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TOWARDS A EUROPEAN GLOBAL STRATEGY

SECURING EUROPEAN INFLUENCE
IN A CHANGING WORLD

The European Global Strategy project was initiated by the foreign ministers of Italy, Poland, Spain and Sweden in July 2012 in a bid to foster and structure debate about the European Union's role as a global actor at a time of sweeping international changes. As part of this ambition, leading think tanks in their respective countries were invited to draft this report with an eye on 2030. Although this independent think tank process has been led by the four institutions listed below, since its inception more than 20 institutes from around Europe have associated themselves with it, providing input through workshop discussions, online debates, articles and other contributions.

The project website (www.europeanglobalstrategy.eu) contains all the materials gathered to date, and the debate will continue in online and offline forums.

This report is a central result of the process, presenting elements of a European Global Strategy. It has been prepared by a drafting group consisting of Björn Fägersten (UI), Alessandro Marrone (IAI), Martín Ortega (RIE) and Roderick Parkes (PISM), who have worked in close cooperation with researchers and directors at the four institutes. The report has benefitted greatly from input from the associated partner institutes.

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EXECUTIVE SUMMARY

The principal aims of the European Union are to promote **its shared values, peace and the well-being** of its peoples. Achieving these aspirations depends heavily on developments beyond its borders. **On-going transformations at the global, regional and European levels create opportunities as well as challenges for the Union and demand strategic thinking on an ambitious and assertive external agenda.** This report on a European global strategy offers guidance on this long-term endeavour.

By deriving long-term interests from the EU's principal aims, Europeans will be better able to live and act in accordance with their values. **This report therefore identifies six preconditions, or vital European interests, for protecting Europe's peace, well-being and shared values.**

In order to secure these vital interests, eleven strategic objectives are suggested along with the necessary adaptations to the EU's existing toolbox:

- **At home**, the EU needs to reduce the barriers between its **internal market** and the world beyond across all four freedoms – capital, services, people and goods. Its energy market needs to be developed to improve efficiency, resilience, independence and sustainability. Trade and innovation are key to sustaining the EU's societies and its global role, and should be further developed by way of beneficial conditions for imports and exports and enhanced educational and scientific cooperation programmes beyond its borders.
- **At the regional level**, the EU should continue the enlargement process, but change the guiding rationale for relations with its neighbours. It should look on its surroundings as a **strategic neighbourhood**: a geopolitical space that includes not only its traditional neighbourhood, states whose geographical proximity connects them to the EU, but also broader areas that are functionally linked to vital European interests. In this space, the EU should work in partnership with local governments and societies for democratic transition, human rights and free trade and take security responsibility. This will demand the ability to deploy effective military and civilian capabilities and the political will to use them. The EU should permit smaller groups of member states to initiate and implement EU policies, but must sharpen political coordination by strengthening the High Representative's coordinating power and by developing the role of its external delegations. **In linking the EU's regional and global ambitions, four countries are of particular importance:** the United States, which is the EU's only global partner and with which it should forge a new Atlantic community; Turkey, with which an enhanced political partnership should be agreed even before its EU accession; and China and Russia, with which targeted partnerships should focus on mutual interests.
- **At the global level**, the EU should combine formal and informal avenues when it comes to fighting climate change and managing the world economy. The EU should also seek to anticipate the demand for governance in fields of activity such as cyberspace and outer space where technical, natural and societal developments risk creating conflict. In order to improve both the efficiency and the legitimacy of global governance, the EU should reinvest in region-building and inter-regionalism, and work to increase the participation of regional organizations in global governance structures. Development policy should be clearly geared towards supporting the strategic objectives of the EU and increasingly focus on thematic issues such as climate change, food security and support for democracy and human rights. The division of labour between the EU and its member states should be clarified.

By pursuing these strategic objectives the EU and its member states will secure European influence and engage with its surroundings and partners worldwide in a way that is **proactive** and not just a response to the actions of others; **realistic** about what can be accomplished; and **adaptive** to changes in the global environment. A European Union that is able to cope with external challenges will also be able to provide a new driving narrative for its citizens.

INTRODUCTION

As the world's largest economic bloc, with a population of over 500 million, the European Union (EU) and its member states need to think strategically about their global role. The purpose of this report is to offer ideas for this exercise. It advocates that European engagement should be **proactive** and not just a response to the actions of others, **realistic** about what can be accomplished, and **adaptive** to changes in the global environment. An EU that is able to cope with external challenges will also be able to provide a new driving narrative for its citizens.

As Western-led globalisation gives way to multipolarity, rapid changes in the international environment are underlining the need to think and act more strategically. In the coming years, economic, demographic and technological trends will continue to disperse power within, between and away from states, and international institutions will strain to accommodate new actors – all of this at a time when growing interdependence is spawning problems that can only be resolved by deeper cooperation across borders. These changes are already affecting the European Union at every level. At home, the EU is facing problems that stretch its capacity for integration and the solidarity among member states, and even raise doubts about the viability of its most ambitious project to date – the single currency. In its immediate vicinity, several states are undergoing major transformations after throwing off authoritarian rule, but their destination is still uncertain. At the global level, the rules-based order – which Europe has invested so much in and greatly benefited from – is straining to adapt to a rapidly changing world.

Over the past 50 years, the EU has emerged as a primary channel through which its member states manage global shifts. It played a crucial role in helping them rebuild Western Europe after World War II, absorb the regional impact of the end of the Cold War and shape globalisation. Thanks to its unique character, the EU is well-equipped to deal with the global transformations currently under way. The unprecedented rise in global prosperity and consumption of the kinds of goods and services that Europeans specialize in, together with the decline of inter-state conflicts, the growing demand for post-national forms of governance and the rise of networks as power hubs all speak to the EU's strengths.

Regional integration – the basis of the EU's international leverage – allows its member states to make credible commitments in international negotiations, to generate novel solutions to cross-border problems and, of course, to achieve economies of scale. However, this approach has limitations as well as strengths. It results in frequent disagreements among member states over political priorities, alleged losses of national sovereignty and the rightful role of the EU in

securing and promoting their interests beyond its borders. In spite of this, an investment in the EU by its member states is an expression of commitment to a particular cooperative and multi-layered vision of the world.

This report suggests ways for the EU and its member states to realise this vision and to effectively manage multipolarity – in other words, to act concertedly to promote shared values and interests in today's increasingly complex world. It takes as its starting point the identification of vital European interests derived from shared values in order to provide a compass for the coming decades. A set of strategic objectives designed to secure these vital interests in the medium term is then set out, as well as a discussion of the instruments and capabilities needed to achieve them, not least through the adaptation of the EU's existing toolbox. The report concludes with some thoughts on the need for a more strategic EU discourse, which might help to mitigate the shortcomings of today's European narrative.

VALUES AND INTERESTS

The principal aim of the EU, as the Treaty on European Union asserts, is to promote peace, the well-being of its peoples and its shared values including human rights, freedom, equality, non-discrimination, democracy and the rule of law. Since peace and values-based well-being at home can only be secured by means of an ambitious international agenda, this defines its external goals too: the EU is under a treaty obligation to base its external action on the principles that inspired its own creation and to promote its values abroad.

If the European Union is thus a community of shared values, it is also increasingly one of shared interests. Over the past half-century its member states have integrated their economies and dismantled the borders and barriers that once separated them. Yet, external action that promotes European values while serving member states' interests is not easily achieved. In a heavily interdependent world where compromise and cooperation with different kinds of partners are even more necessary, an investment in the EU's collective capacity for global action could help overcome this tension.

However, the EU will also need to clarify how its values and interests coincide and interact. This report argues that deriving long-term interests from the principal aims of the EU will allow Europeans to live in keeping with their values. Following this path, the conditions needed to achieve peace, well-being and shared values should be considered vital European interests. Acknowledging the increasingly intertwined nature of the EU's internal and external affairs, the following catalogue of vital interests begins at home, and then moves outwards to the regional and global levels.

● **European economic and social development**

An open and competitive economy based on a well-educated workforce that can sustain and improve Europe's position in the global value chain will be of paramount importance to maintaining the well-being of the EU's citizens. The EU must strive for a knowledge-intensive European economy, competitive educational and scientific systems, equality of opportunity, and the existence of a level playing field for European business and investment beyond its borders.

● **A secure and resilient EU**

Peace in Europe and the continued development of its socio-economic model demand an EU that is both secure and resilient. Besides strengthening social resilience, this requires the capacity to identify links between the external and internal aspects of its security and safety, and to address challenges such as armed aggression, state failure, regional conflicts, terrorism, the proliferation of weapons of mass destruction, organized crime and natural hazards.

● **A neighbourhood of democracy, human rights and the rule of law**

Human rights, the rule of law and democracy are, at the same time, shared European values and preconditions for deepened international cooperation and stability. While it is in the EU's broad interest that these principles gain traction globally, it is of vital interest that they are adhered to in its neighbourhood. The fulfilment of these values, together with effective and transparent public governance, should ensure that the EU's neighbourhood is both secure and prosperous.

● **A sustainable environment and access to natural resources**

Both the well-being of Europe's citizens and peace among nations are dependent on the sustainability of the environment and ready access to energy and natural resources. Alongside global action for the reinforcement of multilateral frameworks of regulation and cooperation, this also requires further diversification, innovation and adaptation concerning the patterns of investment, production and consumption that affect our environment.

● **Minimal constraints on the global flow of people, ideas, goods and services**

The ability to freely and safely exchange goods and services across borders by air, land and sea, as well as in cyberspace and outer space is crucial to economic and social development. Free and safe communication through the physical and cyber infrastructure is economically important and pertains to the right of free expression. The mobility of people, implemented in a sustainable fashion, is crucial in the long-term for both individual and societal development.

● **Just and effective governance systems at a regional and global level**

Effective systems of cooperation and governance at the regional and global levels are critical because advancing many of the EU's principles and shared values requires cooperation with other international actors and institutions. Many of today's challenges are emerging at the regional level, which often makes regional institutions best placed to take effective action.

STRATEGIC OBJECTIVES

The above section suggests how long-term vital interests can be derived from the EU's values and principles. Here we identify a set of concrete strategic objectives by which the EU can realize these vital interests in the years to come. The EU is not alone in taking action to achieve these objectives. Nor can it always hope to achieve them on its own. In some cases, it will succeed in persuading others to follow its lead, but this will become increasingly difficult in a highly competitive environment. The EU's ability to prioritize its action and engagement, identifying appropriate tasks and choosing the best possible partners while taking responsibility for its share of international burdens, will therefore be key to its future decision-making. So too will the choice of the most suitable level of action: some of the strategic objectives primarily require action at home, while others can be achieved only at the regional or the global level. Three levels of action structure what follows: Developing the external dimension of internal European policies; Establishing the neighbourhood as the basis for a global role; Co-shaping global governance.

Developing the external dimension of internal European policies

European integration has increasingly become the first line of global action for EU member states. A customs union was created in the 1950s and 1960s to re-establish cooperative relations and promote shared values among former enemies. Thirty years later, at the end of the Cold War, the EU's internal policies became a key means of accommodating newly independent neighbours and of managing globalisation.

At a time when EU member states are ever more dependent on distant markets and strained international norms, only further integration can strengthen it as a pole of attraction. The EU needs to actively safeguard its values at home, consolidate its economic and cultural base, and ensure the long-term viability of the single currency. In addition, some of the EU's internal policies have a more immediate external effect, and should therefore be explicitly addressed in a European global strategy.

● Furthering the internal market

The single market brings member states together as a major player in the international system, and its share of world trade provides the EU with much of its global influence. Lowering existing barriers between internal and external markets would be in the best interests of both the EU and its international partners, since much of the economic growth we will witness in the coming decades will be generated in other regions of the world. Only if the single market is more integrated into the world economy can the EU hope to fully reap the benefits of this growth, and thereby sustain Europe's economic and social development.

In addition, the further development of the internal market would increase the EU's capacity to act as a normative and standard-setting power beyond its borders at a time when interdependence is growing and international norms are under strain. This will require not only a deepening of internal cooperation in the neglected services and telecommunications sectors, but also closer ties with partners. These ties can be achieved either by exporting the EU's own rules or by finding alternative routes towards regulatory convergence, depending on the partner in question. In developing its market and regulations, the EU should be transparent, inclusive and vigilant about the external effects of its actions.

The EU's regime for the free movement of people and its efforts to encourage mobility across its borders are politically sensitive, but cementing them and expanding their range would help boost European societies, especially at a time when growing global prosperity means that the EU is just one of a growing choice of destinations for migrants. Although unacceptably high levels of youth unemployment are a major concern today, demographic decline will remain an enduring challenge for European societies. Closer cooperation between member states on asylum and immigration integration would allow the EU to further open itself up to other countries. This openness would contribute to social and cultural exchange, as well as potentially fostering mutual economic development.

● **Enhancing energy efficiency and resilience**

Heavily dependent on external sources of energy and raw materials, the EU is vulnerable to resource availability and price fluctuations and enjoys scant leeway in its dealings with external energy suppliers. Left unmanaged, these factors could have critical implications for the EU's competitiveness and prosperity, as well as the prospects for fighting climate change. By contrast, the transition to a new energy paradigm based on increased efficiency and sustainability should be viewed as a potential opportunity for European industry. A leading role in combating climate change and improving energy efficiency could lead to significant technological innovations and patents, resulting in new niches of excellence and exports worldwide.

Security of supply and sustainability should be achieved by minimizing Europe's dependence on conventional fossil fuels. This will require intensive research and the development of new sources of energy, particularly in the renewables sector, in parallel with measures to increase energy efficiency. At the same time, market integration would strengthen the EU's hand, in this case by increasing its own efficiency and bargaining-influence with external suppliers. Enlarging the EU's market model to include other countries would augment these benefits, and should therefore be expanded in the first instance to candidates for EU enlargement and the nine third-countries in the European Energy Community, and then to other key energy partners.

The diversification of both energy suppliers and energy supply lines should be pursued, together with an EU-wide connection of physical energy infrastructures in order to increase resilience to disruptions and improve overall efficiency. This policy of dual diversification should include an adequate web of terminals as entry points for imports and aim to exploit the opportunities offered by liquefied natural gas. Strategic reserves should be increased where

possible, and an EU body should be established as a resilience tool to deal with non-market interferences.

Establishing the neighbourhood as the basis for a global role

At the end of the Cold War, the EU's enlargement policy successfully helped newly independent states make the transition to European norms, while its neighbourhood policy sought to bring stability to its immediate vicinity. However, the logic of conditionality that underpins both these policies has become increasingly difficult to sustain, not least because many neighbours are either unwilling or unable to become members of the EU. These neighbours, which should not be perceived as a ring or buffer around the EU, are potential partners, an interface to global powers and a group of states increasingly affected by unstable neighbourhoods of their own.

In today's multipolar world, the EU is thus situated within an ever more complex region – a geopolitical space that includes not only its traditional neighbourhood, comprising states whose geographical proximity connects them to the EU, but also broader areas that are functionally linked to vital European interests, such as the Sahel, the Horn of Africa, the Middle East, Central Asia, the Arctic and adjacent sea-lanes. In years to come, the EU's credibility will largely depend on its ability to cope successfully with this strategic neighbourhood – a challenge that will seriously test its capacity for concerted external action.

● Staying the course on EU enlargement

With the EU being asked to act ever more promptly and ever further afield, the tensions between undertaking long-term transformations such as enlargement and decisive international action are increasingly visible. In a context of increased multipolarity, enlargement will also become more demanding in geopolitical terms. This accentuates the need to view enlargement as a strategic objective that can only be prepared for – and facilitated – by a more assertive external action, for instance by preventing new conflicts from being imported into the EU, and by cooperating with other powers with a strong stake in the region.

Despite these challenges, the EU should persevere with the current process of enlargement to Turkey, the Western Balkans and Iceland as a way of promoting its long-term interests, expanding the internal market, increasing its energy security and adding to its strategic depth. Completing the current enlargement process while remaining open to other European countries that share its values, and reducing the barriers between increasingly interdependent member states and non-members will also enhance the EU's global standing and credibility. Negotiations with candidates for EU membership should proceed on the basis of the Copenhagen criteria and be completed within a reasonable timeframe. This is particularly true of Turkey, a candidate country that is displaying a growing capacity for international action of its own.

There are powerful reasons why Turkey needs to be an integral part of Europe's future, and its accession will bring significant mutual benefits. Without waiting for accession negotiations to be completed, the EU and Turkey should agree an enhanced political partnership encompassing (but not limited to) deeper cooperation in the area of foreign and security policy, including for example a cooperation agreement between Turkey and the European Defence Agency (EDA) and enhanced participation in EU civilian and military missions. A shared approach to the strategic neighbourhood and beyond would be underpinned by a broader strengthening of relations, including a coordinated policy on climate change and the EU emissions trading scheme, an upgraded customs union and a liberalization of visa policy aimed at facilitating citizens' mobility. A renewed partnership with Turkey will accelerate its convergence with EU values and interests while bringing greater stability and prosperity to its neighbourhood and beyond.

● Engaging with the strategic neighbourhood

The EU's global influence will increasingly be determined by its actions in its strategic neighbourhood. Happily, this vast area is also the place where the EU can exert the fullest and most comprehensive form of engagement, by applying a broad range of policies in a structured, long-term fashion. Given the diversity of actors and challenges in this space, the EU and its member states should aim for a flexible and political approach that allows for functional relationships with governments and societies in the region. This requires a framework based on differentiated bilateral relations in the long-term development of a strategic neighbourhood of democracy, human rights and the rule of law, including a robust civil society and a diminished gender gap in political and societal participation.

In this context, democracy and human rights support should be promoted alongside deep and comprehensive free trade in goods (including agricultural goods) and services. The EU should in addition aim for a limited number of priorities to be agreed with individual governments. These could include multinational projects in the transport, infrastructure and energy sectors designed to open frontiers and connect regions. This intra-regional cooperation should seek to develop trade and cross-border integration where it could have the greatest impact, for instance in the Maghreb and the immediate east European region. People-to-people contacts should be encouraged by the incremental and orderly liberalization of visa restrictions. For students and young professionals, this should be actively supported by means of an ambitious exchange programme.

In the years to come there will be even greater competition from other powers for influence and resources in the strategic neighbourhood. This is a further reason for the EU to develop a closer and more political dialogue with neighbours, including on security issues. In addition, as action in the strategic neighbourhood becomes geopolitically more demanding, groups of member states may wish to deepen, in an open and transparent manner, their cooperation with some neighbours in areas of mutual interest.

● Taking comprehensive security responsibility in the strategic neighbourhood

Changes at the global level will increase the likelihood of security crises in the strategic neighbourhood and the pressure on Europeans to deal with them. Armed conflicts, regional instability, failing states and threats to supply lines and transit routes could all threaten vital European interests. By working with both state and non-state partners in the region, the EU should therefore upgrade its efforts to combat international terrorism, the proliferation of weapons of mass destruction, organized crime and the trafficking of arms, drugs and human beings. Local capacity-building measures, including security-sector reform, would facilitate cooperation with the EU on policing, intelligence sharing, border management and civil protection as well as on judicial matters.

The EU should also be prepared to undertake autonomously the full spectrum of civilian and military missions in the strategic neighbourhood in keeping with international law, when and where this is necessary to protect vital European interests. This implies the ability to project both civilian and military capabilities, and the capacity to link timely crisis management and humanitarian assistance to longer-term development efforts as part of the EU's comprehensive approach. The EU should also foster its ability to involve partners in its civilian and military missions. Beyond the strategic neighbourhood, EU action can be made more effective by cooperating more closely with, or delegating to, other regional or global actors.

In taking on comprehensive security responsibility in its strategic neighbourhood, the EU must work more effectively with NATO. The two organizations share 21 member states, which in turn have only a single set of military forces for crisis-management operations. Improving cooperation at the strategic and operational levels will require regular dialogue between the EU's High Representative for foreign affairs and security policy and NATO's secretary general, as well as joint training and exercises and constant liaison between the EDA and NATO's Allied Command Transformation on capability development. This level of cooperation can only succeed with the full support of member states, and should be coupled with more active EU involvement in the search for a shared solution to the Cyprus issue.

● Forging a new Atlantic community with the United States

In political, cultural, economic and security terms, the transatlantic relationship is already the deepest bi-continental association in the world. In the context of a global diffusion of power, a renewed transatlantic partnership could fill a significant political vacuum to the benefit of both parties. This will require an outward-looking Atlantic community based on the right mix of complementarity and commonality between the two sides, the first building block of which should be the timely conclusion of a Transatlantic Trade and Investment Partnership (TTIP). The EU must work to make this agreement open to others, in due course broadening it to include key partners such as Canada, Mexico and Turkey (if not preceded by EU accession). The agreement must not only be compliant with World Trade Organization (WTO) principles, but also set the gold standard when it comes to regional trade regimes.

The resulting economic and norm-setting potential should in turn spill over into more robust political and security cooperation. On security issues, NATO provides the primary institutional link for the transatlantic dialogue, and structured cooperation should pave the way for more ambitious steps, such as an overarching transatlantic compact identifying security priorities and establishing new forms of burden- and responsibility-sharing. This would require the creation of a high-level political consultative mechanism – an Atlantic Community Council – comprising the presidents of the United States, the European Council and the European Commission and, when relevant, the secretary general of NATO – to address regional and global concerns and reinforce transatlantic cooperation in international institutions.

● Establishing targeted partnerships

Turkey and the United States have already been singled out in this report as crucial partners in the EU's efforts to combine its regional and global ambitions. However, if the EU wishes to promote vital European interests more effectively, it will also need to work particularly closely with two further states: Russia and China. Both are heavily involved in the EU's strategic neighbourhood, while also being central to the future development of the international system, either in their own right or as mediating powers. The EU should seek to develop targeted partnerships with these countries with a view to forging stronger economic and political ties in a manner compatible with its overarching commitment to the promotion of democracy and the rule of law.

Russia is in a mutually dependent relationship with the EU. It is a crucial actor in the strategic neighbourhood, the EU's third largest trading partner and its largest supplier of energy. A poorly governed Russia that reverses its commitment to modernization could pose a major challenge to the EU's stability and prosperity. However, a well-governed Russia, respectful of its commitments to its own population as well as international law, could prove a valuable partner. The EU should therefore be ready to define an upgraded relationship with Russia. In building a more balanced and effective relationship, it should focus on cooperation in areas of mutual interest, such as energy security, joint infrastructure development, cross-border environmental issues and joint educational, cultural and scientific programmes.

China is at the heart of the worldwide power shift that is increasingly affecting the EU's regional and global influence, and the development of closer relations should be one of the EU's top priorities in the next decade. This relationship should stand on three pillars: economic cooperation, with a special focus on protecting European business investments and intellectual property rights as well as environmental issues and green technology; people-to-people exchanges, centred on educational and scientific projects; and the strengthening of existing political cooperation, including a human rights dialogue. The EU and China should openly discuss global issues of mutual interest and seek to better coordinate their respective approaches to the management of global challenges.

As democratic nations, Brazil, Canada, India, Japan, Mexico, South Africa and South Korea share many of the EU's values and interests and have entered into strategic partnerships with it. The EU should further develop its political relationships with these states with a view to

strengthening bilateral economic and social ties, sharing experience of the variety of policies available to respond to local societal challenges and fostering a common approach to the co-shaping of global governance in keeping with broadly shared values. In the future, the EU should also establish strategic partnerships with other key democratic regional powers, such as Australia and Indonesia.

Co-shaping global governance

The EU is a product of ambitions to manage cross-border exchanges in a peaceful, cooperative and values-based manner. As these flows increase with globalisation, so too have European efforts to manage them, and the EU has responded with an ambitious policy of trade, aid and support for global institutions. This is a natural extrapolation of the EU's rationale, but it is also a necessary requisite to make European integration sustainable: as a rules-based regional entity, the EU's ability to further its aims is highly dependent on the existence of an effective system of global governance.

Today, this is being stretched by a global diffusion of power and the emergence of new actors, with the result that a more inclusive system is becoming increasingly necessary. The United Nations is and should remain at the core of that system, but this should not preclude the pursuit of other formal and informal venues for interaction. Some of these must be universal, others should gather a few key stakeholders, and some should involve only democratic partners. The transition to a more inclusive setup should also envisage new forms of interaction with societal actors from all countries. Managed sensibly, this would improve legitimacy and effectiveness while furthering the dissemination of international norms.

● Promoting human development and preventing conflict

Human development, and conflict prevention and transformation are two areas where the EU has the legitimacy and expertise to take direct global action – and where its partners expect it to do so. The two areas are closely linked, not least since poverty, underdevelopment and social exclusion can lead to inter- and intra-state conflict, and it is telling that not a single Millennium Development Goal has been met in fragile states or those affected by conflict. The growth of global prosperity has had a major impact on human development, but without fully mitigating these problems. Indeed, in some instances, it has increased disparities between rich and poor, encouraged complex interdependences and competition for resources, and reduced the incidence of norms-based development support.

The EU's development agenda should build on the progress that political and economic freedom and human rights have brought to the world, and its development policies should be implemented in line with its overall strategic objectives. Poverty reduction should remain a priority for the EU but must become more differentiated and flexible. Despite the fact that many states are successfully growing their way out of poverty, a large part of the world's poor still live in

middle-income countries. Moving away from per-capita income tests and applying more nuanced measurements to gauge the changing geography of development would increase the EU's sensitivity to new realities. Furthermore, the EU should increasingly work towards addressing thematic global and regional issues such as climate change, food security, and democracy and human rights support. This would link development policy more clearly to the EU's other strategic objectives and strengthen its global governance agenda.

Equipped with a comprehensive toolbox, and itself a product of constant negotiations and bargains, the EU is also well placed to help defuse conflict through mediation and address the root causes of conflict beyond its borders. This ambition will be strengthened by a more decisive development agenda and a fuller recognition of the gender-related implications of peace and security matters. The EU also needs to draw more effectively on the rich contextual knowledge provided by its member states and an upgraded capacity to monitor and analyse global situations and trends. The focus here should be on targeted preventive action based on a catalogue of ongoing and potential controversies and conflicts deserving of priority attention.

● **Boosting international economic and environmental problem-solving**

Multilateral institutions are suffering from declining effectiveness and legitimacy, particularly when dealing with challenges that highlight economic differences and social disparities between states. In this context, EU member states find themselves prominently represented in a system whose influence is increasingly in doubt. The EU should aim not only to upgrade its own multilateral performance but also to empower and support international institutions per se. This will require a combination of flexible and pragmatic problem-solving, on the one hand, and legitimate processes and formats, on the other.

The institutionalisation of G20 summits offers the prospect of better regulation and representation, but the resulting declarations still lack the formal mechanisms necessary to guarantee implementation. The EU and its member states should nevertheless carry out the decisions adopted with a view to reducing fiscal deficits, securing fair taxation of multinational corporations and fighting protectionism and money laundering. The legitimacy of the G20 format could be enhanced by adopting a more inclusive approach to states and organizations with issue-specific expertise, as well as more extensive cooperation with other multilateral structures such as the WTO, the International Monetary Fund and the World Bank.

As for climate change, the EU must strive to reduce greenhouse gas emissions while securing its energy supply, goals which call for ambitious global cooperation. Here, active engagement in the UN track must be complemented by work in smaller gatherings where momentum can be gained among key stakeholders. The EU might, for instance, use this approach to work towards financial instruments of a global character, such as a global carbon tax where revenues are directed towards research and development on clean technology. The EU should represent members in both these tracks, in line with the principle of focusing its efforts on those international institutions where its initiatives are significantly more effective than member state action alone.

● Anticipating new domains of global action

The EU has played an important role in the recent adoption of a Conventional Arms Trade Treaty by the UN, and should continue to support efforts in the field of nuclear arms reduction. The effectiveness and legitimacy of international norms, however, can best be strengthened by anticipating the competition and conflict that may arise in new domains of activity and innovation. The success to date in preventing the militarization of the Arctic region, despite its emergence as a geopolitical theatre, serves as an example of the value of innovative and anticipatory governance. Today, technological developments are driving the demand for anticipatory governance. In fields such as outer space and cyberspace, the EU should lead the way in building governance structures that will guarantee access and security.

Outer space is vital for civilian and military activities, including telecommunications, timing, positioning, navigation and Earth observation, and must therefore be protected to guarantee security both from and in space. The EU's outer space policy should be based on closer cooperation with traditional space powers such as the US, Russia, Japan and China, as well as with emerging space actors such as India, Brazil, Nigeria and South Africa. Cooperation should aim to tackle specific challenges such as the tracking and management of space debris, an area in which the EU could take the lead in technological and policy development. The EU should also act to prevent the risk of an arms race in space, by promoting the proposed Code of Conduct and working on further legally binding agreements, as well as by developing international mechanisms to eliminate debris.

Cyberspace is increasingly important to societies' global integration, and requires free and secure access. The EU should work to increase network and information security, protect critical infrastructures from cyber-attacks and promote the assessment, harmonization and advancement of new legal frameworks, particularly through the development of verification and enforcement mechanisms. The EU should also develop information-sharing and cooperation with international organizations such as NATO, and set standards to be implemented by the private companies that own or operate most cyber infrastructure. Close partnerships with international organizations should also be sought in securing worldwide access to a free and secure Internet.

● Linking regional and global governance

The regional level is increasingly where cross-border challenges emerge and are handled most effectively. The EU should therefore continue to embrace regionalization as a way of enriching global governance and coping with new power configurations. Region-building and inter-regional cooperation can add a substantial new layer to global governance, encouraging local prosperity, stability and the acceptance of global norms by a growing number of states. As the world's most advanced regional organization, the EU is well placed to deal with this challenge. Bearing in mind its know-how, but also recognising the specifics of its own development as a regional body, the EU could found a body with the set task of assisting region-building processes in the rest of the world.

The European Union should begin by deepening its cooperation with precisely those regional organizations whose geographical scope and membership largely overlap with its own, such as the Council of Europe and the Organization for Security and Co-operation in Europe (OSCE). It should also work more closely with those organizations that are most active in the strategic neighbourhood, forging a stronger and broader partnership with the African Union (AU). Established partnerships with regional organizations such as the Economic Community of West African States (ECOWAS) and the Intergovernmental Authority on Development (IGAD) should be reinforced, while the role that the Arab League and the Gulf Cooperation Council can play in trade, development and security matters should be acknowledged and supported.

Working more closely with regional organizations can be an effective and efficient way to pursue vital European interests further afield. This is particularly true of the Association of South-East Asian Nations (ASEAN) and the Mercado Común del Sur (MERCOSUR), which bring together like-minded partners and fast-growing economies that are destined to play an increasingly prominent role in world affairs. The EU enjoys a considerable advantage in these regions, where it is seen as a non-threatening partner compared to other major powers.

The EU should also be open to greater regional participation in international institutions as a way of improving their inclusiveness, legitimacy and effectiveness, since tomorrow's global challenges call for decision-making and implementation that go beyond the competences of individual nation states. While a common EU seat on the United Nations Security Council is a worthy long-term vision, in the shorter term member states should initiate a debate on the reform of this body. The participation of other regional organizations in the work of the UN Security Council should also be explored, for example, by introducing mechanisms that ensure enhanced regional representation and accountability in the assignment of non-permanent seats.

INSTRUMENTS AND CAPABILITIES

When it comes to realizing these objectives, the EU should make full use of the broad range of instruments that spring from its unique character. In order to succeed in a world in which it must act rapidly, coherently and above all politically, the EU will need to further utilize certain of its instruments and capabilities, such as diplomatic action, trade, aid, restrictive measures and a broad array of crisis management and response tools, including the use of force in accordance with international law.

More effective use of an already impressive array of instruments will enhance the EU's ability to fulfil its strategic objectives. Specifically, trade and a more targeted use of development cooperation will play an important role in the strategic neighbourhood, as well as in fostering human development. Military and civilian capabilities will be crucial in taking security responsibility in the strategic neighbourhood, and will assist in paving the way for a new Atlantic community.

Instruments and capabilities should be used according to four guiding principles. Since forging political will is paramount to effective external action, **synergy** must be sought between the EU and its member states. **Comprehensiveness** should be a priority as regards the coordination of tools not just in the field, but also at the decision-making level. **Coherence** should be ensured between the EU's ambitions in the full range of policy fields and the resources it allocates to them. Finally, the EU should also make itself the preferred framework for member state action by fostering the **flexibility** necessary to allow them to act in variable groups.

● Sharpening political coordination

A broad European agreement on the EU's strategic objectives should provide a political mandate to boost the European External Action Service's (EEAS) coordination capacity, particularly vis-à-vis the policies under the purview of the European Commission. The High Representative for foreign affairs and security policy, who is also vice president of the Commission, should possess more formal mechanisms for coordinating the commissioners responsible for enlargement and the neighbourhood, development and humanitarian assistance, as well as a greater say in the external dimension of the energy, home affairs and internal market portfolios.

The existing cooperation model between the EEAS and the Commission should be deepened, both at the political level and with regard to the EU's delegations abroad. Clear chains of command between EEAS and Commission representatives – particularly when dealing with crisis management – should be established both at the political level and with regard to the EU's delegations abroad. The potential of EU delegations should be further exploited by equipping them with adequate expertise to properly analyse local political and security conditions, shape policy towards the country and engage local stakeholders. Given the internationalization of travel and

business habits and the pressure on national budgets, the EEAS should be enabled to expand the consular services it can provide to European citizens.

In order to improve the responsiveness of EU action to local conditions, the EU's special representatives should be anchored into the EEAS in budgetary and staffing terms. They should be given greater responsibility to coordinate the EU's presence in third countries to allow the EU to work more effectively on conflict mediation and region building. Similarly, the rapidity of EU action will be enhanced by permitting a more assertive use of the scope of initiative afforded the High Representative, not least regarding recourse to start-up funding for EU missions.

The need for sharper political coordination applies not only to EU institutions but also to member states. Here, agreement on shared political goals should result in the creation of strategic action frameworks that spell out the political parameters of European action. Within these agreed frameworks member states would act individually and in groups, as well as together with EU institutions, through flexible types of enhanced cooperation. In particular, these frameworks could prove useful in engaging with the strategic neighbourhood, fostering targeted partnerships, and taking security responsibility, for example by implementing permanent structured cooperation in the defence domain.

● **Trade, innovation and development as instruments of the EU's strategic objectives**

The EU's share of world trade is in decline and the global development map is rapidly transforming as unconditional development support increases and aid recipients become donors. In this changing context, the EU must build on its long-standing strength and credibility to maximise the opportunities that trade and development provide as a means of pursuing its strategic objectives. The principle of political coherence should be applied above all to achieving congruence between aid and trade, since internal regulations and barriers to trade may hinder development objectives. This political coordination would be particularly welcome in the strategic neighbourhood, where increased trade could stimulate internal reforms and economic integration.

In order to harness the benefits that trade contributes to vital European interests, it should be used only sparingly as a more targeted political instrument, for example when implementing a sanctions regime or to secure respect for human rights. This is an instrument that can seldom be directly developed, since governments can only establish favourable background conditions for trade to flourish. For this reason, and in order to support European business interests globally, the EU should focus on creating favourable conditions for imports and exports, fostering free access to – and level playing fields in – markets beyond Europe, supporting the struggle against organized crime and corruption, and securing free and safe access to cyber-infrastructure worldwide.

Generally speaking, in Europe trade and innovation are dependent on social investment, ambitious targets for research and development, and high quality education systems. In keeping with

this, this report suggests that the EU should enhance its educational and scientific cooperation with a number of partners and regions, for example by significantly boosting the Erasmus and Erasmus Mundus programmes. Well-developed networks in the fields of education, science and trade will allow the EU to capitalize on an increasingly multipolar innovation landscape by securing key parts of global value chains.

Overall, the EU's development policy should be better integrated into a coherent political approach to a specific country, region or global thematic issue area, and the coordinating role of the EEAS should be strengthened in this regard. Closer coordination and a more effective division of labour should also be sought with member states, building on the EU's strategic objectives and joint analysis of needs. In relation to partner countries – and in particular considering questions of the rule of law and good governance – democracy support, political dialogue, and positive and negative conditionality should play an important role in the implementation of EU development policy. The EU should also develop effective procedures for improving development policy coherence in relation to other domains of external action as well as internal policy fields, a task in which the European Parliament could usefully be involved. The ambition of policy coherence should not simply be to avoid undermining specific development goals, but rather to improve overall efforts to achieve broader strategic objectives.

● **Enhancing military and civilian capabilities**

An agreement on its strategic objectives should increase the EU's readiness for action, both in terms of political will and technical preparedness. This should boost the proactive diplomacy necessary for mediation and crisis prevention, but also herald the reinforcement of the technical mediation capacity within the EEAS, operating in cooperation with the UN and non-governmental organizations. Experience from past EU operations also highlights the need to establish permanent and integrated structures for planning and conducting missions at the strategic and operational levels, which will demand proper monitoring, situational awareness and early-warning capabilities. The effectiveness of EU interventions relies on their ability to deploy standardized and interoperable civilian and military capabilities, which should be fostered by setting up new and integrated civilian-military Headline Goals and crisis management procedures.

The EU has at its disposal rapidly deployable capabilities which have yet to see military action. In order for Battlegroups to participate in EU and UN missions, they will need to be more flexible and readily adaptable to the kinds of mission that arise. The financing of EU missions should be reformed to facilitate deployment and implement fairer burden-sharing among member states. As to the budgetary constraints which jeopardise the usability of Europe's broader military capabilities, 'pooling and sharing' among groups of member states should be applied to the whole of defence spending, including research, procurement, maintenance and logistics, as well as training through networks of military education. This can only work under two conditions: pooled capabilities should be made available for European intervention even when participating member states do not join a particular mission, and planning should be carried out at the EU level, through a regularly renewed Capability Development Plan – with the EDA acting as facilitator in coordination with NATO defence planning. In addition, member states should

consider pooling a small proportion of their national defence procurement budgets into a common European security investment fund. This would allow EU-level research and procurement in underdeveloped areas, thereby enabling the EU to live up to its ambitious security role in the strategic neighbourhood.

The preservation of effective military capabilities will continue to depend on the maintenance of a competitive European defence technological and industrial base, acting in keeping with the Global Arms Trade Treaty. This requires more than just a deepening of the EU's defence market. Coordinated investment in dual-use technologies can boost both security of supply to the armed forces and European economic growth.

This logic also needs to be applied to space capabilities, where investments should create synergies with other sectors of the European economy in order to support civilian and military missions, respond to natural and man-made disasters, and monitor the environment. This will require autonomous and affordable access to outer space to ensure the possibility of putting space assets into orbit, as well as a clarification of European space governance through better definition of the relations between the EU, the European Space Agency and the respective member states.

● **Forging political will and continuing the conversation**

The EU's instruments and capabilities must continue to develop, and more flexible solutions to European action need to be found. For the EU to claim its role as a global actor it will above all need to find ways to bolster the political will of its member states. One measure to further this aim would be to invest more in fostering a common view among them. Increased access to joint information and a boosted analytical capacity will be key in this regard, since diverging risk assessments and perceptions of events and trends are a barrier to coherent action. Intelligence support should rely on long-term trust-building efforts among national services and EU agencies, as well as on better use of available capabilities and the pooling of regional expertise within the EU system.

An agreement on the EU's overarching strategic goals therefore marks the beginning, not the end, of a process leading to a more strategic Europe. Having clear and common objectives that can be communicated to domestic as well as external audiences will help muster the political will for joint action. Even in cases where member states act outside of EU structures, a European Global Strategy can provide a framework for wider political debate on strategic priorities. In order to foster a strategic conversation, however, any global strategy will have to be open to further development, undergoing proper review and follow-up. The High Representative should review the overarching strategy at the beginning of her or his mandate with the involvement of the European Council, Commission and Parliament. As to its implementation, an annual report should be presented by the High Representative for discussion in the European Council and debate by the European Parliament and the foreign policy community. Establishing an annual Strategic Council with broad participation would benefit both the follow-up of this strategy and the longer-term goal of developing a more vibrant strategic discourse in Europe.

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