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From: General Secretariat of the Council
To: Delegations
Subject: The EU in a Changing Global Environment - a more connected, contested and complex world

Delegations will find at annex a background paper, prepared by the EEAS with a view to supporting discussions amongst Ministers at the joint meeting of the Foreign Affairs Council/Defence Ministers on 18 May 2015
The EU in a Changing Global Environment

A more connected, contested and complex world

Extended 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 EU. 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. In confronting a world of disorder and opportunity, two things are clear. First, global trends are neither linear nor preordained, but often the product of unexpected shocks and human choices. This increases the uncertainty that lies ahead, but also the role of agency – including that of the EU – in moving forward. Second, the EU does not have the luxury of turning inwards. We have a responsibility to protect our citizens, defend our interests and promote our values at home and in the wider world.

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.

- Global connectivity is changing the meaning of borders. The surge in human mobility compels us rethink migration, citizenship, development and health. Migration along south-south – and to a lesser extent south-north – routes is accelerating as a result of conflict, economic disparity, demography and climate change. Extremist groups, too, exploit the opportunities arising from porous borders. With greater human mobility also comes the spread of global pandemics.
We see an exponential surge and spread of webs. Communication technologies have already had profound political impact, mobilising millions in Tahrir and Maidan. They also create new opportunities for economic and financial crime, as well as for jihadists, hacktivists and traffickers - of arms, drugs and human beings.

Markets too are increasingly connected. Examples include China’s efforts to develop infrastructural and other ties with Central and Southeast Asia as well as Europe, or the Trans Pacific Partnership negotiation.

Europe too is more connected than in the past. The EU expanded from fifteen to twenty-eight Member States and the Lisbon Treaty has generated new opportunities for better integrating our security and defence policies with our broader external relations policies. 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. All this has also foreign policy implications. The Eurozone crisis temporarily tarnished the EU’s reputation in the world, but the European way of life continues to be a major source of attraction. Efforts to build an energy union will help rebalance ties with major suppliers. New trade agreements have deepened economic and political ties with key partners. Defence cooperation between Member States can generate positive spill-overs on CSDP, NATO as well as on EU partnerships with the UN, NATO and other regional organisations.

A more contested world: through greater vulnerabilities and fragmented identities, a more connected world is also giving rise to growing contestation.

- Fragile states and ungoverned spaces are spreading. To the east, the EU’s neighbours suffer from economic, political and energy fragilities. Across the Mediterranean, the spread of ungoverned spaces has enabled criminals, extremists and terrorists to thrive. Further south, instability and violence are the product of underdevelopment, lawlessness, corruption and conflict-ridden electoral politics - with more than 50 million people displaced.

- Ideology and identity drive tensions on different continents. In Europe and beyond, there is growing contestation to the open society model cherished by the EU. In the Middle East, identity politics fuels old and new conflicts: from the Israeli-Palestinian conflict to the rivalry between Saudi Arabia and Iran, and the crisis within the Sunni world.
• *Demographic trends* threaten to increase the risk of conflict. More than half of the world’s population growth will come from Africa, yet Africa’s GDP will remain five times lower than China’s. The global middle class is growing apace. But so too are inequalities, triggering social discontent and conflict.

• *Climate change and resource scarcity* also drive conflicts. Climate-induced floods, droughts, and desertification have triggered migration and war from Darfur to Mali. Food and water scarcity have generated tensions across Asia, the Middle East and Africa. Rising temperatures accelerate the melting of glaciers, with potentially devastating consequences for coastal regions. At the same time, climate change brings access to new resources – for instance in the Arctic – that need to be managed collectively.

• *Technological progress* is changing the nature of conflict. Big data, cloud computing and dual use technology are revolutionising the defence industry. But technological progress has also brought new threats, from cybercrime to hybrid destabilisation and the use of communication technology by terrorist groups.

• *Europe* too is more contested, as growing forces in Europe criticise, and at times oppose, the European project. Yet a more contested Europe can also spur decision-makers to better connect foreign policy with citizens’ expectations and inject momentum in the European debate through generational change.

**A more complex world:** we live in an age of global power shifts and diffusion.

• In the years to come, the US will still enjoy a comprehensive global reach. The EU will continue to enjoy 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, whose GDP is expected to represent 20 percent of the world’s total by 2030. Next comes India, set to account for 16 percent. Brazil, Mexico, Indonesia, South Korea, Nigeria, South Africa and Turkey are all likely to rise in global power rankings.
But rising powers are unlikely to form a cohesive alternative bloc: they lack a common system of values or interests to glue them into a unified force. Moreover, different regions display different configurations of power. Adding to the complexity is the shift from a world of nation-states to a networked globe of state, non-state, inter-state and transnational actors. The world is no longer bipolar, unipolar or even multipolar: the very notion of “polarity” is questioned.

The global power shift and diffusion is taking place in parallel with a weakening of traditional multilateralism. Emerging countries want to reform the post-World War 2 architecture so their voice carries greater weight. The G20 has emerged as a major informal forum, more reflective of global power realignments. But while it played a key role in short-term crisis management during the financial crisis, it has so far failed to tackle structural global challenges.

2. Challenges and Opportunities for the EU
In the emerging global environment, the EU faces six broad sets of challenges and opportunities.

- **The Western Balkans and Turkey**: How can the EU continue supporting reform in the Western Balkans and Turkey while engaging on issues of common interest?
- **The Eastern partnership and Russia**: How can the EU continue supporting reforms in the eastern partners, while also forging a genuine common foreign and security policy that includes – but is not limited to – an integration or association policy? How can the EU prevent new dividing lines by combining a firm response to destabilising actions on our borders with engagement with Russia aimed at restoring a sustainable European security architecture and seeking solutions to global issues of common interest?
- **Upheaval in North Africa and the Middle East**: How can the EU tackle the immediate crises in the south by sharpening its tools in the internal-external security nexus, while also addressing the old conflicts and root causes of resentment through tailor-made responses?
- **A redefined relationship with Africa:** How can the EU help unlock Africa’s potential by developing the right mix of migration and mobility policies; by bolstering security cooperation with the UN, the AU and other African partners; and by bridging fair trade and economic integration objectives?

- **Reviving partnerships across the Atlantic:** How can the EU build a stronger and sounder privileged relationship across the Atlantic through closer EU-NATO cooperation and the Transatlantic Trade and Investment Partnership, and at the same time deepen relations with Latin America and the Caribbean through bilateral partnerships and inter-regional arrangements?

- **A rounded approach to Asia:** How can the EU offer consistent but also customised support to regional cooperation efforts in Asia, as well as foster a rules-based approach to conflict management and respond to the opportunity presented by the various Asian connectivity moves?

3 **Implications**

The EU needs to tackle the challenges and seize the opportunities which the global environment presents. Forging 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.

**Direction:** In some areas the EU has already started to update and streamline the direction of its external engagement, but much more remains to be done.

- In *conflict prevention*, the EU has taken steps through an Early Warning System, conflict analysis methodology, and mediation support.
- In *cyber* policies through the EU Cyber Security Strategy, although the balance and tension between security and civil liberties remains an issue that warrants constant reflection.
In climate policy, the EU emissions trading system has become a cornerstone in the effort to combat climate change and reduce industrial greenhouse gasses, while in energy policy the Energy Security Strategy and the proposed Energy Union chart the way ahead. To enhance external energy security, the EU aims to diversify energy routes and sources through partnerships with a wide range of supply and transit states.

In counter-terrorism, the EU aims to counter radicalisation through a counter-narrative based on the its values of diversity and mutual respect. The EU also promotes a criminal justice approach aimed at strengthening the capacities of partner countries in full respect of human rights.

In development cooperation, the Agenda for Change emphasises rights, democracy and governance along with sustainability and growth. It shifted attention from funding inputs to development outputs. Attention is now focused on shaping a post-2015 agenda that aims at eradicating extreme poverty in all its dimensions by 2030.

In migration policy, a collective rethink is on course in order to save lives and cope with mounting migration pressures through increased solidarity, intelligence sharing and partnerships with transit and origin countries, as well as with the international community.

A review of the European Neighbourhood Policy is now underway. Geographically, we are confronted with major differences both between and within the eastern and southern neighbourhoods, as well as with the inter-linkages between the EU’s immediate neighbours and their adjacent regions. Conceptually, the ENP was based on the notion of “enlargement lite”, the relevance and effectiveness of which are now called into question.

Humanitarian assistance is yet to adapt to humanitarian crises becoming the “new normal” and offer a more effective bridge from short-term emergency aid to longer-term development.
• *Disarmament and arms control* efforts must be adapted to reflect and effectively respond to 21st century realities, including the predominant use of conventional weapons by terrorists and criminals, as well as by rebel forces, militias and other non-state actors.

• Trust in *enlargement* hinges on the credibility of the process both in the EU and in candidate countries.

• *Trade* policy has long been recognised as an engine for growth and jobs, as well as a tool to promote other foreign policy goals. But greater coherence is necessary between trade and non-trade objectives. The balance between multilateral, regional and bilateral trade agreements is also changing, requiring careful reflection.

• The *CFSP* remains a tested framework for our collective external action. In areas such as human rights and democracy, the sense of direction is clear and crystallised in the Strategic Framework on Human Rights and Democracy. Efforts are underway to strengthen the EU’s economic and cultural diplomacy. Other areas, such as the “strategic partnerships”, require a sharper definition of how to maximise EU influence.

• In *CSDP* the intuition of making the “comprehensive approach” a trade-mark was prescient. At the same time, the policy and its instruments need to adapt to the deteriorating security environment.

**Implementation:** There are four main implementation challenges related, respectively, to flexibility, leverage, coordination and capabilities.

• *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, transport as well as in development policy, the EU wields significant power in principle. But in practice, development policy struggles to make real change on the ground. In trade, Europe’s relative economic decline plus the high demands we make on our trading partners hamper the Union’s leverage. Likewise, sanctions hinge on the EU’s economic strength and the extent to which it can embed its efforts within a wider multilateral framework. Leverage is a challenge also within the ENP, particularly when it comes to neighbours that have little interest in moving closer to the EU.

• **Coordination:** In diplomacy, a number of initiatives by various groups of member states have complemented efforts made within the CFSP: if well-coordinated, these can make our collective action more effective. Unlike in climate policy where the EU stands united and plays a global role, in the energy field, internal fragmentation makes the Union a target of divide-and-rule efforts by some supplier countries, with a negative effect on the EU’s collective energy security. In the cyber domain, there is still insufficient effort to coordinate effectively between member states and across the public-private divide. In non-proliferation, effective implementation requires overcoming the fragmentation of financial instruments both across Commission services and between the EU and Member States.

• **Capabilities:** In the field of migration, efforts are underway to equip EU instruments to deal with the accelerating flows of migrants and refugees. 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, the EU cannot ignore the “D” in its CSDP
The case for joined up EU external action
CSDP pioneered the comprehensive approach, which is more relevant today than a decade ago. A joined-up approach is now needed not only in conflict theatres, but in all aspects of the EU’s role in the world. This puts a premium on various actors/instruments of EU external action working in synergy.