

39 EU GLOBAL STRATEGY EXPERT OPINION

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The EU faces three major challenges that are shifting power inside it and weakening it in a more dangerous and complex world.

First, the economic crisis of 2008 sharply altered the distribution of power inside the EU, leaving Germany as a hegemon in economic matters, while the periphery has found itself impoverished and politically polarised. A global economic meltdown was initially avoided by the dynamism of the emerging economies, further diffusing power at the international level and leading to the establishment of the G20.

Second, Russia's opposition to an agreement with Georgia in 2008, and Ukraine in 2014, led to the failure of the EU's Neighbourhood Policy (ENP), the subsequent annexation of Crimea, and to a severe deterioration of relations with Moscow. Engagement with Russia is indispensable to tackle many issues, from Syria to Ukraine and energy security. But how to go about it remains unclear, especially with sanctions in place and a regime that seems increasingly authoritarian and ready to use force at the international level to alter the *status quo*.

Third, the multiple wars going on simultaneously in Syria have potentially serious consequences for Europe. The confrontation between Turkey and the Kurds (inside Turkey and Syria), as well as with Russia, threatens to drive a key NATO member into taking military action. Furthermore, the establishment of the Islamic State of Iraq and the Levant (ISIL) exacerbated the threat of terrorism and the radicalisation of Muslim minorities in Europe.

Dealing with the issue of terrorism poses serious dilemmas in terms of civil liberties and privacy. Most acutely, the wave of asylum seekers that brought more than one million people to Germany in 2015 is a major issue that divides member states, polarises political debate within them, and feeds radical right-wing nationalist sentiments, which consequently threaten the very existence of the Schengen area.

The threats identified by the previous Strategic Review from 2008 remain, and most have become more serious (terrorism, cyber-security, climate change, migration, relations with Russia). Although some have diminished thanks to diplomatic efforts (nuclear proliferation/Iran), new dangerous threats

have also emerged (Libya, Syria, Ukraine, Turkey). The policy prescriptions to deal with them also remain essentially the same: the EU needs to be more coherent, effective, and cohesive, and its alliance with the US remains the cornerstone of its security. More importantly, the EU needs to address the internal challenges that threaten its unity and weaken it internationally.

LAC matters

Despite a certain commonality of values (democracy and human rights cultures) Latin America is a distant region of low priority for the EU and most of its member states. European interests in the region are essentially economic and diplomatic (garnering support in multilateral fora like the UN). It is a rather isolated and relatively peaceful area of the world that poses little dilemmas for the EUGS as such.

Yet, *two threats* can be identified. The most imminent one is the collapse of the Venezuelan economy, due to years of mismanagement and the fall of oil prices, which has led to scarcity, rationing, and the highest inflation rate in the world. The recent victory of the opposition in parliament has produced a divided government, incapable of taking action to prevent further deterioration. A social explosion could ensue, leading to military rule or civil war, mass migration and guerrilla warfare, with unforeseen consequences for neighbouring states – especially Colombia, which is in the middle of a delicate peace process.

Second, in most Latin American countries, public insecurity and organised crime thrive in an environment of acute inequality, fragile rule of law and, now, an unfavourable global economic context. The deterioration of the social fabric through corruption and the consequent delegitimisation of state authorities constitutes a serious challenge to young democracies. This also fosters migration and all sorts of illicit

trade (weapons, drugs, people).

Areas for EU action

Two positive developments in the region are to be supported by the EU: the thaw in relations between Cuba and the US, and the peace process in Colombia.

At the multilateral level, a more constructive approach to the fight against drugs – from prohibition to regulation – due to be discussed at a UN conference in 2016, is already underway and could be enriched by the EU. European support for the ratification and implementation of the multilateral Arms Trade

Treaty (ATT) could be helpful to the region. On climate change, Brazil and Mexico are strategic partners to be further engaged with.

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The EU-LAC bi-regional dialogue has been a relative failure, except in the area of development cooperation, centred on research and education. Its axis, establishing region-to-region agreements, has worked only partially: just one with Central America was signed, while that with MERCOSUR stalled, and the Andean Community disintegrated. Instead, the EU achieved Association Agreements (AA) with individual countries: Mexico, Chile, Peru and Colombia. They now form the Pacific Alliance, a group with which the EU has yet to engage with.

Bilaterally, the EU is most effective when authority is centralised (trade) or coordination among member states *in situ* is close (development cooperation). After its latest review of cooperation policy, the EU has somewhat disengaged from LAC, losing influence. This is not easy to replace with other instruments of public diplomacy.

