify, since Bulgaria, which has blocked Skopje's European progress, is demanding concessions that hit the core of North Macedonia's very identity. In Sofia, a new reformist government has been formed following a series of electoral showdowns, but a compromise with North Macedonia will be difficult. It is not unlikely that negotiations for North Macedonia's accession to the EU will not begin in 2022, either, which will most likely lead to the collapse of the SDSM government and a return to power of the nationalist VMRO-DPMNE, with negative consequences for Greece.

In Albania, Prime Minister Edi Rama's political dominance will continue, as the opposition Democratic Party is deep in crisis, with its former leader, Sali Berisha, seeking to make a dynamic political comeback. However, he has American diplomacy arraigned against him, including through sanctions against him and his family for corruption. Moreover, Rama's appetite for reform is steadily declining due both to the absence of a credible opposition, and above all to the non-opening of EU accession negotiations for Albania.

Against this backdrop, the EU will continue to lose the "charm" it once had for the nations of the Western Balkans. Indeed, the region is gradually de-engaging from European reforms and exploring alternative "geopolitical options", while the youth and upwardly-mobile are resorting to migration. France, which bears part of the responsibility for the serious blows dealt to the region's European perspective, is taking over the presidency of the Council of the EU shortly before crucial presidential elections in the country. President Macron has announced a Summit on the Western Balkans for the summer, but it is doubtful whether he will accept the need to revitalize enlargement policy. The new government in Berlin wants to continue Merkel's positive political legacy in the Balkans, but it is doubtful whether it has the ideas and tools required to solve, for instance, the stand-off between Sofia and Skopje. Both Europe and Washington are sending out the right political messages, but it is questionable whether they have the vision and appetite required to alter the negative political climate in the Western Balkans.

Crucial issues for Turkey in 2022

Ioannis N. Grigoriadis

It is likely that 2022 will present the Turkish government with various internal and external problems.

Despite the opportunities presented by developments on both domestic and international fronts, the Turkish government held back on calling early elections in 2021. The prevailing view was that the prospects for re-election of Turkish President Recep Tayyip Erdoğan and the ruling Justice and Development Party (AKP) party will have improved by 2023. Moreover, the Turkish government did not repeal the law of 3 March 1924, abolishing the Caliphate. The decision not to do so relates to Turkey scaling back its support for the Muslim Brotherhood, which would form the central pillar of any attempt to revive a quasi-Caliphate on the part of the Turkish government. Efforts to rehabilitate Turkish relations with Saudi Arabia and the United Arab were given priority. On the other hand, the expansion of the activities of the Directorate of Religious Affairs (Diyamet) continued at an intensive pace both within and beyond Turkey, with the establishment of representative bureaus in countries across the Islamic world.

It is likely that 2022 will present the Turkish government with various internal and external problems. Turkish President Recep Tayyip Erdogan's popularity is lower than it has ever been since he came to power in 2002, while opinion polls show the Republican People's Party (CHP) ahead of the ruling AKP for the first time. Attempts by the government to justify paradoxical economic policy choices by reference to Islamic law do not seem to have struck a chord with the ruling party's electoral base, which is seeing its income dwindle at breakneck speed.

Early elections

A number of political and economic analysts predict that the Turkish president will call early presidential and parliamentary elections in the summer of 2022. Should he do so, his decision will be linked both to the difficulties the opposing coalition will have nominating a joint candidate, and to the state of the economy. The positive impact of the interest rate cut on the Turkish economy and inflation will become more pronounced in the latter half of 2022, and it is believed that this will create a "window of opportunity" for early elections. Until then, the Turkish government could take temporary measures to protect people with low incomes and present a fluctuation in the exchange rate for the Turkish lira as a "victory over the speculators". The Turkish president's rhetoric concerning an "economic war of independence" chimes with the centenary of the end of the Greco-Turkish war in August 1922.

Referendum on a New Constitution

As the problems besetting governance become more pronounced, voices in the government camp placing the blame on the 2018 Constitution, which introduced the presidential system, grow ever more numerous. With a view to relieving the political pressure for early elections, but also to shifting the field of political confrontation away from the economy, which has been the government's Achilles heel of late, the Turkish government could set in motion a constitutional referendum intended to introduce a semi-presidential system or restore Turkey's parliamentary system. Such a move could also serve to split the opposition, given that the president of the "Good Party" (İP), Meral Akşener, has repeatedly stated her preference for the parliamentary system and set her political sights on the prime ministership, which would only exist under a new constitution.

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Developments within the Turkish Far Right

The Turkish government could set in motion a constitutional referendum intended to introduce a semi-presidential system or restore Turkey's parliamentary system.

Political and economic developments could lead to a restructuring of the Turkish Far Right and a change in the political equilibria. The decision to back the ruling coalition in exchange for the restitution of its influence within the apparatus of state has left the Nationalist Movement Party (MHP) with historically low levels of support. In contrast, Meral Akşener's "Good Party" seems to be extending its influence into both the Far and Centre Right. In addition, the mayor of Ankara, Mansur Yavaş, remains extremely popular with the Far Right, despite having entered politics with the CHP. That Yavaş is a cause of concern to MHP leaders was made clear when they threatened him for helping to organize a political memorial service for the historic Turkish Far Right leader and founder of the MHP, Alparslan Türkeş, in collaboration with Türkeş family and despite the opposition of the MHP leadership. The changing political balance within the Turkish Far Right will also have a crucial impact on the stability of the ruling coalition.

Reframing relations with China

The changing political balance within the Turkish Far Right will also have a crucial impact on the stability of the ruling coalition.

References to China have increased recently, and the phenomenon is not limited to references to the "Chinese economic model" as a source of inspiration for the Turkish government's controversial economic choices. Rather, the references to China are also linked to the search for strategic alliances in Asia. The notion that the 21st century will prove to be the "Asian century," and that the Western world is in a state of slow decline remains popular inside Turkey's presidential palace circles. However, deepening relations with China presupposes Turkish silence on the brutal violation of the rights of the Uyghur minority, and could risk straining US-Turkish ties further, now that the Biden administration has declared the containment of the Chinese threat a major strategic priority.

Migration: New year, similar challenges

Angeliki Dimitriadi

The COVID-19 pandemic impacted drastically on global migration in 2020–2021. And despite hopes that the change would be temporary, the data thus far indicate that the negative impacts will continue into 2022.

The instrumentalization of migration will continue (Belarus has made that clear) and remain a critical challenge for the EU's asylum and immigration policy.

In the midst of the pandemic, the number of internally displaced people increased, due both to conflicts (Yemen) and to people needing to relocate en masse due to political and economic conditions (Venezuela). The Taliban's return to power also led thousands of people to flee Afghanistan and seek refuge in neighbouring countries. Nevertheless, Europe did not face a significant numerical increase in either asylum applications or irregular arrivals in 2021, compared to previous years. It was, however, presented with a conflict between values and Realpolitik. The so-called instrumentalization of migration, from Morocco (for Spain) and more recently from Belarus on the Polish border, have highlighted a problem that first came to light in 2016 with the EU-Turkey Statement. Assailed by ominous forecasts foreseeing significant migration of African and Asian populations (but ignoring the fact that these movements will be intra-continental) and by extreme rhetoric on immigration, Europe is being exploited by more and more countries that have realized they can blackmail the bloc by 'delivering' migrants to its borders.

Migration forecasts for 2022

There can be no doubt that the instrumentalization of migration will continue (Belarus has made that clear) and remain a critical challenge for the EU's asylum and immigration policy. At the same time, internal and cross-border displacement is expected to increase in 2022. Afghanistan is in the midst of a humanitarian crisis, and forced migration will increase in the region, with some of the migrants heading for Europe. The relocation of 40,000 Afghans to the EU is a positive step, but an isolated one. In Africa, Niger, Mali and Ethiopia will continue to generate displaced persons as well as refugees; inevitably, Libya, and hence Italy, will be affected. Of direct interest to Greece and Cyprus, Lebanon will need fiscal assistance as well as a humanitarian programme for the vulnerable Syrians it is hosting in its territory. The rapid deterioration of the situation in the country will cause secondary refugee movements away from the region.

Greece will face two challenges in relation to immigration in 2022. The first is the integration of the refugee population currently resident in its territory.

Greece

Greece will face two challenges in relation to immigration in 2022. The first is the integration of the refugee population currently resident in its territory. The country has once again been declared unsafe for returns under the Dublin III Regulation by German courts. These are significant decisions and should not be taken lightly. Secondary migration is already an issue for the countries of Central and Northern Europe, which poses questions about Greek immigration policy. The recent National Strategy on the Social Inclusion of asylum seekers and recipients of international protection is a step in the right direction. Despite the important goals set by the Strategy, it remains unclear how these will be achieved. To date, Greece has shown little interest in creating a stable integration mechanism capable of rapidly meeting the needs, and exploiting the opportunities, that arise from the reception of refugees. This is perhaps a final opportunity, and Greece should not let it go to waste.

The second challenge is negotiating the New Pact on Migration and Asylum, which the European Commission continues to promote.

Despite the ongoing crises in our part of the world, the number of asylum applications is not expected to rise more than the EU average.

The second challenge is negotiating the New Pact on Migration and Asylum, which the European Commission continues to promote. Parts of the proposed Pact, including the Greek proposal for 'emergency measures' in times of crisis, already appear to have been adopted by the member states. Yet, little progress has been made towards either substantial legislative reform of the Dublin mechanism or the adoption of permanent solidarity measures. The absence of comprehensive change means that the countries on the EU's external borders will continue to shoulder a large share of the responsibility.

Challenges and opportunities for the EU in 2022

Despite the ongoing crises in our part of the world, the number of asylum applications is not expected to rise more than the EU average. However, Europe continues to operate in "crisis" mode—which lends itself to specific policies but is not supported by the facts. We need a positive model for tackling irregular migration and asylum; this is perhaps the biggest challenge at the European level.

The continuing backsliding in the protection afforded the right to asylum by numerous member states, and the tolerance shown to push backs and extreme measures adopted by member states in dealing with a small number of people who need help, benefits only the EU's populists and nationalists. Fears of a repeat of 2015 suggest that the knowledge and data acquired over the last seven years has not been taken on board by policymakers. The EU needs migrants both low- and high-skilled, but beyond its practical needs, in a world in which the number of countries offering asylum continues to dwindle, Europe is under a moral obligation to maintain its status as a continent that will always permit access to those in need of protection. Failing to do so will weaken the EU both internally and in its relations with third countries.

The European Union in 2022

Loukas Tsoukalis

The next six months will be crucial for the EU. The new government in Berlin will slowly find its feet.

I'll start out with the self-criticism I owe myself for the prophecies I essayed this time last year. I started with September's German elections, predicting like almost everyone else another term for the Christian Democrats, albeit with different partners in the new coalition government and the Social Democrats in opposition. Of course, I had no idea how inadequate the Christian Democrat candidate would be, or how well Scholz, Germany's new chancellor, would perform in his electoral campaign. The Germans voted more for people and less for parties this time round, while the two main popular parties have lost much of their popularity especially among younger voters. So, a fragmented political landscape which necessitates government by coalitions. Fortunately for the Germans, they have a tradition of compromise and consensus—one that doesn't exactly thrive in this part of the world.

The next six months will be crucial for the EU. The new government in Berlin will slowly find its feet. Quite a few of the new ministers have no prior experience in senior government roles and will have to learn the hard way. They are preparing themselves for important and difficult reforms. The document co-drafted by the three coalition partners on what they seek to achieve in office could serve as an object lesson for would-be politicians here in Greece. But who has the time these days for translations and study!

The French factor

A Macron-Scholz pairing could pave the way for major initiatives in Europe.

There will be more elections, notably presidential and parliamentary elections in France this coming April. Fortunately for the EU, the elections in its two most powerful members are taking place a few months apart, thereby reducing the period of political immobility that accompanies them. The polls suggest that Macron has a good chance of being re-elected in the second round. The far right is very strong and extremely dangerous: racism and xenophobia are rife. And the candidate of the centre-right with Gaullist roots is far from enthused by the idea of handing yet more competencies over to Brussels. To date, Macron has been the only European leader in whom gravity and vision have been combined with concrete proposals for the future of the EU. Domestically, he has leant more to the Right than expected, perhaps because the political centre of gravity has also shifted rightwards in France.

A Macron-Scholz pairing could pave the way for major initiatives in Europe. The euro, industrial policy, foreign relations, perhaps even defence could become privileged areas. For Greeks, the reform of the stability pact for fiscal policy constitutes the main priority now that a return to normality is getting closer, Covid permitting. A strong Franco-German pairing that would also include Italy in a broader leadership alliance, at least as long as Draghi remains Prime Minister, would serve as a driving force for the EU.

And don't forget that France takes over the Presidency of the Council on January 1 for six months. The work of the conference on the future of Europe is also expected to end around that time, in a coincidence which is anything but. Judging from its progress to date, we shouldn't expect a great deal from the conference. Which will be a great shame, but that's how things look from here. Still, we don't know what rabbits Macron may still pull out of his hat when he's ready to take delivery of the final report—if he is re-elected.

Negotiations and opportunities

Hungary will also be going to the polls in April. And there is reason to hope we may soon be rid of Orbán.

The green transition of the economy will be at the forefront of developments for many years to come. Extreme weather events are becoming both more frequent and more dangerous, the Greens now hold important government positions in Berlin, and the European Commission is making proposals and pushing for concrete measures. This year's European negotiations will be crucial, and compromise difficult. As for international negotiations, they will, unfortunately, continue to proceed at a snail's pace.

In 2022, large sums will be disbursed from the European recovery program. It will be a great opportunity, particularly for countries with tight fiscal constraints, to press ahead with the digital and green transformation of their economies. If they make good use of the available resources, there may be more in the future. The disbursement of resources is now directly linked to the operation of the rule of law in member-states. The governments of Hungary and Poland have crossed red lines, and the European noose is tightening. Hungary will also be going to the polls in April. And there is reason to hope we may soon be rid of Orbán.

The EU's foreign challenges

The Ukraine front remains open, the risk of a new conflict with wider implications will remain.

In the polarized US political system, treating China as the greatest threat to American interests is one of the few issues on which there is a broad cross-party consensus. And this will continue to pose serious problems for Europe. However, there are no shortage of problems in Europe's immediate vicinity. Relations with Russia are a source of division among member-states. And as long as the Ukraine front remains open, the risk of a new conflict with wider implications will remain. The hawks on both sides do not want to see a negotiated, mutually acceptable solution to the Ukraine issue. As for relations with Turkey, while our neighbour's economy remains in a tailspin with Erdoğan on the back foot, his popularity plummeting, negotiating with Ankara will be anything but an easy prospect.

I wish everyone a happy new year with health and peace.

US and transatlantic relations in 2022

George Pagoulatos

The predictions we made last year proved accurate. President Biden has indeed brought the US back into the international fold, re-established his nation's alliance with its European partners, resumed diplomatic efforts vis-à-vis friends and foes, and made it clear in every possible way that China is now the US's main security and foreign policy priority. We did not foresee the diplomatic acrimony caused by the chaotic withdrawal of the US from Afghanistan and by the AUKUS agreement, but then, in all likelihood, neither did the Americans.

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Biden hit the ground running and set about getting an America derailed by his predecessor back on track. America has returned to the international organizations (UN, WTO, WHO), the Paris Climate Accords (actively present in climate diplomacy), and is trying to revive the 2015 Iran Nuclear Deal (JCPOA), which Trump foolishly cancelled, presenting Iran with an opportunity to rapidly enrich its nuclear arsenal. If the JCPOA revival fails, a hot escalation against Iran in 2022 cannot be ruled out.

China and Russia, strategic priorities

China will remain the US's top national security priority in 2022, with US diplomacy geared towards containment rather than engagement. The Biden administration will be pragmatic in its dealings with Russia, and willing to keep the dialogue open. There are two main reasons for this: first, Europe and Eurasia have been overshadowed as priorities by the Indo-Pacific; and, second, Biden does not want to risk a strategic alignment between China and Russia. In relation to the Ukraine crisis, Russia has shown itself willing to keep tensions high, testing the credibility of the US and the internal cohesion of the EU while also exposing the limits of the Atlantic Alliance. US military intervention has already been ruled out; the most likely response to a Russian escalation remains, in addition to heavy sanctions (such as Russia's exclusion from the international SWIFT payment system), the deployment of NATO troops along Europe's border with Ukraine. But not war.

Euro-Atlantic relations will continue to evolve as a relationship between essentially like-minded, but occasionally dissenting, adults.

Biden's pragmatic politics will be opposed by the extreme Cold War ideology of fanatical Republicans, accusing Biden of supposedly "appeasing" China and Russia. Since Roosevelt's era at least, the Right has stereotypically attacked Democratic presidents for being "soft" towards America's enemies.

US-EU relations: differences remain

Euro-Atlantic relations will continue to evolve as a relationship between essentially like-minded, but occasionally dissenting, adults. Europe's capitals (apart from Budapest and one or two more) will continue to view Biden as an experienced ally and reliable partner. This is far from saying that transatlantic differences have disappeared. The US and the EU will meet again in 2022 as part of formal discussions about China and Russia.

US opposition to a possible duplication of NATO defence structures with EU defence initiatives, promoted in the main by Macron's France, remains a thorn in relations. The EU's "strategic autonomy" agenda, insofar as it includes references to a European Rapid Reaction Force, or still more an "EU army", continues to meet with politely-couched American disapproval. Still, the US is keen to participate in the European Permanent Structured Cooperation (PESCO) scheme, and France will likely withdraw its objections

to this in 2022. The US will continue to repeat the mantra that its European partners should assume a greater burden in collective defence.

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In the commercial sphere, the threat of China is mobilizing Euro-Atlantic cooperation. The inauguration of the US-EU Trade and Technology Council (TTC) was a major development in 2021, and an olive branch proffered in the wake of Trump's trade war. The rivalry is no more, which is a relief for the Europeans, but Biden's policy remains one of protectionism, even if tariffs have been succeeded by quotas. The TTC will continue to operate in 2022, consolidating the decision in favour of cooperation between the US and the EU, despite their differences in certain areas. Issues include the tax on (US) multinational tech companies (GAFA), US opposition to the European Digital Markets Act, the Airbus-Boeing subsidies dispute (a temporary truce), aluminium and steel, the "privacy shield" issue. Differences of opinion over genetically-modified products will not be easy to overcome, and WTO structural issues are expected to remain unresolved in 2022 (the US has repeatedly blocked the appointment of judges to the WTO's Appellate body).

Midterm elections and the state of Democracy

In November 2022, the midterm elections will deprive Democrats of their fragile hold on Congress and further weaken a presidency which will be looking less strong in 2022. Biden's policy will not change direction, but it will become harder to implement and pressured to shift towards the Centre.

The new Summit for Democracy will be held in 2022 with a focus on tackling corruption and kleptocrats who use the US and international financial systems to launder money and evade taxes. America has been much more credible in this area since the Biden-Yellen initiative for a global minimum tax rate of 15% for multinational corporations.

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The revelations about Trump's role in the attempt to undermine the 2020 election result will gain momentum in 2022. But the Trumpian wing remains dominant in the Republican party, and Trump is set to be their next candidate for the presidency, raising huge concerns over the future of democracy in America. And it isn't only Democratic Americans who are watching on anxiously, it's also democratic Europeans. After all, it was Trump who provided the decisive impetus in the case of European strategic autonomy. It is an open secret that the anti-coercion instrument the European Commission presented proudly as a tool for defending against potential pressure from China was actually conceived when the EU found itself unable to respond adequately to Trump's unilateral sanctions.

US-Greece relations: implementation of important agreements

In US-Greece relations, aspects of the important bilateral agreements of 2021, and most significantly the 5-year Mutual Defence Cooperation Agreement (MDCA), will be implemented. Bilateral military cooperation will intensify in 2022, with the participation of US forces in Greek military exercises. The new round of the US-Greece Strategic Dialogue is scheduled to take place in autumn 2022, in Athens. In 2021, another pillar of cooperation was added to the Strategic Dialogue: the preparation of a response to natural disasters, with a focus on forest fires. American companies will be eyeing the large 32 billion Euro investment package from the Recovery and Resilience Facility, which has been earmarked for the digital and green economy. The new US ambassador to Athens will arrive in 2022 to succeed his highly successful predecessor. When exactly depends on his confirmation by the Republicans in the Senate, where a year into the new administration, many official appointments are still awaiting approval...

In US-Greece relations, the important bilateral agreements of 2021 will be implemented.

Economic prospects in 2022: in the world, Europe, and Greece

Manos Matsaganis

The changing geography of vaccinations has rebutted some stereotypes and reinforced others. The alleged North-South gap in cultural beliefs and social attitudes has been turned upside down.

After two difficult years, the international economy seems to be finding its feet again and making up for lost ground. According to the latest estimates by international organizations, the global economy is expected to grow by at least 4.5% in 2022. The European economy, which was hit hardest by the first wave of the pandemic, and by the lockdowns introduced to deal with it, is projected to grow almost as fast.

In this context, the outlook for the Greek economy is modestly optimistic. On the one hand, the pandemic crisis has dealt another severe blow to an economy already weakened by a deep and prolonged recession. On the other hand, the latest evidence reveals remarkable dynamism: European Commission forecasts put the growth rate in 2022 at just over 7% (the second highest rate in the euro area after Ireland).

Whether these favourable forecasts prove correct will depend, among other things, on how political and social actors (in the world, Europe, and Greece) deal with the various threats to the economy.

The threat of the pandemic

The pandemic is one of these threats. According to IMF estimates (October 2021), the percentage of the fully vaccinated as a share of total population was 58% in developed countries, 36% in emerging ones, and just 4% in developing economies. The spread of new mutations is a reminder that the war against the coronavirus will not be won anywhere before it is won everywhere.

The rapid development of effective and safe vaccines has been a triumph for science and a testament to the dynamism and creativity of Western democracies. Within Europe, the changing geography of vaccinations has rebutted some stereotypes and reinforced others. The alleged North-South gap in cultural beliefs and social attitudes has been turned upside down. Portugal and Spain top the vaccination league in Europe (and the world). The campaign to give everyone a jab is proceeding considerably more rapidly and more smoothly in Italy than it is in Germany. Reactions to the restrictions imposed on those who refuse to be vaccinated in order to protect society as a whole have been far more violent in the Netherlands than in Greece.

The geography of vaccinations seems to confirm the political chasm separating East from West.

At the same time, the geography of vaccinations seems to confirm the political chasm separating East from West. In almost all Eastern European countries the share of fully vaccinated citizens is lower than it is in almost all Western European countries. Greece, even though lagging behind other Western European countries in this respect, does better than all Eastern European countries except Lithuania and Latvia.

Meanwhile, the rapid progress made by science in adapting the vaccines to new mutations, and in developing drugs to treat effectively those who have been infected, makes it reasonable to expect that the coronavirus will soon become endemic: not vanish, but gradually fade away — like, for instance, the flu. This will also depend on the maturity of the citizenry. The apparently broad consensus in Greece and elsewhere on measures to nudge those who have not yet had the jab to do so soon is ground for

optimism that the new mutations will be dealt with effectively. The more people get vaccinated, the lower the cost in human lives, and for the economy.

In the medium term, the question is how to achieve the necessary reduction in the debt-to-GDP ratio without fatally undermining the recovery.

Public debt, inflation, and the supply chain

Another legacy of the pandemic is the sharp increase in public debt, to 99% of GDP in the Euro Area as a whole (and to 206% of GDP in Greece). As long as interest rates remain low, debt service will be affordable. In the medium term, the question is how to achieve the necessary reduction in the debt-to-GDP ratio without fatally undermining the recovery. In 2022, fiscal policy will remain expansionary, while EU funds will boost public investment. In the meantime, the resumption of economic activity and the gradual withdrawal of relief measures will bring budget deficits down.

The disruption wrought by the pandemic on global supply chains will slow recovery down in the short term, in proportion to each economy's dependence on imported scarce inputs.

International organizations and most analysts agree that rising inflation in Europe will probably turn out to be temporary, largely caused by hikes in energy costs. If forecasts are confirmed, and if central banks retain their composure (as they seem to be doing), the economic recovery will not be undermined by premature and abrupt changes in monetary policy.

The disruption wrought by the pandemic on global supply chains will slow recovery down in the short term, in proportion to each economy's dependence on imported scarce inputs. For example, the OECD has estimated that delays in supplying the automotive industry with semiconductors (mainly from Taiwan) cost the German economy more than 1.5% of its GDP in 2021.

The new year finds Greece 25% poorer than it was in 2007; by comparison, the European economy has grown by 11% over the same period. To make up for lost ground, Greece needs to play its hand as skillfully as it can. The EU funds flowing into the economy, following the historic decision to launch an ambitious programme to heal the wounds left by the pandemic (and the Euro crisis), to tackle climate change, and to prepare for the digital revolution, are our best cards. The country cannot afford to waste a single euro.

Moving on from Glasgow: challenges ahead for addressing the climate crisis

Emmanuella Doussis

The road to Glasgow was not strewn with roses. As the UN Secretary General stated, the final text of the COP 26 is an important step, but it is not enough. However, all compromises are far from perfect. The Glasgow Climate Pact is better than nothing. In fact, it does provide for positive steps forward.

The European Union went to Glasgow with an ambitious plan: the European Green Deal (EGD), which attempts to protect the climate and address climate risks, setting as a priority to make the EU climate-neutral by 2021.

The legacy of Glasgow

One of them is a bold trust in science. The text recognizes that the 1.5°C goal should now be the norm, and that limiting global warming requires rapid emission reductions this decade. It thus aligns with the latest IPCC report, published in August, which warns of the risks of insufficient preparation and calls on states that have not yet communicated new or updated Nationally Determined Contributions (NDCs) to do so before the next COP in 2022.

Second, the Pact calls for the phasing down of coal and the phasing out of inefficient fossil fuel subsidies, two key issues that have never been explicitly mentioned in climate COP decisions before. Therefore, Glasgow did signal a shift away from fossil fuels and towards clean energy. Parties also managed to finalize the Paris Agreement Rulebook and adopted other substantive outcomes concerning the implementation of the Agreement.

Glasgow advanced the global discussion in other critical areas including sector-specific climate deals (on methane, deforestation, and transports), which could have positive impacts. However, most of these deals are voluntary commitments, and there are no guarantees that governments, investors and corporations will deliver on them. The US-China declaration on enhancing climate action deserves special mention. While its practical details remain unclear, it is still an important step forward, in the light of the chilly relations between the two countries. Together, the two countries account for more than 40% of global emissions, and this declaration sends a clear signal to global markets that they will have to move away from polluting activities.

The success of the EGD depends on national governments' willingness to follow the green path. They should come up with their own decisions tailor made to achieve a common European climate goal.

Two main challenges thus arise: The first is persuading laggards to update their national climate plans, making them more ambitious than earlier versions in order to narrow the global emissions gap to a level compatible with the 1.5°C trajectory. Here, a robust climate diplomacy, including complementary actions such as credible alternatives to coal-powered development, might help to incentivize countries to strengthen their 2030 pledges. The second challenge lies in ensuring the alignment of all financial flows with the goals of the Paris Agreement.

Ambitious plans of the European Union

The European Union (EU), which is the third largest emitter after China and the US, went to Glasgow with an ambitious plan: the European Green Deal (EGD), which attempts to protect the climate and address climate risks, setting as a priority to make the EU climate-neutral by 2021. The EGD also aims to create a sustainable economic model through a series of reforms ranging from the decarbonization of the energy sector to

investment in green transport, and from a circular economy restructuring to a new deal for agriculture.

The process is moving rapidly. A European Climate Law has made the political goal of climate neutrality a legal obligation and set a new target for this decade: reducing emissions to 55% below 1990 levels by 2030. In July, the European Commission launched a package of new legislative proposals under the title 'Fit for 55', which combine the strengthening of existing climate policies with new ones designed to accelerate the necessary reductions and make different EU policies fit with the new targets.

The decisions on decarbonization and the retirement of lignite units, the just transition plan including sound investments for the local societies affected, the spread of Renewable Energy Sources, and the priority given to the green transition in the recovery plan, are all undoubtedly positive developments.

The success of the EGD depends on national governments' willingness to follow the green path. They should come up with their own decisions tailor made to achieve a common European climate goal. On the other hand, its implementation will inevitably impact on geopolitics: it will restructure the EU's relationships with neighbouring oil- and gas-exporting countries and countries which produce raw materials for renewable energy sources; it will also impact on trade and investment patterns through the carbon border adjustment mechanism. Thus, the biggest challenge for the EU is to persuade other countries to follow suit, to create a large coalition dedicated to climate neutrality by mobilizing its partnership networks and enhancing its diplomatic capacity. The bloc should also work with its neighbours and other key partners both to manage the consequences of the EGD and to foster their own transition to climate neutrality, while preventing and reducing climate fragility risks.

Greece in the right direction

Although Greece is not a big contributor to the climate crisis, it is directly affected by it. The Mediterranean is a climate change hotspot, and the situation will become much worse in the years to come, with intense heatwaves and devastating wildfires of the sort we witnessed this summer. It is thus very much in Greece's interest to advocate for robust measures and to support international and regional initiatives; indeed, the country is expected to align its development process with the European Green Deal.

Significant steps have already been taken, and a policy for dealing with the climate crisis has gradually begun to take shape. The decisions on decarbonization and the retirement of lignite units, the just transition plan including sound investments for the local societies affected, the spread of Renewable Energy Sources, and the priority given to the green transition in the recovery plan, are all undoubtedly positive developments. Moreover, a Greek climate law is currently under consultation. Its adoption will help the country to better organize the transition to climate neutrality by focusing on those areas that need more coordination. Certainly, the climate objectives will then need to be translated into effective policy instruments that deliver results, and this will require not only new collaborations between national and local authorities, but also strong stakeholder and citizen engagement. Both need to be better engaged in the process, through open and constructive dialogue that will enable the co-designing of sustainable solutions and the building of more resilient societies. The cost of inaction is far greater than the cost of prevention.