



The European Union in a changing global environment

A more connected, contested and complex world

Executive Summary

Since the 2003 Security Strategy, the EU's strategic environment has changed radically. While much has been achieved over the last decade, today an arc of instability surrounds the Union. Further afield, we see conflicts in Africa and security tensions in Asia, while climate change and scarce natural resources harbour the risk of more conflict. At the same time, global growth, interdependence and technological progress enable ever more people to escape poverty and live longer, healthier and freer lives. The EU must confront both the challenges and the opportunities that come with its changed environment. We have a responsibility to protect our citizens while promoting our interests and universal values. The very nature of our Union – a construct of intertwined polities – gives us a unique advantage to steer the way in a more complex, more connected, but also more contested world.

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1. A Changing Global Environment

A more connected world: Globalisation has been the dominant force shaping our world for the best part of the last century. Today it is giving rise to an unprecedented degree of global connectivity, with a surge in human mobility, compelling us to rethink migration, citizenship, development and health. The exponential spread of webs not only opens opportunities for political participation, it also favours economic and financial crime, terrorism and trafficking. Markets too are increasingly connected, as shown by China's efforts to develop infrastructural ties with Central and Southeast Asia (as well as Europe) or the Trans-Pacific Partnership negotiations. Greater connectivity is a European phenomenon too: the Eurozone crisis has highlighted both the density of interconnections within the Union and the need to tackle the resulting economic problems through deeper integration.

A more contested world: Fragile states and ungoverned spaces are spreading. To the east, the EU's neighbours suffer from economic, political and energy supply fragilities. Across the Mediterranean, the spread of ungoverned spaces has enabled criminals and terrorists to thrive. Further south, instability and violence are the product of poverty, lawlessness, corruption and conflict-ridden electoral politics. More than 50 million people are now displaced. Ideology and identity drive tensions on different continents. In Europe and beyond, new narratives challenge the open society model. In the Middle East, identity politics fuels old and new cleavages. Demographic trends and growing inequalities also threaten more conflict, despite the emergence of a global middle class. Climate change and resource scarcity drive conflicts across Asia, the Middle East and Africa. Finally, technological progress is changing the nature of conflict, revolutionising the defence industry while generating new threats. The EU too is more contested, as internal forces increasingly challenge the European project. Yet a more contested Union can also spur decision-makers to better connect foreign policy with citizens' expectations and inject fresh momentum in the European debate.

A more complex world: We live in an age of global power shifts and power diffusion. In the years to come, the United States will still enjoy a comprehensive global reach, and the EU is set to retain one of the highest per capita incomes in the world. Still, the age of dominance by any single country is over. Prime amongst the 'new' powers is China. Across all continents, emerging powers are rising in global rankings, but they are unlikely to form a single and cohesive bloc. Moreover, different regions display different configurations of power, while globally power is diffusing beyond the nation state towards a network of state, non-state, inter-state and transnational actors. Traditional multilateralism is losing steam as emerging countries want to reform the post-World War II architecture – yet opposing existing global governance mechanisms has been easier than creating new ones.

2. Challenges and Opportunities for the EU

In the emerging global environment, the EU faces five broad sets of challenges and opportunities.

European Neighbours: The EU needs to continue to support reform in the Western Balkans, Turkey and the Eastern partners through integration and association policies, respectively. We also need to develop foreign policies that engage Turkey on issues of common interest; that strengthen the statehood of our Eastern partners; that respond firmly to destabilising actions on our borders, while also engaging Russia to restore a sustainable European security architecture and address global challenges.

North Africa and the Middle East: The EU needs to tackle the immediate challenges in its South by sharpening its tools in the internal-external security nexus and addressing immediate humanitarian crises. We also need to respond to old and new conflicts and help address the root causes of resentment through tailor-made responses.

Africa: The EU can help unlock Africa's potential by developing the right mix of migration and mobility policies; by bolstering security cooperation with the United Nations, the African Union and other African partners; and by bridging fair trade and economic integration objectives.

Atlantic Partnerships: The EU needs to continue investing in a strong and sound privileged relationship across the Atlantic through closer cooperation between the EU and NATO and through the Transatlantic Trade and Investment Partnership. At the same time, we need to deepen relations with Latin America and the Caribbean through bilateral partnerships and inter-regional arrangements.

Asia: The EU can offer consistent but also customised support to regional cooperation efforts in Asia. We also need to foster a rules-based approach to conflict management and respond to the opportunity presented by various developments in Asian connectivity.

3. Implications

The EU needs to tackle the challenges and seize the opportunities which the global environment presents. An effective response depends on the Union's ability to make choices and prioritise areas where it is willing and able to make a difference. It also depends on whether the EU's external action instruments are fit for purpose. Five key issues need to be addressed in this context:

Direction: In recent years the EU has started updating the direction of its external engagement: in several areas, however, adaptations are necessary. In the Common Foreign and Security Policy, the EU has lost salience and momentum in a few areas – for instance, the 'strategic partnerships'. In disarmament and arms control, the EU's approach, conceived in a post-Cold War environment, needs to respond to 21st century realities. Similarly, in the Common Security and Defence Policy, although the December 2013 European Council

underlined that 'defence matters', the current level of ambition and capability targets are not tailored to the degraded strategic environment. Humanitarian assistance also needs to adapt to humanitarian crises becoming the 'new normal', with ever growing needs. Enlargement is a policy whose sense of direction is openly contested. At the same time, there is no credible alternative to EU enlargement in the Balkans, and a fair accession process remains the most promising channel to support reforms in all candidate countries. In trade policy, the EU still needs to find effective ways to manage tensions that may arise between trade and non-trade objectives. And cyber and counter-terrorism policies need to find a sustainable balance between freedom and security, while remaining committed to both.

Flexibility: As the largest global combined donor, the EU is a leader in development cooperation and humanitarian assistance. But insufficient flexibility reduces the effectiveness of aid on the ground. Likewise, in counter-terrorism, implementation is hampered by heavy procedural requirements.

Leverage: In trade and development policy, the EU potentially wields significant power. Yet, the EU's declining economic dynamism, the high demands it makes on its trading partners, and what it is willing to offer may be hampering its leverage. Likewise, sanctions hinge on economic strength and the extent to which the EU can embed its efforts within a wider multilateral framework. Leverage is a challenge also within the European Neighbourhood Policy, particularly when it comes to neighbours that have little interest in endorsing EU standards.

Coordination: In diplomacy, a number of initiatives by various groups of Member States have complemented efforts made within CFSP: if well-coordinated, these can make our collective action more effective. In development policy, greater coordination with Member States' own policies will increase impact, but in this as well as other policy areas better implementation requires overcoming the fragmentation of financial instruments both across Commission services and between the EU and the Member States. In the cyber domain, Member State buy-into a common EU approach is still limited, and coordination both among EU institutions and across the public-private divide is insufficient. Unlike in climate policy, in external energy policy the EU is too often unable to speak and act with one voice, thus facilitating divide-and-rule efforts by some supplier countries.

Capabilities: In the field of migration, mobility partnerships and visa facilitation remain underexploited. In light of mounting migration challenges, the EU's capabilities need to be strengthened by assigning additional resources to its Agencies and by integrating the external and internal dimensions of migration management, as well as by tackling the root causes of the phenomenon in the long-term. In security and defence, CSDP has developed from scratch since 2000 and its modus operandi in partnership with international and regional organisations works well. Yet it still faces difficulties in force generation and access to early and common financing, enablers, intelligence and logistics. The Battle Groups have never been deployed and the Lisbon Treaty's Article 44 has never been implemented. Defence budgets have been slashed in an uncoordinated and uneven manner, with spending on R&T taking the greatest toll. While the EU is not a military alliance, it cannot ignore the 'D' in its CSDP.

The case for joined up EU external action

CSDP pioneered the "comprehensive approach", more relevant today than a decade ago. A joined-up approach is now needed not only in external conflicts and crises, but in all aspects of the EU's role in the world. This puts a premium on various actors and instruments of EU external action coming together to work in synergy. Vertical and horizontal silos hamper the EU's potential global role. And in a world of mounting challenges and opportunities this is a luxury we cannot afford.

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