The EU in a changing global environment

A more connected, contested and complex world

The mandate

'The European Council invites the High Representative, in close cooperation with the Commission, to assess the impact of changes in the global environment, and to report to the Council in the course of 2015 on the challenges and opportunities arising for the Union, following consultations with the Member States.'

A two-phase process of strategic reflection:

1) Strategic Review

2) Strategy proper

A changing global environment
A more connected world
A more contested world
A more complex world

Challenges and opportunities for the EU
Re-engagement with the Balkans and Turkey
The fraying post-Cold War European order
Upheaval in North Africa and the Middle East
The changing relationship with Africa
The transatlantic partnership at a crossroads
The evolving multilateral system

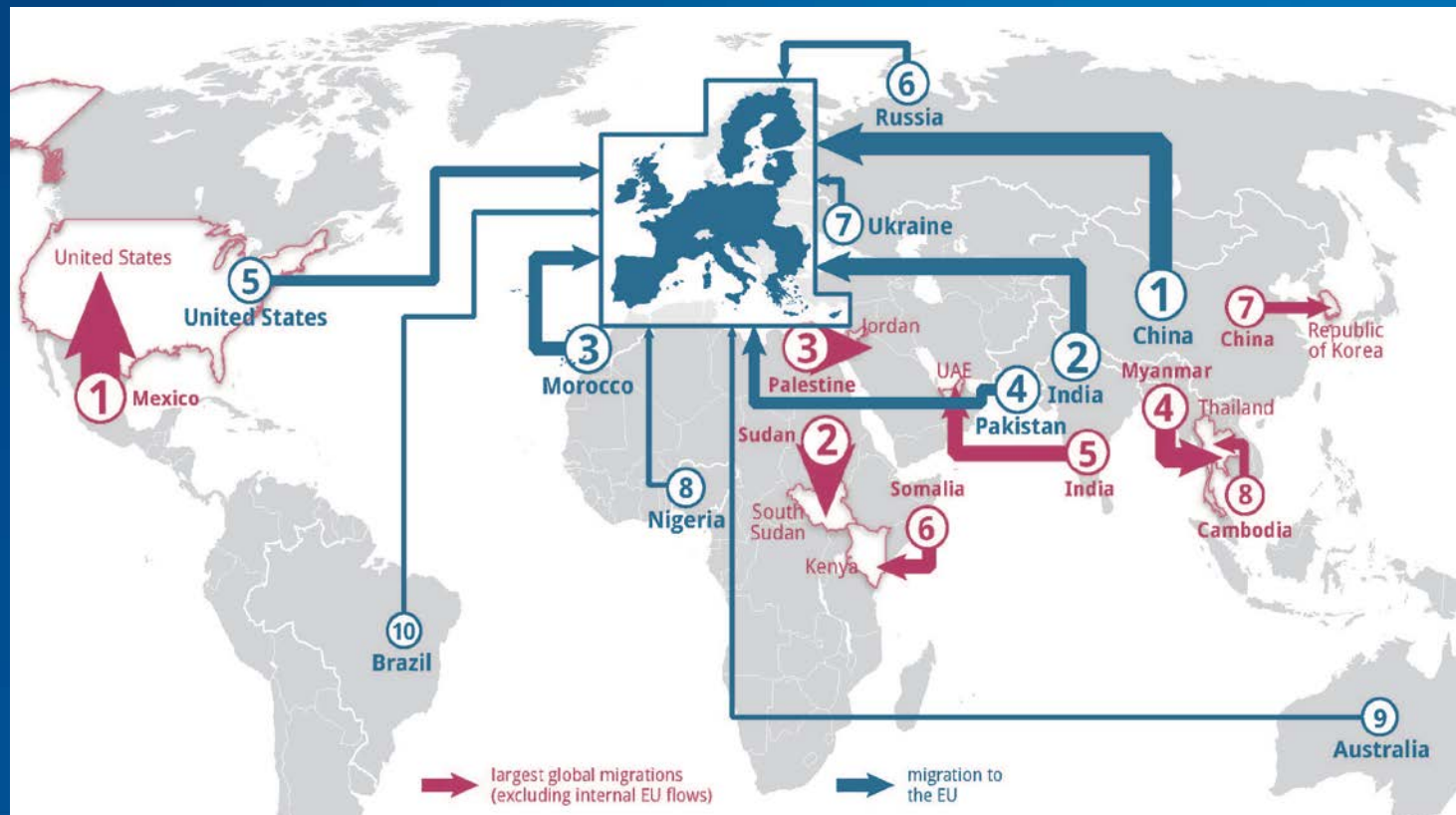# Is the EU equipped for the task(s)?
Direction
Implementation
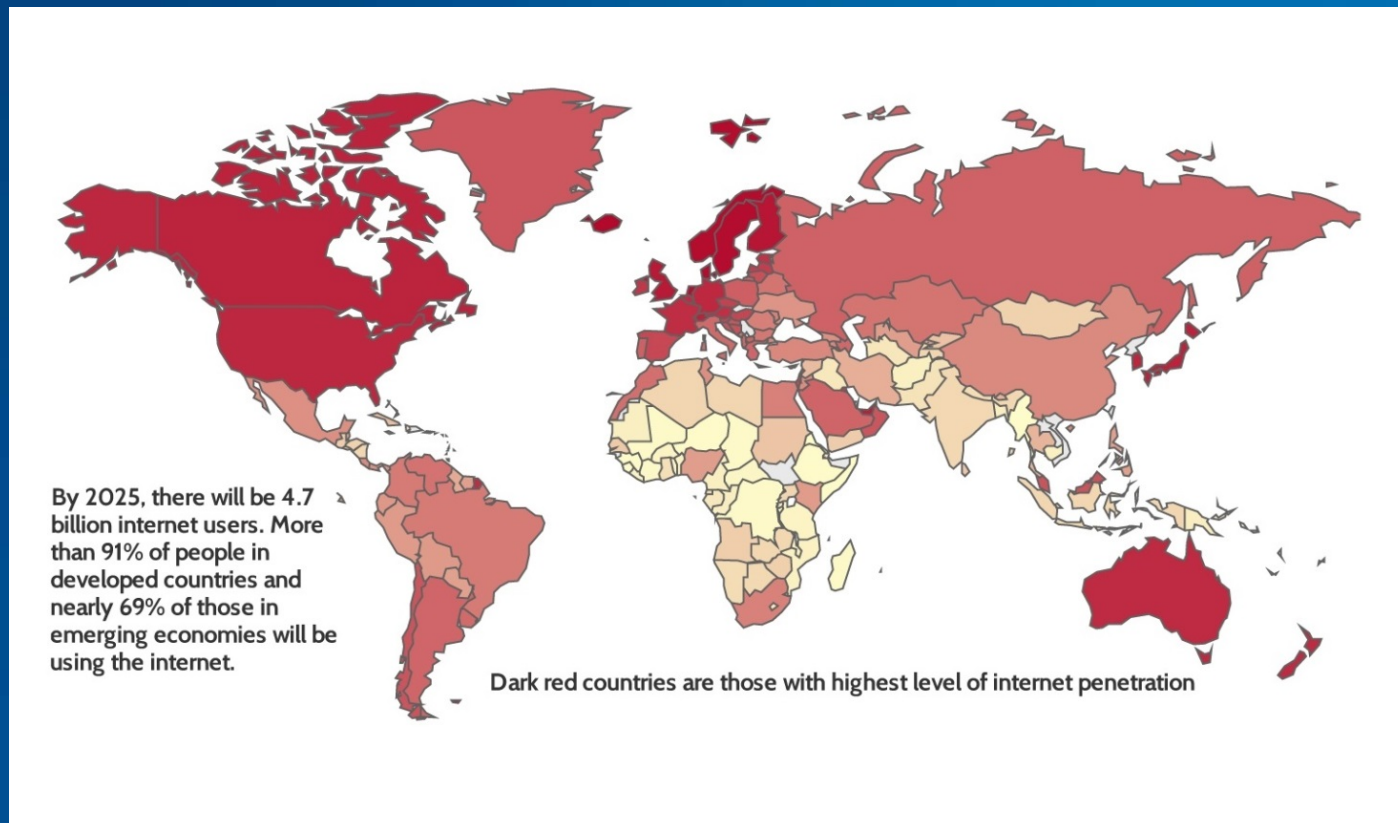**A joined-up approach**

Conclusion

A more connected world

- Unprecedented surge in human mobility: growth in tourism, migration, and exchanges
- Individuals are being empowered to an unprecedented extent: more opportunities and more risks

A more connected world

- Exponential spread of technological webs
- Greater connectivity through the integration of markets
- Europe, too, more connected as highlighted by the eurozone crisis

By 2025, there will be 4.7 billion internet users. More than 91% of people in developed countries and nearly 69% of those in emerging economies will be using the internet.

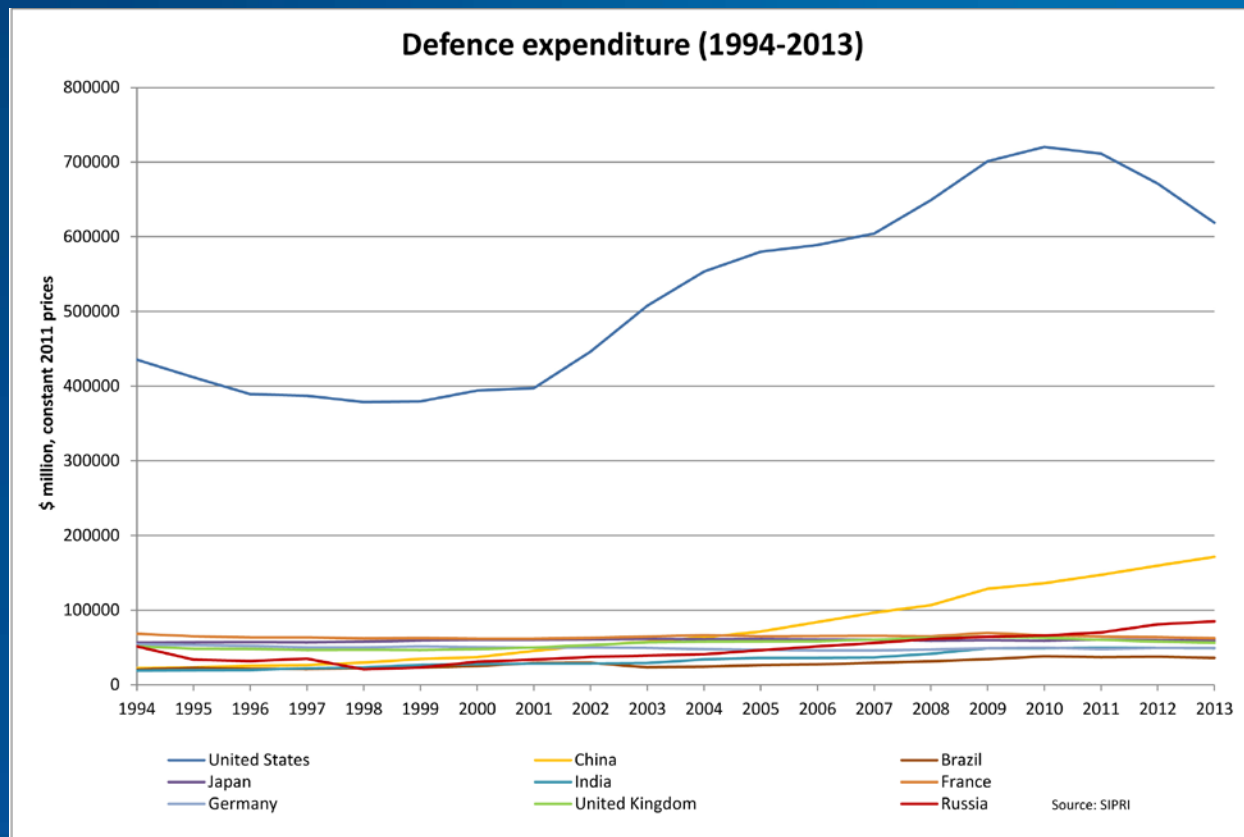Dark red countries are those with highest level of internet penetration

A more contested world

- Fragile states and ungoverned spaces
- Conflicting identities and ideologies
- Global population to reach 9.6 billion by 2050
- Global middle classes on the rise, growing inequality
- Environmental stress and resource scarcity
- Hybrid warfare, cybercrime and cyberterrorism
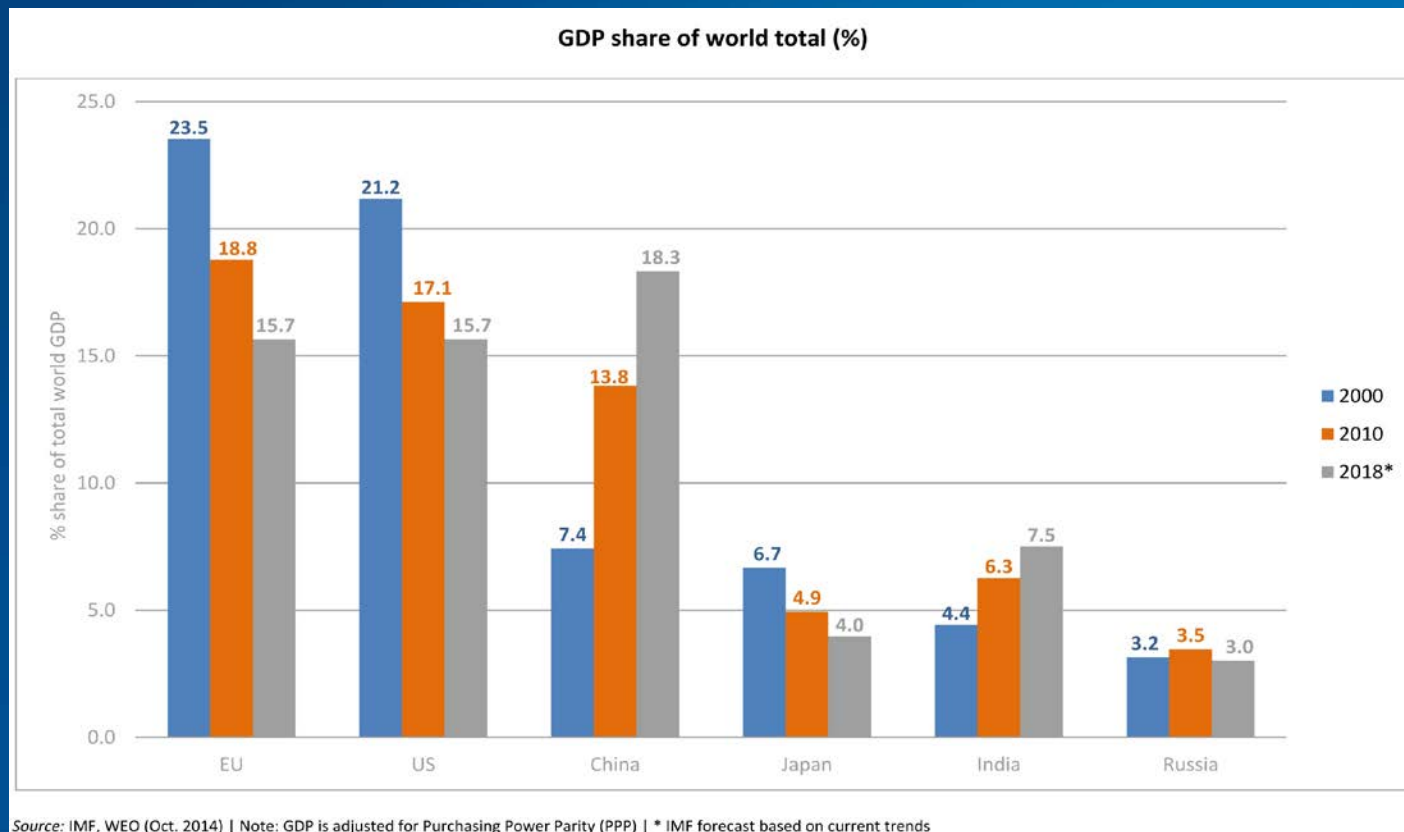- Europe, too, more contested: rise of populism and euro-scepticism

A more complex world

- The US to remain the only country with such levels of global economic, military, technological and financial reach
- Europe's economic weight in the world declining but it still enjoys one of the highest per capita incomes

Defence expenditure (1994-2013)

A more complex world

- Rise of non-Western powers, especially China
- Although no cohesive alternative bloc in sight
- Regional powers on the rise: different power configurations in different regions

GDP share of world total (%)

Source: IMF, WEO (Oct. 2014) | Note: GDP is adjusted for Purchasing Power Parity (PPP) | * IMF forecast based on current trends

A more complex world

Power shifts at global level:

- ➤ between countries and across regions
- ➤ away from states and governments
- ➤ towards markets, media, civil (and less civil) societies and individuals

Shifting centre of gravity of the world economy

A more complex world

- World system no longer bipolar, unipolar or even multipolar
- The very notion of 'polarity' now being called into question

➢ A world of multiple players and layers bound by complex interdependence

Challenges and opportunities for the EU

Re-engagement with the Balkans and Turkey

- Trust in enlargement policy is declining in member states and candidate countries alike

- But no alternative to a credible enlargement policy for the EU in the Balkans and a fair accession process to ensure reforms in Turkey

→ Call for pre-accession policy to become more visible and tangible in order to rekindle positive reform dynamics - lest candidate countries look elsewhere

The fraying post-Cold War European order

- The return of geopolitics in Europe and the hardening of the security environment

- An assertive Russia challenging borders, the resilience of democracies, the security of energy supplies, and the cohesion of the EU

→ Call to forge a truly common foreign and security policy that includes - but is not limited to - an integration policy

Upheaval in North Africa and the Middle East

- The positive human energy unleashed by the 2011 Arab uprisings overtaken by a wave of upheavals in the region

- Large-scale instability, fuelled by structural weaknesses and sectarian pressures – with spillover effects for Europe

  → Call to sharpen tools in the internal-external security nexus and redesign our diplomatic, economic and security instruments – but stability no substitute for sustainability
  Call to rethink the EU's relationship with the partners in the region

The changing relationship with Africa

- Africa today plagued by poverty, food insecurity and conflict

- But also a continent of opportunity with entrepreneurial spirit, agricultural potential and rapid demographic growth

  → Call to develop the right mix in migration, mobility and integration policies, bolster security cooperation with AU, UN and African partners notably in West Africa and the Horn, support education and development, and help tackle climate change

The transatlantic partnership at a crossroads

- Reinvigorating the partnership to avoid a structural transatlantic drift
- The EU sharing values and interests with both North and Latin America

→ The Transatlantic Trade and Investment Partnership (TTIP) as both a free trade & investment agreement and a strategic endeavour. European partners to shoulder more responsibility in their neighbourhood and to increase EU-NATO cooperation and complementarity

The evolving multilateral system

- Traditional multilateralism weakened: higher membership but lower effectiveness

- Deep sense among emerging countries that the post-WW 2 architecture (the UN system and the Bretton Woods institutions) and the post-Cold War system are no longer adequate

- Mini-lateralism and competing initiatives on the rise

  → Call to accommodate new players to preserve and reinforce a rules-based international order, and to provide responsive and tailor-made support for regional integration

Is the EU equipped for the task(s)?

Direction

Areas having undergone strategic adaptation
- **_Counter-terrorism:_** Countering radicalisation and promoting an effective criminal justice approach
- **_Cyber security:_** Making online activities more secure and trusted while putting ICT at the service of development

Areas undergoing strategic adaptation
- **_Development and humanitarian aid:_** Contributing to and aligning with the post-2015 agenda
- **_Energy security and climate change:_** Diversifying sources and routes through partnerships with supplier and transit states
- **_Migration:_** Rethinking long-term goals in light of economic crisis in Europe and upheaval in the MENA

Areas requiring strategic adaptation
- **_Trade:_** striking a better balance between trade and non-trade objectives, multilateral and bilateral approaches
- **_CSDP:_** Rethinking headline goals and operational means in light of past experience and changing nature of conflict

Implementation

Counter-terrorism: Expertise shortfalls, lengthy procedural requirements and difficulties in finding implementing partners. Still insufficiently integrated into funding instruments

Cyber security: Being integrated into funding instruments but coherence between funding lines to be improved

Development and humanitarian aid: More flexibility, adaptability, and outcome (not process) orientation necessary. New donors (with other strings attached) and rising conflict to open up new challenges

Energy security and climate change: Inadequate MS buy-in to external energy policy and obstacles in integrating the neighbourhood into the EU market

Migration: Capabilities being strengthened (FRONTEX, EASO) but still seriously underequipped for the challenges ahead

Trade: New implementation challenges over regulatory convergence – likely to be neither quick nor easy

CSDP: Effective partnerships with UN and AU, but difficulties in force generation and financing. Capabilities shrinking at both EU and member state levels

- The comprehensive approach as an EU 'trademark' should guide EU policy not only in crisis management but across all fields of external action

- New challenges require the various instruments of EU external action to work in synergy

- Greater synergies possible between migration/development/trade, energy/trade, cyber/CSDP/CT, CSDP/development/humanitarian aid

- Since the release of the 2003 ESS, the world has become more dangerous, divided and disorienting

- We face rising challenges with declining resources

- But we also have an opportunity: to build a world that is more cooperative and peaceful

  ➢ Call for a common, comprehensive, and consistent <u>External Strategy</u>