

## PRESS RELEASE

## EU remains economic leader in its neighbourhood – but rivals are catching up

**As the new Geoeconomic Interconnectivity Index (GEOII) shows, the EU should strategically leverage economic relations in its neighbourhood to remain competitive over the long term with China, Russia and the United States. The index measures interconnectivity in the areas of trade, finance and economic policy between the EU and neighbouring countries. The tool was developed by the Bertelsmann Stiftung in cooperation with the Vienna Institute for International Economic Studies (wiiw) and the European Centre for International Political Economy (ECIPE).**

Gütersloh – 25 September 2025. The EU remains the strongest economic power in its neighbourhood – well ahead of China, Russia and the United States. However, its rivals are catching up in key regions. The index measures interconnectivity between 2010 and 2023 – compared to the three major powers China, Russia and the US. It highlights where the European Union has the potential to strengthen its geoeconomic role and where it must be careful not to lose ground. Findings from the index are intended to help fine-tune the EU's neighbourhood strategies.

Following the return of power politics, it has become clear that economic interdependence is not something Europe can take for granted, but a strategic tool capable of ensuring stability and influence. “Europe remains the most important partner in its neighbourhood,” says Daniela Schwarzer, member of the Bertelsmann Stiftung Executive Board. “Since 2001, however, the EU has lost importance, relatively speaking, while China has systematically gained ground. At the same time, the US is withdrawing economically from the region, with the exception of Israel. In Ukraine and Moldova, it has become evident that even close economic ties with the EU will not deter Russia from using military force or hybrid destabilisation tactics. It seems that, for Moscow, even its own decoupling from the EU has not been too high a price to pay. This shows that Europe's economic interconnectivity does not automatically guarantee peace. Yet it should be deployed all the same – more strategically and decisively than ever before.”

### **Eastern Europe: EU strengthens partnerships, Russia resorts to violence**

Since 2014, the EU has significantly deepened its economic relations with its eastern neighbours, especially Ukraine and Moldova. The GEOII shows how diverse the region has become: while some countries are resolutely pursuing EU membership – a course that Russia seeks to punish with intimidation and aggression – others are only partially oriented towards

Brussels or remain closely tied to Moscow. Putin's war of aggression against Ukraine makes it clear that the progress achieved by the EU in terms of integrating economies and economic policy has not resulted in security and stability for these countries.

"The key finding is that although the EU has been able to significantly increase its economic appeal in the region, its geopolitical influence remains limited," says Richard Grieveson, deputy director at the Vienna Institute for International Economic Studies (wiiw). "Russia relies on force, not economic integration – something the EU has scarcely been able to counter."

### **North Africa and the Middle East: China is catching up**

From Algeria to Tunisia, the EU remains the most important trading and investment partner in the South as well. China's influence is growing rapidly, however, primarily through infrastructure projects and high-tech exports, for example to Egypt and Morocco.

"Although the EU is still the leading partner in North Africa and the Middle East, China is rapidly catching up," says Philipp Lamprecht, director at the European Centre for International Political Economy (ECIPE). "The much-vaunted 'Brussels effect' – i.e. the global adoption of European standards – is proving increasingly ineffective in the face of Chinese infrastructure projects and high-tech exports. To remain attractive, the EU must update its trade policy and ensure its norms and standards do not result in additional costs for its partner countries, but create real added value instead."

### **Western Balkans and Turkey: EU leadership under pressure**

The GEOII makes it clear that the EU is still the most important partner by far in the Western Balkans and Turkey. It leads in all of the areas examined: trade, finance and politics. At the same time, external pressure is growing: China is expanding its influence in the Western Balkans through infrastructure projects and investments, while Russia dominates the energy sector in Turkey, where China is gaining ground in high-tech and green technologies.

### **Outlook and recommendations**

The GEOII shows that market power alone does not ensure influence or create cooperative relationships. The EU must strategically leverage the power of its single market and its economic ties to promote stability and partnerships in its neighbourhood, for example by:

- Updating its accession policy and introducing a phased integration process for the Western Balkans
- Modernising its customs union with Turkey
- Expanding the Global Gateway as the EU's own strategic infrastructure initiative
- Strategically leveraging markets, capital and regulations to promote stability and cooperative relations

“Economically, the EU still has a clear lead in the Western Balkans, but if accession continues to be delayed, that lead is not guaranteed,” says Etienne Höra, trade expert at the Bertelsmann Stiftung and co-author of the study. “Turkey shows what can happen instead: accession has long been out of reach for the country and even an updating of the customs union, which could strengthen ties, has been stalled for years.”

The GEOII will be presented at an online launch event on 1 October, 14:00-15:30 CEST, including the main findings and a discussion of the implications for the EU's neighbourhood policy. We invite you to register for the event [at this link](#).

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