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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A more connected, contested and complex world

We used to think that Europe had 'never been so prosperous, so secure nor so free'. With much of the previous century having been marred by turmoil on the continent and in the wider world, the turn of the millennium was indeed a high-water mark. Much has been achieved since 2003: the EU has integrated 13 new members, fostered stability in the Western Balkans, and contributed to peacebuilding in Africa and elsewhere. Yet the overriding perception now is that Europe's prosperity has been hit by economic crises, and that its security and freedoms are openly under threat.

Today the EU is surrounded by an arc of instability. To the east, basic tenets of international law, such as the inviolability of borders, are no longer respected. In the Middle East, the unravelling of a century-old regional order has unleashed war and human suffering. As states collapse and regional powers collide, terrorists spread fear and destruction throughout the region, connecting to networks in Africa and on European soil. Further afield, we see global and regional players jostling for influence in Asia, while climate change and an increased competition for scarce natural resources risk generating further conflict in many parts of the world.

At the same time, global growth, interdependence, connectivity and technological progress are enabling ever more people to escape poverty and live longer, healthier and freer lives. Growing numbers of citizens around the world aspire to a way of life based on democratic institutions, human rights and the rule of law. Indeed, while there has been a remarkable diffusion of international human rights norms and mechanisms in recent decades, the protection of human rights has not been implemented across the board. A more connected world brings such paradoxes to the fore.

When faced with this world of disorder and of opportunity, two things are clear. First, global trends are neither linear nor preordained, but often the product of shocks and human choices. This highlights the uncertainty that lies ahead, but also the role of agency – including that of the EU – in moving forward. We may not fully know our future, but we can shape it. Second, the European Union does not have the luxury of turning inwards. We have a responsibility to protect our citizens, while promoting our interests and universal values.

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It is a responsibility dictated by history and an interest dictated by geography. The very nature of the EU as a construct of intertwined polities gives us a unique advantage to help steer the way in a more complex, more connected but also more contested world.

1. A CHANGING GLOBAL ENVIRONMENT

1.1 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 connectivity. Global connectivity is changing the meaning of borders. A surge in human mobility – from tourists to terrorists, from students to refugees – compels us to change how we think about migration, citizenship, health and development. Global tourism is expected to approach 2 billion by 2030. Migration along south-south – and to a lesser extent south-north – routes is accelerating as a result of conflict, repression, economic disparity, demographic imbalances and climate change. Extremists, too, exploit the opportunities arising from porous borders: the numbers of 'foreign terrorist fighters' estimated to have travelled to Syria and Iraq far exceed those that had waged jihad in Afghanistan, Iraq or Somalia in the past. With greater mobility also comes the risk of greater spread of pandemics. The Ebola outbreak is the latest, but surely not the last, manifestation.

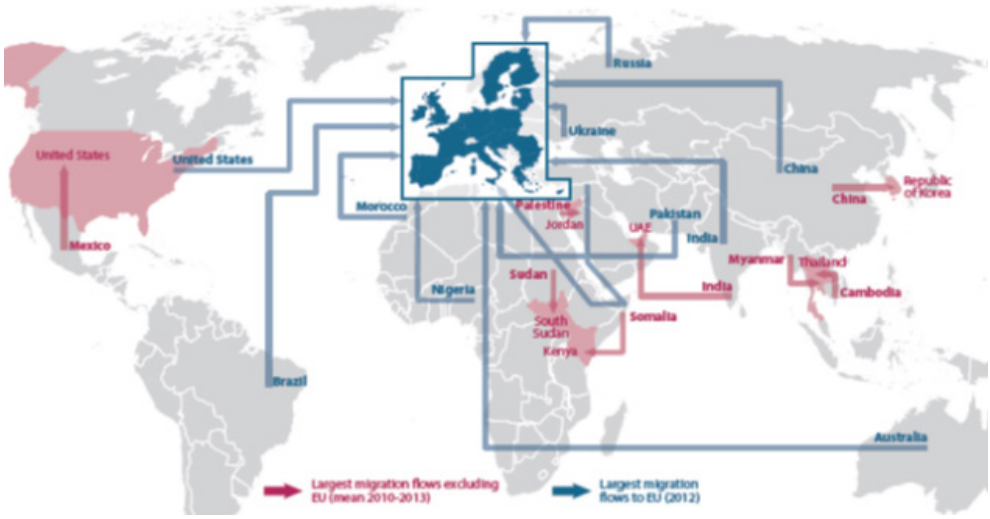

Figure 1:
Global migration flows

Source:
EUISS (from Eurostat data; IOM World Migration Report 2013)

A more connected world also comes as a result of the exponential surge and spread of webs. By 2030, Internet users are expected to near 5 billion. By then, 80% of the world's population will have mobile connectivity and 60% will enjoy broadband access. Big data, data mining, cloud computing and the Internet of Things will shape the pace and contours of how we live, work and consume. The digital age offers tremendous benefits to billions of people in terms of wealth, knowledge and freedom. As such, the security and stability of the net, as well as the integrity of data flows, is of growing importance to our economies and our societies. Communication technologies have already had profound political impact, mobilising millions in Tahrir and Maidan. The fight to protect the freedom of and on the net is thus becoming increasingly critical for the protection and promotion of human rights throughout the world. However, technology also creates new vulnerabilities, including opportunities for jihadists and traffickers of arms, drugs and human beings, as well as for public and private actors to engage in counterfeiting and financial and economic crime. Globalisation empowers individuals – for good or ill.

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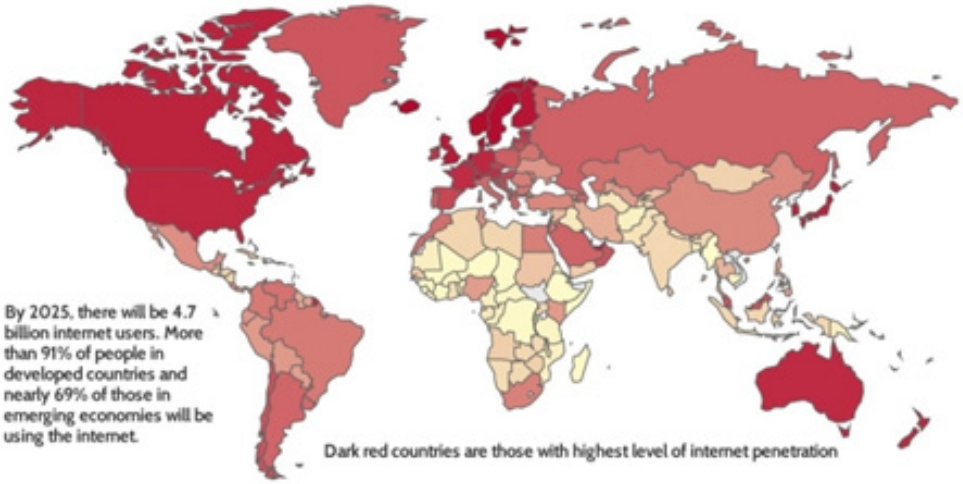

Figure 2:
Percentage of individuals using the Internet

Source:
International Telecommunication Union data, 2013

Markets too are increasingly connected. Geo-economics – the global competition for access to markets and resources – has become a key driver of international relations. Examples include China's efforts to develop infrastructural ties with Central and Southeast Asia as well as Europe, the growth of regional and sub-regional groupings in East Asia and sub-Saharan Africa, or the Trans-Pacific Partnership negotiations. A rising Asia is now the most dynamic element of the global economy. At the same time, we face an 'Asian paradox': while the region's economy is buoyed by integration and sense of optimism, strategic competition among regional powers is feeding concern about a fragmented security environment. Similar paradoxes also exist in other parts of the world.

If the world is more connected than at any point in the past, the same is true for the European Union. The EU has expanded from 15 to 28 Member States, and the Lisbon Treaty has generated opportunities to better integrate EU security and defence policies with external relations policies. The Eurozone crisis has highlighted the interconnections and asymmetries within the Union, and demonstrated that the crisis could only be addressed through greater integration. The last five years have seen steps forward in economic governance which were previously unthinkable. At the same time, the EU is moving towards building an Energy Union to tackle fragmented energy markets through more effective coordination of energy policies and new investments in critical infrastructure. Likewise, the EU is making progress in creating a digital single market, and deepening integration and investment in R&D.

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These developments have profound implications for the Union's foreign policy. The Eurozone crisis temporarily tarnished the EU's international reputation, and took a toll on its self-confidence and openness to the outside world. Europeans have since been concerned with jobs and growth, while developing less of an appetite for expensive endeavours abroad. At the same time, steps forward in economic governance are putting the crisis behind us, and the European way of life continues to attract tourists, businesses, students and migrants. Efforts to build an Energy Union will help rebalance relations with Russia, the Caucasus and the Middle East. The political economy of defence, coupled with security crises beyond the EU's borders, could lead to deeper cooperation between Member States, and thereby boost the Common Security and Defence Policy (CSDP). This, in turn, would help bolster partnerships with the UN, NATO and regional organisations.

1.2 A more contested world

We used to think that greater interdependence would automatically bring about peace and prevent war. Now we know that while a more connected world is full of opportunities, it is also putting the nation state under unprecedented strain. By generating vulnerabilities and fragmented identities, this is giving rise to tensions and, at times, leading to more conflict. It is becoming a more dangerous world.

Fragile states and ungoverned spaces are becoming more widespread. Nowhere is this clearer than closest to home. To the east, our neighbours suffer from economic, political and energy-related vulnerabilities. Russia has actively destabilised some of them by undermining their freedom, sovereignty and security. Beyond the imperative of fostering democracy, human rights (including the rights of minorities) and good governance, the conflict over Ukraine underlines the need to bolster the statehood prerogatives of our neighbours. These include recognised and protected borders, a sustainable fiscal capacity, as well as functioning customs services and police and military forces. What is at stake is peace on our continent.

Across the Mediterranean, the spread of ungoverned spaces from Libya to Syria and Iraq has enabled criminals, extremists and terrorists to thrive. Yet a repressive state is no recipe for long-term stability. The value of the few fragile democracies in the region, with Tunisia in the lead, should not be underestimated. It is crucial to recall that political change does not happen overnight, and that progress is often accompanied by setbacks. Further south – from the Sahel to the Horn, from the Great Lakes to the Gulf of Guinea – instability and violence are the products of poverty, corruption, human rights abuses and conflict-ridden electoral politics.

Although casualties on the battlefield have decreased significantly over time, we have seen a dramatic rise in civilian victims and refugees: more than 50 million people are displaced worldwide. The consequences of this human tragedy will reverberate across regions and generations – including within the EU.

Identity and ideology fuel tensions on different continents. Both in Europe and in the wider world, the model of an open society is being questioned and other concepts put forward. In the Middle East, identity politics makes for an explosive mix – from the deeply entrenched Israeli-Palestinian conflict to the rivalry between Saudi Arabia and Iran, which is aggravating sectarianism across the region. Moreover, a crisis of unprecedented magnitude has broken out inside the Sunni world, revolving around different interpretations of political Islam. And violent extremism – in various incarnations and franchises – feeds on grievances, repression and despair across the Middle East, North Africa, and large swathes of sub-Saharan Africa and Asia. There is also a growing danger of proliferation of Weapons of Mass Destruction (WMD) and advanced conventional weapons across the Middle East and Asia.

Demographic trends threaten to increase the risk of conflict in years to come. The global population, standing at 7.2 billion today, is expected to grow to 9.6 billion by 2050. More than half of the world's demographic growth will come from Africa. At the same time, Africa's GDP is expected to remain five times lower than China's and half that of India, which will exacerbate poverty and could raise the risk of mass displacement and radicalisation. While Africa's natural resources and growing workforce create ample opportunities, the continent's potential will only be realised if efforts related to job creation, good governance, human rights protection and conflict resolution become more effective.

By 2030, the global middle class is expected to rise to 5 billion. But inequalities are set to rise too, in both the developed and the developing worlds, potentially triggering social discontent. The new global middle class is likely to be less homogenous and more volatile than the Western middle classes of the past. Disparities in wealth, education, digital connectivity and employment opportunities (notably for the young) harbour the potential for greater social mobility, as well as conflict.

Climate change and resource scarcity, coupled with demographic growth, contribute to international conflicts and are expected to do so even more in the future. Climate-induced floods, droughts, desertification and farmland destruction have triggered migration and conflict from Darfur to Mali. Food price hikes in the 2000s triggered riots from Cameroon to Bangladesh and were a factor behind the 2011 Arab uprisings. Meanwhile, water management has become more contentious, with projects such as the Grand Renaissance Dam in Ethiopia and the Rogun Dam in Tajikistan causing regional tensions. By 2025, climate change is expected to slash harvests and water supplies, affecting some 1.4 billion people. Climate change, coupled with demographic growth, will therefore require innovative agricultural solutions: agricultural output will have to increase by 70% in order to feed the planet in 2050. Rising temperatures are also accelerating the melting of glaciers. This could have devastating consequences for coastal regions which are inhabited by 60% of the global population lives. At the same time, the thawing of the glaciers will bring access to new energy, mineral and fishing resources, calling for collective responses to manage access to shipping routes and prevent irreversible environmental damage.

New energy discoveries and technologies can both help address scarcities and bolster efforts to mitigate climate change. Today, we live in times of significant oil over-supply. While the current drop in oil prices is a boon for consumers and energy importers, it threatens the sustainability of many energy producing countries. By 2035, however, energy consumption is expected to rise by over 40% compared to 2012, with 95% coming from emerging economies. Energy security and climate change will thus remain a global challenge for years to come.

Technological progress is also changing the nature of conflict. Big data and cloud technology are revolutionising the defence industry and may open new avenues for crisis management. Dual-use technology has been critical in advancing scientific research and

industrial development. But it could also favour the proliferation of WMDs and the development of sophisticated conventional arms such as lethal autonomous weapons systems. The surge in Internet users has made cybercrime and terrorist use of the Internet a new frontier of 21st century warfare. Terrorists use information and communication technologies to recruit, finance, intimidate and disseminate their message. The conflict over Ukraine has exposed the hybrid nature of destabilisation, which combines 20th century conventional warfare with 21st century tactics. These include the jamming of command, control and strategic communications systems, cyber espionage and disinformation campaigns, covert operations, foreign asset acquisitions, the disruption of critical infrastructure, encouraging corruption, and trade and energy-related coercion. We are certainly more connected, but not always and not necessarily more secure.

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The European Union, too, is more contested. The financial and economic crisis has posed a serious challenge to European unity. Many Europeans have been hit by the crisis, and have come to view themselves as losers of globalisation. This is feeding certain constituencies within Member States which express criticism of, if not outright opposition to, the European project. This trend, which often blends legitimate grievances with a dangerous mix of nationalism, populism, protectionism and even racism, is exposing a new rift within the EU and bringing new anti-establishment forces to the fore. It is a divide between elites and citizens manifested in voter disaffection, and a lack of trust in public institutions and policies. It is a divide amongst citizens driven by unemployment, strained welfare systems, unsuccessful migration and integration policies, as well as by terrorism and radicalisation. And it is a generational divide driven by youth unemployment and exclusion. All this is adding to the pressure for greater differentiation within the EU. While differentiation has long been a fact of EU life, it has become a more prominent and possibly more permanent feature of the Union.

A more contested EU is bringing about broader external challenges. The rise of nationalism, protectionism and illiberalism could expose European nations to the lure of anti-democratic models promoted from outside. Populism and racism could feed fortress Europe mentalities, undermining credible enlargement and neighbourhood policies, forthcoming migration and mobility policies, and even trade liberalisation. Radicalisation requires the EU to put a premium not only on enhanced border management, data protection, Internet governance and intelligence cooperation, but also on efforts to improve education and community dialogue.

And yet, a more contested EU also represents an opportunity for change. The Union is committed to regaining lost confidence, supporting those that have suffered most during the crisis, and rekindling trust in disenfranchised Europeans. Plans aimed at promoting investment, economic growth and job creation are part of this determined effort. If well managed, internal differentiation could help accommodate differences within the EU and revamp enlargement and neighbourhood policies. It could help transform the divisive 'all-or-nothing' membership question into a more constructive 'integration' question – based on successive functional building blocks – to the benefit of all. A self-questioning EU can also spur decision-makers to connect foreign policy with citizens' expectations. And it can inject new energy in the European debate through a generational change in politics. We need to forge a new social contract with European citizens also through foreign policy.

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1.3 A more complex world

We live in an age of power shifts at a global level and power diffusion at all levels – away from governments and towards markets, media, civil (and less civil) societies and individuals.

A dose of nuanced realism is required. Despite much talk of America's decline, in 2030 the United States will probably still enjoy its global economic, military, technological and financial reach. With a global currency and an unrivalled set of alliances, this places the US in a pivotal position to shape world affairs into the 21st century. Likewise, while no single EU country is likely to have an economy justifying G7 membership by 2050, the Union is set to retain one of the highest per capita incomes in the world. The European Union has all the means to be an influential global player in future – if it acts together.

Still, the age of dominance by any single country or group of countries, experienced first by European colonial powers and then the US, is over. The combined effect of rising literacy, jobs and disposable incomes, along with the accelerating rate of technological progress, is expanding the number of stakeholders in world affairs.

Prime amongst the 'new' powers is China, whose rise is reversing a two-century long historical anomaly. With an average growth of 10% over the last two decades (now settling at more moderate levels), China has already lifted 600 million people out of poverty. By 2030, China's GDP is expected to represent 20% of the world's total, overtaking that of both the EU and the US. China's military spending is growing fast and its economic, security and social reach is rising, notably in Asia and Africa. However, even if it continued on current trends and surpassed the US in absolute terms within a couple of decades, China would struggle to reach US-level military capabilities. Next comes India, set to account for 16% of the world's GDP by 2030. By 2045, India will probably spend as much on defence as all EU Member States combined, and by 2050, China and India's combined GDP may overtake that of the entire OECD. Among the 'BRICS', Russia belongs in a different category, mostly due to a bleaker economic and demographic future. Nevertheless, its defence spending has increased by 30% since 2008. Other powers like Brazil, Mexico, Indonesia, South Korea, Nigeria, South Africa and Turkey are all likely to rise in global power rankings.

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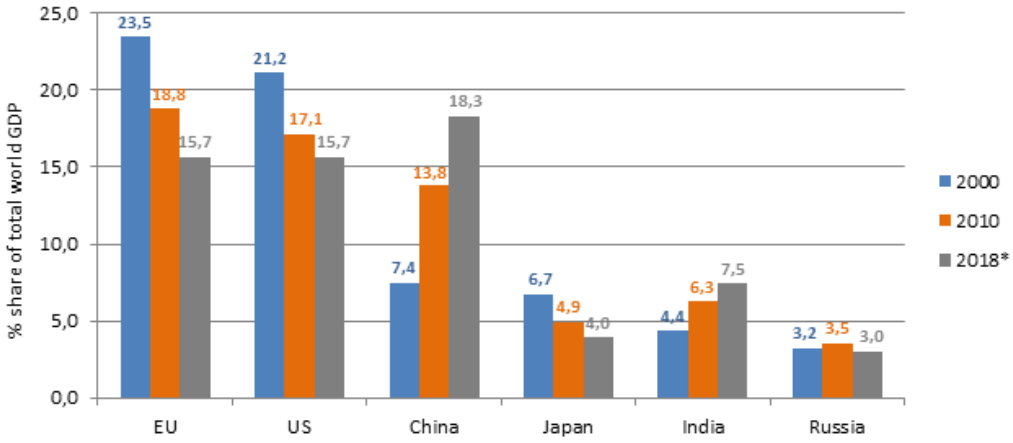

Figure 3:
GDP share of world total (%)

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

Figure 4:
Shifting centre of gravity of the world economy

Source:
McKinsey Global Institute

The rise of other powers is undeniable. Less certain is whether they will form a single cohesive alternative bloc. The creation of the BRICS Development Bank and China's Asian Infrastructure and Investment Bank, the current Sino-Russian rapprochement, and the sensitivities of some large democracies at the UN regarding atrocity prevention and the international promotion of human rights seem to corroborate this prospect. But the reality is messier. Rising powers argue that the post-World War II order needs to be reformed, but they are divided or uncertain about the precise changes they would like to see. They share a pragmatic approach to foreign policy, but each rising power is following its own path to modernity. Profound divergences between their political systems remain, and in many respects they are strategic competitors. In short, emerging powers lack a key ingredient of lasting cooperation: a common system of values or interests to bind them into a cohesive force.

Moreover, different regions display different configurations of powers that do not add up to a single coherent whole. In the Middle East, Russia and China are increasingly active, but the real game changer is the central role played by the Gulf States, Iran and Turkey. The competition between regional actors stretches into the Horn of Africa in what has become an interdependent Red Sea sub-region. In Asia, a China-only focus does not fully capture regional dynamics: the strategic landscape is more complicated. In Africa, growth has reduced the continent's willingness to import rules, norms and practices passively from outside. While global powers – notably the US, the EU and China – play prominent roles, Africans increasingly steer the continent's affairs. In Latin America, Brazil and Mexico are the major economic players, but Argentina, Colombia and others could form a 'middle class' of powers, albeit not united in purpose yet. Across regional theatres, there is no single set of powers with roughly equal influence everywhere – nor are regional hegemons determining dynamics on their own. Power configurations change across time and place, making regions themselves dynamic concepts. The world system is no longer bipolar, unipolar or even multipolar: the very notion of 'polarity' is in question.

In a world of incalculable risk and opportunity, crafting effective responses will hinge on the Union's ability to adjust, react and innovate in partnership with others.

Adding to such complexity is the shift from a world of nation states to a networked globe of state, non-state, inter-state and transnational actors – from civil society, media and business to regional, sub-regional and mini-lateral groupings. While nation states will remain the basic building blocks of the international system, their national sovereignty is increasingly contested and constrained by the connectivity and complexity within and across different world regions. We live in a world of multiple players and layers bound by complex interdependence. We live in a world of overlapping webs, in which power no longer resides within actors but circulates among them.

We know that variable geometries of state and non-state actors will shape the world in new ways. What we do not know are the rules of global interaction and who will set them. The global power shift and power diffusion are challenging traditional multilateralism. While the UN remains the principal guarantor of the sovereign equality among states, the composition of its Security Council and the distribution of voting rights in the International Financial Institutions no longer reflect current realities. The World Trade Organisation has grown in membership (and thus legitimacy) but not in ability to achieve consensus or advance multilateral trade liberalisation.

The G20 has emerged as a major informal forum, reflecting global power realignments. But while it played a key role in short-term crisis management during the 2008 financial crisis, it has failed so far to tackle structural global challenges in economic growth, financial markets and development. No effective global institutions are in place to confront other pressing challenges such as migration, cyber security, arms control or natural resource management. Opposing existing global governance mechanisms has been easier than creating new ones.

Historically, major power transitions have been accompanied by military conflict. The current challenge is to facilitate a peaceful transition towards a new global order which reflects universal values and in which the interests of all stakeholders are respected within the confines of agreed rules. This new system needs to take into account the global power shift and power diffusion. It will need to tackle a world which is at once more integrated and

connected, but also more fragmented and contested. While remaining anchored in the UN, the new system is likely to be more flexible and multifaceted than envisaged by the aspirations which underpinned the post-World War II architecture. In a world of incalculable risk and opportunity, crafting effective responses will hinge on the Union's ability to adjust, react and innovate in partnership with others.

2. CHALLENGES AND OPPORTUNITIES FOR THE EU

A more connected, contested and complex global environment has different regional manifestations. In the emerging global environment, the EU is faced with five broad sets of challenges and opportunities.

2.1 Redoubling commitment to our European neighbours

In eastern and south-eastern Europe, the EU retains substantial influence and is able to generate positive change. Enlargement produced remarkable transformations in acceding Member States. The EU has been instrumental in bringing about the stabilisation and demilitarisation of the Western Balkans and the Serbia-Kosovo dialogue. It was also critical in fostering reforms in Turkey. Beyond enlargement, the EU's power of attraction persists in parts of the eastern neighbourhood.

But the EU's 'soft power' is waning as the memory of the 'big bang' enlargement recedes and other actors strive for influence in its neighbourhood. Today's challenge is to revive the reform momentum through credible policies of integration and association. In the Western Balkans, promoting economic integration and development are essential to counter de-industrialisation, unemployment and low investment. In Turkey, the task is to rekindle a positive political reform dynamic and move forward on structural economic reforms. In those eastern neighbours seeking closer ties with the EU, the Union has a unique role to play to support political, economic, governance and broader societal reform.

At the same time, the conflict over Ukraine, Russia's hybrid destabilisation tactics, Europe's energy security challenges, and Turkey's rise as a regional power all highlight – in different ways and to different degrees – the imperative of forging a genuine common foreign policy that includes but is not limited to an accession or association policy.

The EU must indeed 'develop a special relationship with neighbouring countries'. But this does not necessarily mean that enlargement and the European Neighbourhood Policy are the only ways of doing so. Our approach to Turkey cannot neglect issues of common interest, including trade, migration, energy and security in the region. Our approach towards our eastern partners needs to include robust policies to prevent and resolve conflict, bolster statehood along with economic development, and foster energy and transport connectivity. And our policy towards Russia needs to prevent new dividing lines by combining a firm response to destabilising actions at and within our borders with engagement to rebuild a sustainable European security order with which all are at ease, while seeking common approaches to global issues.

2.2 Rethinking the EU's approach towards North Africa and the Middle East (MENA)

The positive human energy unleashed by the 2011 Arab uprisings has given way to a wave of upheavals in the region, featuring collapsing states, thriving terrorist networks, burgeoning transnational crime, millions of refugees, and intolerable violence. All this, too, is happening at our doorstep, just a few kilometres from our shores.

The most immediate task is that of stemming the tide of terrorists and criminal networks by enhancing the coherence between internal and external security policies. We also have to address the humanitarian crises in war-torn and refugee-hosting countries through humanitarian assistance, asylum policies and development cooperation. In doing so, we must insist on the full application of international humanitarian law, the protection of civilians and the respect of human rights in conflict situations. Our diplomatic, economic, migration, asylum and security policies need to account for the deep connections between Europe's southern neighbours and their neighbours in the Gulf and sub-Saharan Africa in order to help put out the fires ravaging the region, from Libya to Syria, and Iraq to Yemen.

But the biggest challenge is reminding ourselves that stability is no substitute for sustainability and that the root causes of resentment – from repression and deprivation to the 'old' Israeli-Palestinian conflict – have deepened across the region. We need to devise policies that, without preaching, support human dignity, social inclusiveness, political responsiveness, educational modernisation and the rule of law across the region. In this respect, devising tailor-made policies in the fields of economic development, social protection and youth inclusion, as well as political accountability, justice and security is key. Equally important is to encourage inclusive and rules-bound reconciliation in old and new conflicts embedded within a new regional security architecture in the wider Middle Eastern space.

2.3 Redefining our relationship with Africa

As in large parts of the MENA region, poverty, food insecurity, ill-governance and conflict continue to plague parts of Africa today. But Africa is also a continent of opportunity and growth, rich in natural resources and agricultural potential. Representative and accountable government is becoming more the norm, and the call for strong institutions, not strong men, is reflected in increasingly credible, albeit in some cases contested, elections. In a world in which key universal values are being questioned, Africa's potential is significant. The secret of success in Africa lies in triggering a virtuous circle in the development-security-migration nexus, bearing in mind the tight interconnections between North and sub-Saharan Africa, as well as between the Horn and the Persian Gulf.

For the EU, Africa has a huge potential for trade, energy and investment, which at the same time is what the continent needs. Likewise, while Europe is facing a daunting demographic predicament, Africa is living through a youth bulge which is expected to persist for most of this century. The resulting equilibrium between demand and supply of migratory forces could either benefit both continents or generate economic strain and political unrest. The EU can help unlock Africa's potential by developing the right mix of migration, mobility and integration policies; by bolstering security cooperation with the UN, the African Union and other African partners; by supporting education and sustainable development; by bridging fair trade and economic integration objectives; and by favouring sustainable agriculture and green growth. This can drive Africa's entrepreneurial spirit, and unleash faster, more balanced and sustainable growth while offering more attractive prospects than those provided by other external players. The post-2015 agenda and the 2015 global climate deal could help the EU establish a fairer partnership with Africa, together with a revised post-2020 EU-ACP Partnership.

2.4 Reviving Atlantic partnerships

The global power shift highlights the risk of a structural transatlantic drift. Yet there is an unprecedented presence and demand for more European engagement across world regions, most of all in the Americas. As an overall middle-income region, the successful efforts to overcome entrenched conflicts, the march to democracy, socio-economic progress, and the fundamental values we share make the countries of the Americas partners of choice for Europe when tackling global challenges. The complexity and connectivity of our times are enhancing interactions in the wider Atlantic space, and the EU has only to tap this potential.

The transatlantic bond with the United States and Canada is unique, and rests on solid political, cultural, economic, and security foundations. The opportunity before us is to develop an even stronger and sounder relationship, in which the assets of all are developed and put at the service of common interests. With regard to the US, security and the economy are two pillars which merit further deepening. In security terms, this means that the EU and its Member States are called to shoulder more responsibility for their neighbourhood, and further develop European defence capabilities. At the same time, as NATO refocuses on territorial defence, CSDP can work with NATO to sharpen its focus on crisis management and hybrid threats. In economic terms, the Transatlantic Trade and Investment Partnership (TTIP) is a potentially win-win project that can create jobs and business opportunities, eliminate red tape, and thus stimulate growth. An ambitious and open TTIP would not just be a free trade and investment agreement. It would be a strategic endeavour that, by establishing the largest free-trade area in the world, may inject momentum into the development of global rules in areas where multilateral negotiations have stalled.

Expanding Atlantic cooperation also means deepening relations with Latin America and the Caribbean through bilateral partnerships, inter-regional relations and in multilateral fora. There is more EU investment in Latin America than in Russia, India and China combined, while cultural ties and migratory flows are strong in both directions. Steps to strengthen ties with individual countries and with organisations such as CELAC, SICA, CARICOM, MERCOSUR and UNASUR reflect these trends.

2.5 A rounded approach to Asia

The EU has a strategic interest in playing a fully-fledged role in and with Asia. The EU has a huge stake in the continued success of Asian economies, including China's reform efforts. But the EU is also vulnerable to the ramifications of underlying political and security tensions. Disputes and conflicts in the region would affect trade routes, financial flows and a regional order in a part of the world which is of paramount importance to the EU.

An effective response hinges on the European Union's ability to make choices and prioritise areas where it can and wants to make a difference.

The challenge ahead is to maximise economic opportunities and access to growth in the region, while positioning the EU as a committed and constructive political and security actor. The EU can tap into the growth of Asia's middle class, while supporting the region in dealing with the environmental and social challenges this brings about. On the back of its own experience, the EU is well placed to offer customised support to regional cooperation efforts in Asia, without preaching a single model. The relationship with ASEAN, as a fellow partner in integration, holds special promise in a region affected by growing geopolitical tensions. The EU can also step up its engagement with regional security structures, fostering a rules-based approach to conflict management. Lastly, the EU should seize the opportunity presented by Asia's multifaceted connectivity drive – from ASEAN's plans to China's 'Silk Road Economic Belt and New Maritime Silk Road' – through a multipronged approach which brings together various sectoral instruments. It also needs to ensure that these initiatives comply with WTO rules, open public procurement practices, and stringent environmental and social standards.

3. IMPLICATIONS

To be secure, prosperous and free, the EU needs to respond to the challenges and opportunities the global environment presents. An effective response hinges on the European Union's ability to make choices and prioritise areas where it can and wants to make a difference. This also requires that the EU can agree and commit to a set of goals to be pursued through collective action. Lastly, it depends on whether the EU's external action instruments, woven together with the fine thread of diplomacy, are fit for purpose. Taken together, are the EU tools and policies equipped for the task?

An overview of the EU's major external action instruments and policies

- The Common Foreign and Security Policy (CFSP) is a tested framework for the EU's collective external action, including support for human rights and democracy, arms control and disarmament, mass atrocity and conflict prevention, mediation, regional strategies and strategic partnerships.

- Common Security and Defence Policy (CSDP), with its civilian and military crisis management missions, and its contribution to the development of Member States' capabilities, notably through the European Defence Agency, is a key instrument for external action. It has provided value added to institutional reform and capacity-building initiatives through specialisation in training and mentoring. Several action tracks are programmed to enhance the security-development nexus in capacity building missions, in line with the 'comprehensive approach'.

- In counter-terrorism (CT) and countering violent extremism (CVE), the EU is crystallising a two-pronged approach: countering radicalisation internally and externally through a narrative based on respect for human rights, diversity and respect for religion; and a criminal justice approach embedded in a security and defence policy framework based on strengthening the judicial, policing and intelligence capacities of partners, in full respect of human rights.

- On cyber issues the EU the aims to address threats to the free and open internet, allow EU citizens and businesses to benefit from the digital economy, and put ICT at the service of development, all in respect of the EU's values. Globally, the EU strives for an open and secure cyber realm, in which cyber issues are firmly anchored within the framework of human rights, rule of law and international law.

- In development cooperation and humanitarian assistance, while traditional goals – the eradication of poverty, the preservation of life and the alleviation of suffering, respectively – remain in place, the approach towards achieving them is evolving. The EU's Agenda for Change emphasised human rights, democracy and good governance along with sustainability and inclusive growth. It also shifted attention from funding inputs to development outputs. Today, attention is focused on adopting a post-2015 agenda and sustainable development goals (SDGs) in order to eradicate extreme poverty and address all dimensions of sustainable development by using realistic and measurable targets.

- Trade, pursued through bilateral and multilateral agreements, has long been recognised as an engine for growth and jobs, as well as helping to promote other goals including human rights, development, energy security and environmental protection.

- In migration policy, the EU has a border cooperation agency (FRONTEX), an agency supporting Member States in the field of Asylum (EASO), a new Europol-run intelligence centre aimed at countering migrant smuggling, as well as an Asylum, Migration and Integration Fund. The EU can offer market access, assistance and mobility to neighbouring countries, and has been rolling out regional protection programmes to help nearby states absorb refugee flows. The EU is also strengthening cooperation with origin countries through dialogues in the context of the Rabat, Khartoum, Budapest and Prague processes. Collective action is being taken to save lives and cope with mounting pressures through increased solidarity, intelligence sharing and partnerships with transit and origin countries, as well as with the international community.

- In climate policy, the EU emissions trading scheme has become a cornerstone in the effort to combat climate change and reduce industrial greenhouse gasses, and the EU is committed to achieving a binding agreement at COP21 and bilateral cooperation on resource-efficient and green growth. The Energy Security Strategy and the Energy Union Communication chart the way ahead in energy policy. To enhance energy security,

much of the answer lies within the EU. But the internal-external nexus in the energy security puzzle is critical, too. Hence the imperative to diversify energy sources and routes through partnerships with suppliers and transit states.

- A review of the European Neighbourhood Policy (ENP) is underway in light of the developments to the EU's east and south. Two major questions stand out. Geographically, the ENP is confronted with the differences between and within each region, as well as the tight interlinkages – for good or ill – between the EU's neighbours and the neighbours' own neighbouring countries and regions. Conceptually, the ENP was premised on the notion of 'enlargement lite', the relevance and effectiveness of which are now being called into question.

- Enlargement has been one of the EU's most successful endeavours. In the early 1990s, the predicament of many eastern neighbours was no different from that of most central and eastern European Member States: within a generation, the gap between them has widened dramatically. Today, enlargement remains central in EU policy towards the Western Balkans and Turkey.

3.1 Challenges in the EU's External Action Instruments

The EU's external action instruments are faced with five major challenges: direction, flexibility, leverage, coordination and capability. Meeting these is essential if the EU is to punch its weight in the wider world.

First is *policy direction*. In recent years the EU has started updating the direction of its external engagement, and efforts are underway to bring its status within international organisations in line with the Lisbon Treaty. But much more remains to be done.

In CSFP, while in some areas the direction of policy is clear, in others the EU has lost salience and momentum. The 'strategic partnerships' require a sharper definition of how to maximise EU influence. In disarmament and arms control, the EU remains anchored to treaty-based commitments and to renewing efforts aimed at revitalising multilateral negotiating bodies. However, the 2005 EU strategy to combat the illicit accumulation and trafficking of small arms and light weapons and their ammunition was conceived in a post-Cold War environment. It is yet to adapt in order to respond to 21st century realities, including the use of conventional weapons by terrorists and criminals, as well as by rebel forces, militias and other non-state actors.

Similarly, in CSDP, although the December 2013 European Council underlined that 'defence matters', the current level of ambition and capability targets are not tailored to the changing strategic environment, featuring hybrid threats, intertwined internal and external security challenges, and the growing need for Europeans to take responsibility for their own security. Greater clarity and conviction among Member States is needed on what a vigorous and responsive CSDP can and should look like in a more connected, contested and complex global environment.

Humanitarian assistance is also a policy that is yet to adapt to changing global circumstances. While the main objective remains to provide an immediate response in order to save lives and reduce suffering, humanitarian actors are faced with humanitarian crises becoming the 'new normal', with ever-increasing needs. New policy action therefore aims at enhancing resilience, disaster risk reduction, and bridging more effectively the transition towards development cooperation.

Enlargement is a policy whose sense of direction is openly contested. Faith in enlargement policy is declining in the EU and candidate countries alike. At the same time, there is no credible

alternative to enlargement policy in the Balkans today, and a fair accession process remains the most promising channel to support reforms in Turkey and the Western Balkans alike. The challenge is to make pre-accession policy more credible, and restore the belief within the EU and the candidate countries that enlargement can be a win-win for all. Elites and publics in the region risk otherwise turning away from the EU, and looking for inspiration and support elsewhere.

In trade policy, the EU still needs to find effective ways to manage tensions that may arise between trade and non-trade objectives. And within non-trade objectives, a distinction needs to be made between the general pursuit of fundamental freedoms and specific human rights issues which are tied to trade as such, including labour and health standards and property rights. Furthermore, the balance between multilateral, regional and bilateral trade agreements is changing. While in some cases – notably Asia – bilateralism can pave the way to inter-regionalism, in other cases, there may be trade-offs warranting more careful reflection.

The need to manage tensions prevails also in cyber and counter-terrorism policies, which are evolving against the backdrop of the need to balance freedom and security. The EU is committed to achieving both. The discussion on how to go about implementing human rights, international law and the rule of law in the cyber domain warrants increased attention, however, not least through diplomatic action. Likewise, in counter-terrorism, the debate on security versus freedom remains work in progress.

Second comes *flexibility*. As the largest global donor equipped with a wide range of geographically and thematically tailored instruments, the EU and its Member States are collectively a world leader in development cooperation and humanitarian assistance. The EU is also the only actor committed to reaching a 0.7% ODA/GNI target despite difficult budgetary and economic circumstances. But insufficient flexibility hampers effectiveness, notably in light of global shocks. In development cooperation, insufficient versatility, emphasis on results reporting, and a lack of responsiveness to local circumstances all reduce the EU's impact. The effectiveness of EU development cooperation also hinges on greater awareness of, and responsiveness to, new state and non-state donors, whose funds may or may not have strings attached.

Likewise, in counter-terrorism, despite growing attention, implementation is hampered by heavy procedural requirements, insufficient expertise and mainstreaming in programming, and, at times, difficulty in working in concert with Member States and finding suitable implementing partners.

Third, *leverage*. In trade and development policy, the EU potentially wields significant power. In trade policy, the EU represents the largest trading partner for 80 countries and the second largest for a further 40. Yet, the EU's declining economic dynamism, the high demands it makes of its trading partners, and what it is willing to offer may be hampering its leverage. Proof is the difficulty the EU is facing to conclude negotiations on investment or free trade agreements with several major partners. In addition, new challenges are emerging as the EU seeks to move beyond the elimination of tariffs to cover non-tariff barriers as well – as in the case of TTIP. Negotiations over non-tariff barriers often entail regulatory convergence, which require a thorough understanding of the needs, interests and procedures of sectorial regulators and social actors. Likewise, sanctions policy hinges on the EU's economic strength and the extent to which the EU can embed its efforts within a wider multilateral framework, as well as on the ability of target countries to circumvent EU measures.

Leverage is a challenge also within the European Neighbourhood Policy. The ENP helped cultivate a domestic constituency for reform in several neighbours. The Deep and Comprehensive Free Trade Agreement negotiations and the Visa Liberalisation Action Plans with Ukraine, Moldova and Georgia spurred progressive reforms in many areas. The ENP facilitated the emergence of a pro-democratic civil society, even in contexts of great repression. At the same time, particularly when it comes to neighbours that have little interest in moving closer to the EU, the ENP has revealed its limits. More tailor-made and reflexive approaches

towards each neighbour are required. The ENP alone is also ill-equipped to deal with the hard state-building challenges across the region.

Fourth is *coordination*, both across institutions and with Member States. In EU diplomacy, a number of initiatives by various groups of Member States have accompanied and complemented CFSP efforts. Rather than focusing only on speaking with one voice, there is a need for a multitude of voices speaking in unison. Variable actions and formats can only strengthen the EU's global role, and reflect the complexity of our times. Provided the EU remains united and well-coordinated, varied diplomatic constellations can also give greater visibility to our common priorities and make our collective efforts more effective.

Ranging from development to defence, effectiveness requires coordination amongst Member States. In defence, Member States' budgets have been cut in an uncoordinated manner. More recent investment plans by some Member States' are equally uncoordinated. In development policy, Joint Programming is a promising step forward in this regard. In development policy – as in the field of non-proliferation, arms control, disarmament and export control – effective implementation requires overcoming the fragmentation of financial instruments both across Commission services and between the EU and its Member States.

In the cyber domain, the EU is ratcheting up its efforts, with several funding instruments focusing in part on building capacity in the areas of cybercrime and cyber security. However, uncertainty still remains over Member State buy-in for a common EU approach. There is also insufficient coordination among EU institutions and inadequate efforts being made to effectively bridge the public-private divide.

Coordination and cohesion challenges are perhaps most pressing in the energy domain. Unlike in climate policy, where the EU stands united and plays a global role, the EU is too often unable to speak and act with one voice when it comes to its external energy policy. Internal fragmentation makes the Union a target of divide-and-rule efforts by some supplier countries. Insufficient EU representation in international energy bodies, insufficient Member State coordination of their external energy policies, and insufficient Member State buy-in to the EU's external energy partnerships hamper efforts to achieve energy security. The effects can be seen in the difficulties encountered in building an integrated energy market in the neighbourhood and in completing the Southern Gas Corridor.

Finally, come *capability* challenges. In the field of migration, mobility partnerships and visa facilitation with our partners remain underexploited. In light of mounting migration challenges, the Commission's Agenda on Migration aims at strengthening Europe's capabilities 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. Rising to the migration challenge and doing so in full respect of human rights and international law is a vital interest at the very core of our values.

In security and defence, CSDP has been developed from scratch since 2000. The policy is now equipped with planning capabilities, structures, procedures and a wealth of operational experience built up in some thirty missions to date. CSDP's modus operandi of partnering with international and regional organisations – notably the UN, the AU and NATO – is ever more relevant in an age of complexity. However, launching CSDP operations is getting no easier over time. CSDP still faces difficulties in force generation, and access to early and common financing, enablers, intelligence and logistics. This has often limited the scope, size, strategic depth and escalation management ability of missions. The Battle Groups, although on stand-by, have never been deployed. The Lisbon Treaty's permanent structured cooperation and Article 44 TEU (on the implementation of a task by a group of Member States) have never been activated. More broadly in the defence field, budgets have been slashed in an uneven manner, with R&T taking the greatest hit. The EU's capability development process remains mostly bottom-up, relying on voluntary contributions by Member States. The EU is not a military alliance. The Union cannot afford, however, to ignore the 'D' in its CSDP.

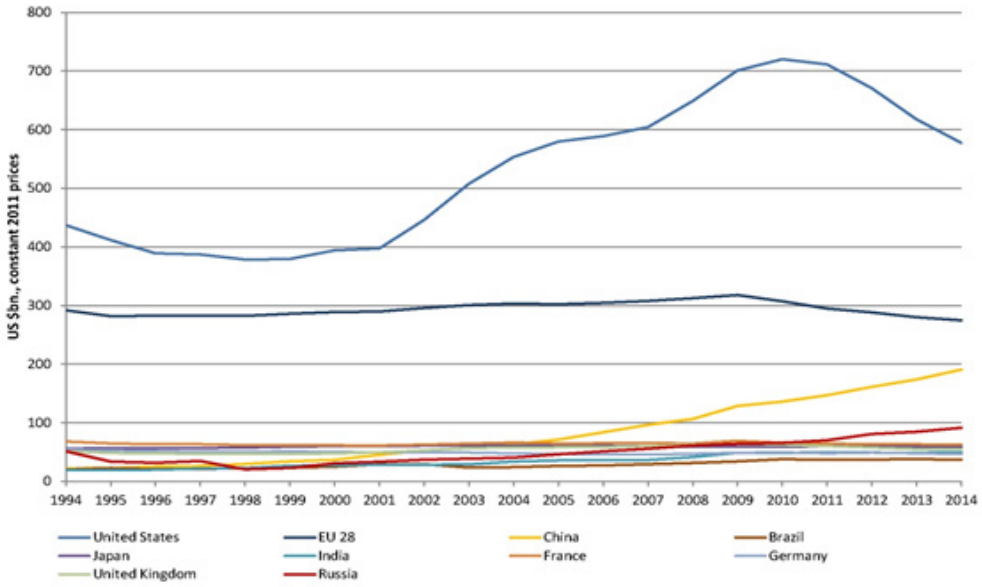

Figure 5:
Defence expenditure 1994-2014

Source:
SIPRI

3.2 A joined-up approach to Europe's external action

The Common Security and Defence Policy pioneered the 'comprehensive approach to external conflicts and crises'. Today the comprehensive approach is even more relevant than a decade ago. With conflicts proliferating and escalating, a proactive rather than reactive EU policy must combine early warning, conflict prevention, crisis management and peacebuilding in a coherent whole. This, in turn, is to be connected to long-term state-building and development efforts. How to transition from CSDP to other EU instruments or external partners needs to inform long-term planning. Likewise, in counter-terrorism, effectiveness depends on coherence and coordination between internal and external EU security policies, including cyber policies, as well as on the establishment of a more comprehensive information-sharing system between Member States.

A joined-up approach is needed today, not only in external conflicts and crises, but in virtually every aspect of the EU's presence in the world. This puts a premium on the various actors and instruments of EU external action working in synergy. For this to happen, diplomacy is key. Far from being a luxury, diplomacy can be a powerful multiplier of influence, thus realising the full potential of the EU's external action. Today, on top of the diplomatic instruments and regional strategies within the remit of CSFP, specific EU policy areas and departments (environment, trade, development, energy, justice and home affairs, transport, culture, science and research) are all developing their own strands of diplomacy. While welcome, this enhances the need for coordination among Member States, between EU actors, and within the CFSP framework proper.

A joined-up approach is needed today, not only in external conflicts and crises, but in virtually every aspect of the EU's presence in the world.

Closest to home, developing a joined-up external action means establishing closer links between enlargement, neighbourhood, migration, energy, CT and security and defence policies. Concerted external action is necessary to make our immediate neighbours more democratic, prosperous and well-governed, as well as more resilient and secure.

In both the neighbourhood and the wider world, when trade policy is used as a foreign policy means, it requires a coherent pursuit of trade and non-trade objectives, which in turn calls for deeper cooperation between different stakeholders in the negotiation and implementation of trade agreements. When trade agreements are pursued to achieve economic goals, successful negotiations often hinge on trade being part of a wider relationship, which includes access to research funding, visa liberalisation, development cooperation and much more. At the same time, introducing energy and climate components in trade and investment agreements can promote the transfer of low-carbon technologies, and exchange best practices in terms of

governance and regulatory regimes. In the same vein, while sanctions are one of the most powerful tools at the EU's disposal, their effectiveness depends on them being integrated into a joined-up foreign policy involving political dialogue and complementary efforts, which is coordinated with other major players.

As development cooperation widens its horizons post-2015 to address global challenges and develop new forms of cooperation with emerging economies, it becomes all the more necessary to devise a joined-up approach. Such an approach needs to build partnerships beyond the EU and across the public-private divide, and account for the inter-linkages between development, on the one hand, and governance, security, trade, migration, energy, climate and cyber on the other. A step forward in this respect is the Policy Coherence for Development. Further efforts in this direction can help ensure that the Union can bring its full weight to bear on driving an ambitious and deliverable post-2015 agenda.

Synergy between migration, trade and development policies is insufficient, as are the linkages between internal and external policies in this regard. When it comes to transit countries, the EU insufficiently factors-in the ties between migration control, labour mobility and trade to enhance incentives for cooperation on border management and readmission. Development cooperation could make an important contribution when addressing migration challenges and countering radicalisation in North and sub-Saharan Africa and in the Middle East. For the migrants' countries of origin, the effective implementation of regional migration strategies hinges on better coordination with development policy and greater insight from diplomatic resources and local partners, including civil society. A joined-up approach to migration prevents the emergence of policy silos. But this also requires the end of geographical silos. Instruments to fight smuggling and trafficking conceived for Syria ought to be relevant for the Horn of Africa, the Balkans and Ukraine, too.

Perhaps clearest of all, a more horizontal, joined-up approach to cyber policies is almost tautological if the EU is to rise to the challenge of a more connected world. Given the use of computer networks and Internet-based applications in all areas of human activity, cyber policies cannot be dealt with in splendid isolation. The effective implementation of external cyber policies depends on cooperation across the public-private divide and on effective coordination between policy areas. While several policy areas deal with the evolution of the cyber domain as such, broader cyber policy needs to be mainstreamed into policies dealing with energy, transport, defence, security, CT, health, the economy and more.

4. CONCLUSION

At the time of the 2003 European Security Strategy, the EU was still enjoying its best moment in recent history. The Union was completing the 'big bang' enlargement, had just approved an ambitious draft Constitutional Treaty, and was launching a no less ambitious neighbourhood policy, as well as the first CSDP missions. The widespread perception at the time was that the EU was equipping itself to safeguard the interests of its citizens globally and promote its values in the world.

Since then, the world – and our perception of it – has become more dangerous, divided and disorienting. The EU has suffered from a major financial and economic crisis, with profound socio-political ramifications that still reverberate across the Union. The security environment has deteriorated significantly, with both the eastern and southern neighbourhoods unravelling. The growing number of fragile states, coupled with the spread of new technologies, the pressures of climate change and the scarcity of natural resources could unleash new conflicts in Africa and Asia. Multiple narratives and currencies of power question traditional multilateralism without providing new answers to global governance. At the same time, a more complex and connected world holds the potential of being more prosperous, more equitable and more representative. It can generate forms of growth that are environmentally sustainable and respectful of rights and freedoms.

The world is more connected but also more contested; more integrated but also more fragmented: it is much more complex. Alone, Member States would struggle to meet these challenges. As a microcosm of complexity and connectivity and the most successful experiment of conflict transformation on a continental scale, the EU has experience in dealing with challenges and opportunities that now present themselves on a global scale. How can we rebuild confidence in the EU's ability to keep its citizens safe and to promote their interests globally? How can we revive the values and political foundations of Europe through foreign policy?

The EU can rely on a broad set of instruments to confront the challenges and seize the opportunities ahead. Much has been achieved, but challenges revolving around policy direction, flexibility, coordination, leverage and capability must be met if the EU is to punch its weight in global affairs. In a degraded security environment, a commitment to strengthening CSDP is crucial, as is the need to develop synergies between internal and external security policies. More broadly, a joined-up approach should guide EU policy not only in conflicts and crises, but across all fields of EU external action. Vertical and horizontal silos hamper the EU's potential global role. And in a world of mounting challenges and opportunities, it is a luxury we cannot afford.

We need a common, comprehensive and consistent EU global strategy.

In a more connected, contested and complex world, we need a clear sense of direction. We need to agree on our priorities, our goals and the means required to achieve them. We need to become more realistic and adaptive, more innovative and more proactive. We must refine the art of orchestration of the polyphony of voices around the table and the panoply of instruments at our disposal.

We need a common, comprehensive and consistent EU global strategy.