

EU-Trends in 2020

The European Union (EU) and its member states are expected to face a series of turbulent developments and challenges in the coming year. The stability on the European continent will likely be impacted by various ongoing and emerging crises – on an institutional level as well as on the member state level. Worsening socio-economic indicators due to recession trends, general economic slowdown and trade stagnation worldwide will have a negative impact on Europe. However, the integration process in both dimensions – the further institutional consolidation of the EU as well as the geographical enlargement – will witness positive impulses for further development. Following the general election in Great Britain and the overwhelming majority win for the Conservative Party led by Prime Minister Boris Johnson, a known advocate for a rather swift exit from the European Union (Brexit), it is to be expected that the EU will intensify the efforts and introduce further steps towards strategic autonomy in the field of its Common Foreign and Security Policy (CFSP) as well as Common Security and Defence Policy (CSDP). This will also result in a deepening institutional cooperation between the EU and the North Atlantic Treaty Organisation (NATO) as well as in diverse new initiatives in this field.

The following article deals with the key trend developments forecasted in 2020 and outlines possible shifts and risks considering three main domains – the regional stability in Europe, the political integration of the European Union and the CFSP/CSDP sector.

The regional stability in Europe in 2020

Regional stability is impacted by various multipliers, whose combination creates a whole new level of systemic interconnectedness. Among the most significant variables are Brexit, the ongoing political and socio-economic polarization within the member states and the shifts in party systems due to a loss of political relevance

on the part of the traditional parties. Furthermore, the formation of a government and the work of institutions are becoming more problematic in various member states following election victories of Eurosceptic parties and their newly emerging participation in the decision-making process and parliamentary system. Such multipliers will further contribute to the fragmentation of the processes and structures within the EU and thus might lead to greater system fragility on both supranational and member states level in the long run. Moreover, societal changes that result in overreaching protests and promoting Eurosceptic movements are expected to further undermine the legitimacy of decisionmakers' leadership in Europe. Other important aspects influencing the stability of the European bloc include existing territorial conflicts in direct proximity (e.g. Serbia-Kosovo conflict, the military conflict in Ukraine and Catalonia's efforts to achieve independence). Consequently, the EU is about to face numerous and complex challenges, which have the potential to jeopardize its proper functioning in the long run.

Regional stability is also seriously impacted by the disruptive role of external actors, which aim at achieving more leverage in European affairs. The enhanced influence and presence of countries such as China and Russia (the "Dragonbear") in Europe is becoming increasingly noticeable in various key sectors and policy fields of utmost importance. On the one side, Russia remains the main gas supplier of Europe and the dependence on Russian gas is expected to further increase due to new pipelines projects such as Germany's Nordstream 2 and Ankara's Turkish Stream. Further sanctions against Russia as a result of the military conflict in Ukraine have so far been imposed unanimously by the EU but are subject to increasing internal debate. On the other side, China has already become a "European power" while the EU member states still do not have a common strategy towards Asia that reflects the

global power shift in the international affairs. In this regard, it is to be assumed that Chinese investments in the member states will increase further and new projects along China's Belt and Road Initiative (BRI) will be respectively boosted. This logically reflects Chinese geoeconomic interests in favor of an expansion of its global influence towards Europe (and Africa) in order to enhance Beijing's leverage against the European members, particularly those governments with rather weaker institutions and diffuse rules and norms in Central and Eastern Europe. Furthermore, one will also witness emerging tensions within the member states because of the need for urgent decisions directly linked to China. Such is the case with the ongoing discussion on the participation of Huawei in establishing 5G Network as well as the urgency to act in favor of a screening mechanism of direct foreign investments from China.

In addition, a possible re-election of President Donald Trump would likely further escalate the trade dispute with China, which is to be seen in a much broader global context. These developments would directly affect Europe as Trump would seek to open a second front of the trade conflict with the EU due to its trade surplus with America. Thus, the US, the EU and China will increasingly compete over deals with third parties worldwide, while trying to safeguard their own trade interests. Overall, Brussels and its member states will simultaneously have to deal with a much more assertive China and US in 2020.

The institutional dimension of the EU comprises several multipliers with high relevance for the coming year, particularly the developments considering the French-German axis, the next phase of Brexit as well as the implementation of the ambitious program of the newly elected EU institutions. In this context, it can be assumed that there will be increased efforts towards a further institutional consolidation at the EU level (e.g. Banking and

Energy Union), which coupled with the deterrent factor of Brexit and the coherent EU-wide cooperation in several sub-areas of the Union will be a strong signal for an intensified institutional integration.

The geostrategic dimension encompasses the global positioning of Europe and disintegrative influences based on external players' actions and strategies. The trend developments show a continuous decline of Europe's international positioning on the world stage (e.g. Top 100 and Top 500 Global Companies), which the new "geopolitical commission" and the key EU member states Germany, France and Italy will have to counteract by launching necessary stimulation policies. The EU together with its member states runs the risk of being pushed away and squeezed out from global markets, while losing valuable shares in the global GDP and key sectors. At present, the debt levels and possible recessionary trends are also becoming a problem. Several countries are experiencing increased indebtedness, for example Italy with a national debt of over 130 percent of the GDP. Thus, it is of utmost importance to re-launch and revive trade and economic partnerships with third countries, strengthen the own role and presence in global supply chains and increase the influence within leading international and regional organisations.

The European Union is increasingly losing influence on the global political stage. The sharp intensification in political stance against China, declaring the country a "systemic rival" in 2019, comes as a result of growing Chinese power that divides the European continent. So far, the European Union lacks a clear and unified foreign policy strategy to deal with the situation accordingly. Nonetheless, by announcing the importance of the European Strategic Autonomy and further actions towards that end, a crucial first step has been taken. Simultaneously, the relations between the EU and the United States are at a historic low during the 21st century. The US protectionism, its withdrawal from common agreements, and its critique towards NATO mixed with several diplomatic outbursts of disregard towards the EU were the main

factors that led to the now-cold relationship. Despite the upcoming US elections in 2020, the geopolitical situation will remain not only tense but also defined by uncertainties, and potentially threatening the European project in a substantial way (politically, economically, and socially).

The outlook reveals that the situation in the EU is expected to be even more complex in 2020. Increasing corruption scandals, widespread Euro-skepticism, enhanced hybrid threats, and deepening energy dependency are some of the multipliers that will have a major impact on the EU as a whole. All above mentioned factors that are relevant for the stability of the European Union point to a deterioration with larger, even Europe-wide impact in the medium to long term. More so, it is unlikely that the EU could achieve a noticeable positive turnaround in the short term. Above all, the economic slowdown and the risks of another global financial crisis could catalyze some of these factors, and thus contribute to an intensification of proneness inside and along the peripheries of the EU in the upcoming year.

The European patchwork: EU perspectives for 2020

"United in Diversity" – adopted 20 years ago, the motto of the European Union perfectly symbolizes the core challenges of the current political realities. Indeed, there are multiple, partly contradicting and certainly opposing realities Brussels has to face, which are driven by internal European but also global political developments. These complex circumstances derive from two further dimensions that will affect the European political (and thus also socio-economic) cohesion in 2020 on top of the aforementioned geopolitical layer of developments.

First, in May 2019 the European Parliament elections took place in all 28 member states and brought a wind of change to the distribution of the 751 seats in Parliament. For the first time in the history of the European Parliament, the traditional and well-established parties (the European People's Party EPP and the Socialists and Demo-

crats S&D) lost their combined majority. The fragmentation of the center enabled noticeable gains for the European Greens, Liberals, and right fractions, which have to be included in the creation of a political majority. European citizens have thus put forward a demand for change and the adjustment (or discontinuation) of the status quo. Whether the new political decision-makers will answer accordingly remains to be seen. However, first political oral and written consent has been given, defining future policy priorities in relation to the election results. The emphasis lies on combating climate change and environmental protection, the enhancement of security and defense as well as foreign policy, and safeguarding economic prosperity. More political integration is expected in these areas, whilst the multiannual financial framework and enlargement policy are likely to cause friction and disagreement. The – yet undetermined – Brexit is another factor of political uncertainty, which will unfold in the upcoming months although its effects will emerge delayed and with a potential wide-ranging geographical scope.

Second, the European elections stand symbolically for the revival of the European identity, represented by the highest voter turnout since 1994. Over 50% of all eligible voters went to the polls, signifying a growth in turnout in 21 member states. Especially the European youth made its voice heard, as the turnout amongst citizens under 39 years increased by more than 10%. Although both the election results and the voter turnout resemble a diverse patchwork with huge differences in electoral behavior between member states as well as the urban and rural populations, the general trend enforces a pro-European sentiment. Consequently, the new legislative period will be challenged by a hampered political decision-making process and threatening cohesion and efficiency, though supported by the general positive European identification. At times of reduced political participation, loss of trust and growing political fatigue, the positive turnout is even more promising.

In conclusion, these dimensions are strongly influencing the political future of the EU, which is gradually being pushed by integrative indicators such as the pro-European election results and dividing factors like the fragile formation of majority or growing foreign influences. Thus, the most pressing risk for the European Union is not security, trade or migration policy, but rather the fragmentation of hearts and minds leading to European disunity. In order to enhance the inner cohesion and its global importance in 2020, the EU and its member states are required to overcome their national differences and act according to the only certain fact in the blurred web of insecurity: that no European state is prepared (or willing) to face the various challenges alone.

Common Security and Defense Policy 2020

The security policy outlook for the year 2020 essentially follows the trend of the last two to three years: the security environment around Europe continues to be problematic in many aspects. Geopolitically, elements of a multipolar confrontation between the major global powers are increasingly emerging, while the European Union is running the risk of being marginalized. The regulatory capacity of international organizations continues to decline, arms control treaties are being terminated, the military buildup in and around Europe can no longer be ignored and the various conflicts in the European neighborhood show increased potential of escalation. Consequently, if Europe wants to be taken seriously in terms of security policy, there will be no alternative to further deepening European defense cooperation.

Therefore, further development and full implementation of the Permanent Structured Cooperation – which was expanded by 13 new projects in November 2019 – will be encouraged, and this in turn will lead to a constant increase in national defense spending. PESCO, together with the Coordinated Annual Review on Defense (CARD) and the European Defense Fund (EDF), are indispensable tools for ensuring consolidation and continuity in the field of European

security and defense. In order to achieve the set objectives, Brussels must first and foremost ensure the coherence between these three initiatives.

The quantitative and qualitative strengthening of the civilian component of the CSDP, through the Civilian CSDP Compact, seems increasingly likely as does a more intensive cooperation between the civilian and military dimension in the EU. This is necessary to realign civilian CSDP with the changing security landscape and the various challenges emanating from it, as well as with the EU's Global Strategy (EUGS) and new level of ambition. Although the Compact is not binding, the member states have agreed to fully implement it by 2023. An enhanced civilian CSDP is an integral part of the EU's comprehensive approach and an important instrument through which the Union perceives its role as a global security provider. In this regard, invigorating the EU's partnerships with the United Nations and NATO, especially in areas like hybrid threats, cyber security, counter-terrorism and military mobility will prove essential, as will an enhanced Military Planning and Conduct Capability (MPCC).

In addition to that, the upcoming Brexit creates an urgent need to redefine security and defense cooperation with the United Kingdom in a solid way in order to integrate it as closely as possible into the European security architecture. The United Kingdom's withdrawal from the EU is overall expected to strengthen integration efforts in the field of CSDP. There will also be a revival of the debate regarding the creation of a "European army" as the next logical step in the development of CSDP, although the role of the military remains a national prerogative. However, in many EU member states, the budget issue could be crucial to the question of investment in defense policy and halt the desired or planned increase in defense spending. It can be assumed that the EU and the member states will continue their efforts to become more militarily self-sufficient, which overlaps with the interest of the US, as long as it is about investing in territorial defense capabilities against Russia and

fulfilling more security and defense policy tasks for its immediate neighbourhood in the Middle East, North Africa and Eastern Europe. Nevertheless, relations between Washington and Brussels will remain strained on several issues related to China, Russia, Iran, world trade, energy security and climate policies.

Turkey, too, will increasingly become a factor of uncertainty for Europe with regards to several essential aspects. On the one hand, the gas dispute between Turkey, Cyprus and Greece could intensify, carrying a negative impact on the EU. On the other hand, the relationship between Austria and Turkey could become even more tense, which could lead to a mutual blockade of bilateral cooperation in Europe. Finally, an unexpected new large influx of refugees and other migrants coming to Europe could be the cause of even greater political fragmentation in the Union, should the relationship between the EU and Turkey deteriorate.

Despite the overall positive developments in recent years, one of the main obstacles for an effective CSDP is the major difference between French and German strategic culture. While Berlin tries to avoid military engagement whenever possible and prefers an inclusive CSDP which would lead to more European integration in general, Paris promotes the build-up of military capabilities, even if this would lead to exclusive forms of differentiated integration in the field of security and defense. Consequently, there is not enough progress to achieve actual European strategic autonomy or even a "European army" in the near future. Regardless of the Commission's efforts to establish mechanisms of market integration for a common European defense industry, approximately 80% of defense procurement is still conducted on national level only, which leads to costly duplications.

Key conclusions for 2020

The "bilateralisation" of international relations and the further erosion of major multilateral forums will be detrimental to the interests of the EU and its member states,

as they will have to prevent the isolation of European interests from major geopolitical developments. The greatest risk for the EU is an increasing political, economic and social destabilization as well as disintegration processes following Brexit.

The EU will clearly be challenged to respond adequately to the emergence of competition between two system poles (the USA and China) for both ideological and security reasons. Numerous upheavals, uncertainties and crises will continue to nurture a volatile environment that will shape the regional stability in Europe. Furthermore, these developments might negatively impact the EU member states by promoting new dividing lines along competing geopolitical and geo-economic interests of the external actors in the old continent. In this context, the EU and its members will have to carefully navigate through the difficult triangular relations between the USA, China and Russia in the upcoming year.

Considering the European security architecture, a redistribution of roles among the security policy actors is expected. A new common denominator is emerging for the convergence of France and Germany, namely their geopolitical position vis-à-vis Russia. A weakening French-German axis would in turn slow down further development of the CSDP. Whether further steps towards strategic autonomy be taken will depend on a possible increase in the number of hot spots in the EU's geopolitical neighbourhood, the positive development of EU-NATO relations and the strategic ambitions and actions of other actors such as Russia and China. Although functioning as a self-declared soft power, the European Union must further engage in proving itself effective also in the field of security and defense. European initiatives such as PESCO are still in their early stages and should therefore be given the necessary time to fully develop, and bear fruit.

Furthermore, the EU is currently in the process of learning to think like a global geopolitical actor. Hence, the new leadership in Brussels should keep a close eye

on security and defense, enhance Europe's self-sufficiency through strengthening the European pillar within NATO and seriously consider innovations such as the establishment of a European Security Council.

Another important aspect to keep in mind is that actual operational and political autonomy will only be possible in combination with industrial autonomy. To secure this goal, a European single market for defense equipment is needed, including the development of certain key technologies at EU level. Overall defense spending must become more efficient and duplications should be avoided wherever possible. Both Brussels and the member states should acknowledge the need for an effective EU strategic communication towards its citizens. Only an effective triumvirate between functioning EU institutions, cooperating EU member states and actively participating EU citizens could bring about substantial positive changes in key areas such as security and defense policy.

Finally, the most decisive element for 2020 will be the political will of the remaining 27 EU member states to commit to a deepening of the Common Security and Defense Policy. Due to Great Britain's withdrawal from the EU, the latter will make further attempts for emancipation in the field of foreign and security policy, which will be reflected in increasing cooperation with NATO. Therefore, the European Union should encourage and endorse a permanent political participation of its member states in order to maintain the present momentum in the field of security and defense.

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