

# EUROPE AT A CROSSROADS – SEEKING STABILITY AND SECURITY IN A CHANGING GLOBAL ENVIRONMENT



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## Europe at a crossroads – seeking stability and security in a changing global environment

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# I. INTRODUCTION

## EVERY MAJOR GEOPOLITICAL CHANGE IN THE LAST 100 YEARS HAS ALTERED THE STATE LEGAL SYSTEM OR THE POLITICAL SYSTEM IN THE SLOVAK REPUBLIC, IN SOME CASES BOTH OF THEM.

The publication *Europe at a crossroads – seeking stability and security in a changing global environment*<sup>1</sup> is a follow-up to the first strategic foresight report *Risks and opportunities for Slovakia in a transforming world*<sup>2</sup> which was published in 2022.

One year on, we continue to witness global developments that have the potential to fundamentally change the shape of the international environment. The situation in the world today is characterised by volatility, uncertainty, complexity and ambiguity.<sup>3</sup> The fragmentation of the international environment is accompanied by an increasing conflict potential, mistrust and unilateral actions by actors, all against the backdrop of Russian aggression against Ukraine, the Gaza war, the climate crisis, technological and social changes, as well as gradual emancipation of the countries of the Global South.

Rather than predicting the future the strategic foresight analyses trends and reflects on possible scenarios for future developments in order to identify future challenges and

opportunities. The intention is to raise awareness of emerging trends that have the potential to significantly influence future developments and to alert policy makers to possible pitfalls or prospective opportunities that these developments bring with them.

The first part of the publication presents the so-called change drivers – phenomena that have the potential to fundamentally influence future development. They are followed by three alternative scenarios of future development, which illustrate a possible, imaginable future based on today's developments and the interaction between the change drivers. They also help to clarify and test our assumptions about the future. Finally, recommendations for policy makers form a central element of the report. They are divided into six chapters: Central Europe and our neighbourhood, Ukraine, Securitisation, European Union, Shifting the geopolitical centre of gravity away from Europe, and Multilateralism.

<sup>1</sup> In order to maintain the expertise achieved in the use of the strategic foresight method, a task force on the strategic foresight was formed at the MFEA SR from January to September 2023. Its members included: Imrich Marton, task force leader, Martin Bartoň, Barbora Bednáriková, Martin Bielik, Michal Biznár, Marianna Dudášová, Manuel Korček, Lubomír Lúčan, Juraj Privits, Daniel Šmihula, Lubomír Tokár, Juraj Tomáš and Igor Vencel.

<sup>2</sup> <https://www.mzv.sk/sk/diplomacia/zahranicna-politika>

<sup>3</sup> VUCA (Volatility, Uncertainty, Complexity, Ambiguity) acronym is used to name such phenomena in the context of strategic foresight. See e.g. <https://www.un-ilibrary.org/content/journals/2076099x/28/3/8>

## MAIN CONCLUSIONS OF THE PUBLICATION

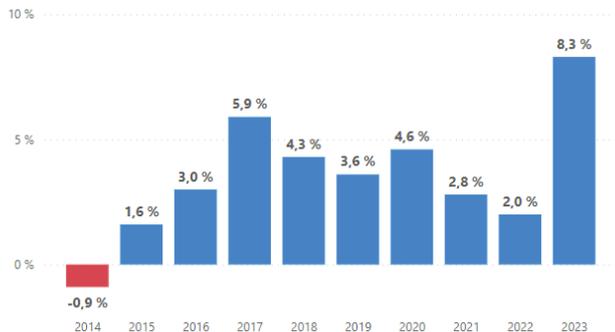
1. Events in our immediate neighbourhood remain crucial for the development of Slovakia. However, even this area is not immune to accelerating geopolitical pressures. On the contrary, more than in the past, the CEE region is becoming a meeting point for many global megatrends, which is reflected in the considerable polarisation of local societies. This polarisation has so far only to a lesser extent spilled over into inter-state relations in the region. However, this may change. **The region of Central and Eastern Europe faces a number of internal and external imbalances; not only the functionality and cooperation within regional groupings, but also the question of the region's future position in the EU and NATO comes into play. It is in Slovakia's interest to support the stabilising effect of European and Euro-Atlantic integration in the region and to prevent a possible negative domino effect.**
2. Ukraine represents a defining challenge for both Slovakia and the Central European region for the next decade. Whatever scenario ultimately prevails in Ukraine, its consequences will have a transformative impact on the development throughout the region and beyond. Therefore, the events in Ukraine must remain at the centre of Slovakia's attention. **Slovakia needs a coherent concept for the development of multidimensional cooperation with Ukraine which will have adequate material and workforce capacities and which will be resilient in case of alternative scenarios of possible developments.**
3. If the main mobilising element of public policy development and formulation in the previous decades was concentrated mainly in the socio-economic sphere, in the third decade of the 21st century it will be at least matched by the security dimension. The growth of the importance of security will be reflected not only in increased defence spending, but also in the reinforcement of the importance of security across all public policies of the state. In the period ahead, Slovakia must give **security a targeted priority in public policies and be prepared to invest adequate resources in security.**
4. The next decade will be transformative for the European Union. In addition to a number of security challenges, the catalyst for change will be the revival of the EU enlargement process and the related need for internal reforms of the EU's functioning, financing and policies. For Slovakia, as a country currently integrated in the EU at the highest possible level, as a net beneficiary of EU resources and with close relations with candidate countries, both the **success of enlargement and the preservation of the functionality, decision-making capacity and global relevance of the European Union are strategically important.**
5. The shift of the geopolitical centre of gravity away from the Euro-Atlantic area is a phenomenon that Slovakia is individually unable to change. At the same time, however, Slovakia may find itself on a geopolitical fault-line. It will be therefore important for us to **actively participate in global cooperation of democratic countries and to cultivate relations with like-minded countries both in the Euro-Atlantic area and beyond.**
6. While preserving the elementary principles of the UN Charter, the operationalization and revitalization of the multilateral system must take into account the expectations of the countries of the so-called Global South, which seek to have a greater stake in global decision-making. **The reform of multilateralism should however primarily concern the mechanisms of cooperation and the functioning of multilateral institutions, not the elementary principles and values that were defined after the World War II.** Not only normativity, but also strengthening of mechanisms for holding accountable those who violate it, must become the central element of the new multilateralism.

## II. CHANGE DRIVERS<sup>4</sup>

### 1. Securitisation of policies and weaponisation of dependencies

In the wake of the Russian aggression in Ukraine and intensified geopolitical rivalries, security is coming to the fore. States' investment in defence has been declining for a long time. While in the 1970s G20 countries invested an average of 3.8 % of GDP in defence, this figure has fallen to 2.4 % of GDP in the 21st century.<sup>5</sup>

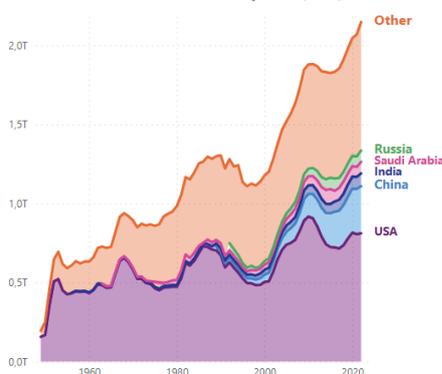
NATO Europe and Canada - defence expenditure  
annual real change, based on 2015 prices and exchange rates



However, global military spending has been rising continuously since 2015. Over the past decade (2013 – 2022) it has increased by 19 %, while the EU countries' defence spending has risen by 31 %.<sup>6</sup> In 2022, military spending increased by 3.7 % (in real value), reaching a new peak of \$ 2,240 billion. Military spending in continental Europe (including Russia and Ukraine) rose by 13 % over 2022, representing its largest annual increase in the post-Cold War era.<sup>7,8</sup>

Military expenditure 1949-2022

Based on constant USD 2021, data by SIPRI (2023)



An acute threat is the possibility of a new round of an arms race, including the nuclear weapons, not only at the global level but also at the level of medium-sized, regional powers.

Moreover, technological advances are pushing the possibilities of confrontation into new, often unexplored domains, whether in terms of direct military confrontation or in the form of hybrid engagement. The course of the Russian aggression so far, as well as the activities that preceded it, show that practically anything can be weaponised and used as an instrument of conflict or influence: energy, food security, technology, environment, migration, information and disinformation, medical material, access to raw materials, etc. If various forms of resource or technological dependence were previously considered primarily through their economic and financial dimension, recent developments show that they might get increasingly perceived through the security dimension as well.

### 2. Developments in Ukraine

Russia's aggression against Ukraine has seriously undermined both the European and global security architecture and has major implications for the global economy, energy and geopolitics.<sup>9</sup> Europe has reduced its gas imports from Russia by 80 % compared to 2021<sup>10</sup>, Russia's share of oil supplies has fallen by 27 percentage points (to a total of 2 %), its share of fertiliser and steel imports has fallen by 9 percentage points, EU exports to Russia have fallen by 61 %, imports have slumped by 84 %.<sup>11</sup> Russia's massive violations of international law and human rights, the ensuing extensive sanctions regime (Russia is currently subject to more sanctions than all other sanctioned regimes combined<sup>12</sup>) and the high level of animosity and mistrust (Russia is seen as a partner by only a fifth of the European population<sup>13</sup>) make a return to the status quo ante virtually impossible.

Any outcome of Russian aggression will have a major impact on the further development of international relations and

4 By change drivers we understand any significant physical or societal factors and trends that shape the future dynamics and can, potentially, considerably influence the area under review. Change drivers cause significant changes on the system under review over a time period of 10 – 15 years. They are forces that indicate the direction of change; they are present in all scenarios of future development, but may have different impacts in each scenario.

5 <https://www.oecd-ilibrary.org/sites/1f628002-en/index.html?itemId=/content/publication/1f628002-en#section-d1e627-37ed2a2086>

6 <https://eda.europa.eu/docs/default-source/brochures/eda---defence-data-2021---web---final.pdf>

7 <https://www.sipri.org/media/press-release/2023/world-military-expenditure-reaches-new-record-high-european-spending-surges>, údaje sú v bežných cenách

8 Source of the chart: [https://www.nato.int/nato\\_static\\_fl2014/assets/pdf/2023/7/pdf/230707-def-exp-2023-en.pdf](https://www.nato.int/nato_static_fl2014/assets/pdf/2023/7/pdf/230707-def-exp-2023-en.pdf)

9 <https://www.imf.org/en/Blogs/Articles/2022/03/15/blog-how-war-in-ukraine-is-reverberating-across-worlds-regions-031522>

10 Authors' own calculations, source of data: <https://www.bruegel.org/dataset/european-natural-gas-imports>

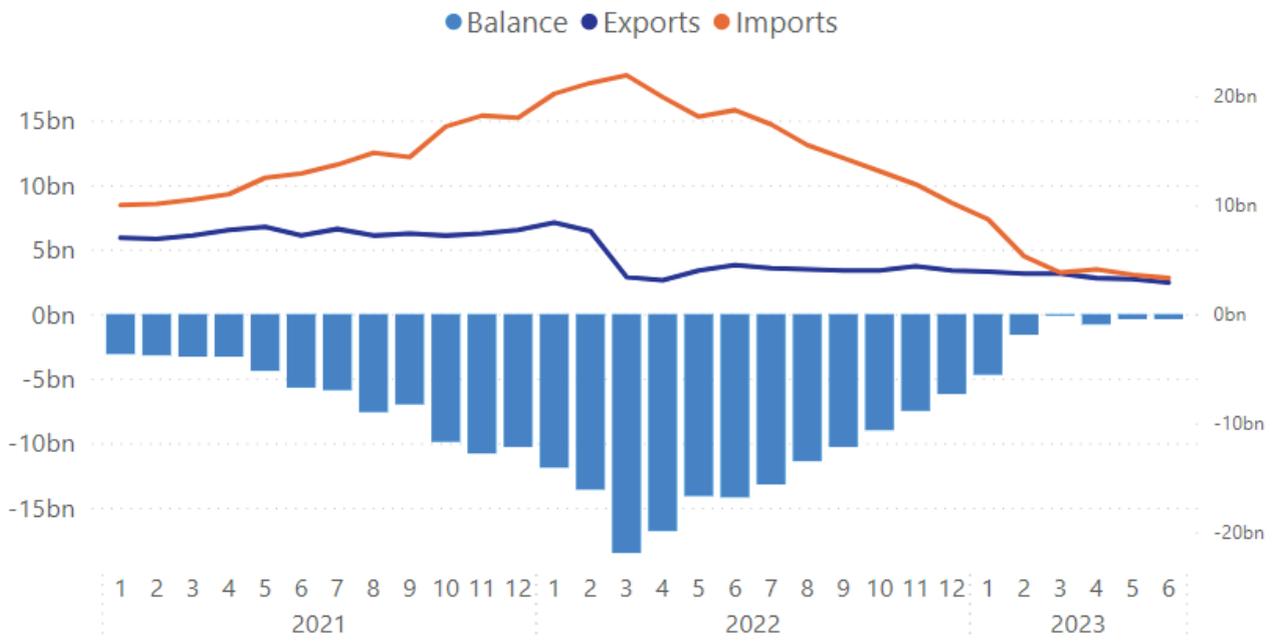
11 [https://ec.europa.eu/eurostat/statistics-explained/index.php?oldid=558089#Latest\\_developments](https://ec.europa.eu/eurostat/statistics-explained/index.php?oldid=558089#Latest_developments)

12 <https://www.statista.com/chart/27015/number-of-currently-active-sanctions-by-target-country/>

13 <https://ecfr.eu/publication/keeping-america-close-russia-down-and-china-far-away-how-europeans-navigate-a-competitive-world/>

### EU trade in goods with Russia, 2021 - 2023

Eurostat (in bn. EUR), seasonally adjusted

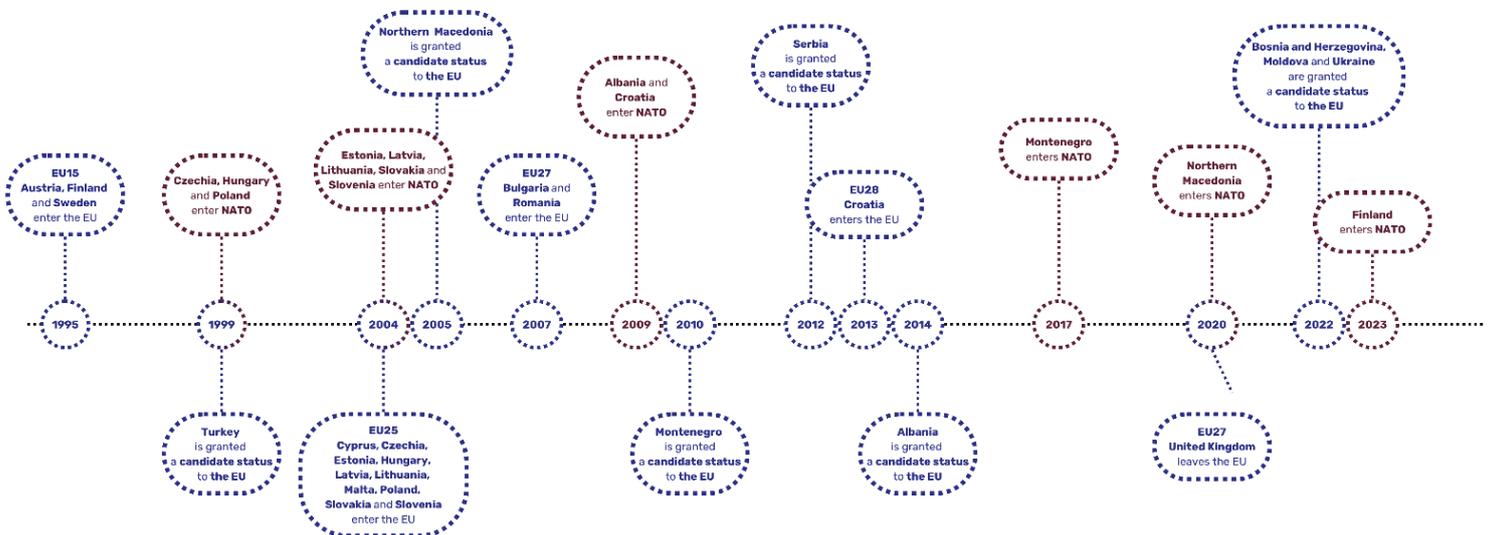


security. A successful change of borders by force would create a dangerous precedent, and a possible Russian victory would have profoundly destructive effects on the international order as well as on the multilateral system, with the UN at its core. Success of an autocratic regime in a conflict with a democratic Ukraine would embolden revisionist forces, weaken cooperation among democratic countries and seriously undermine global security. Moreover, the conflict is taking place in Slovakia's immediate neighbourhood and its more significant escalation could directly threaten our security. Any prolonged war and instability will further contribute to the ongoing fragmentation of the world economic and political order – the fragmentation of global trade alone, to which Russian aggression is a major contributor, could cause damage of up to 7 % of global GDP in the long term.<sup>14</sup>

In contrast, vindication of Ukraine's sovereignty and independence will have a significantly positive impact on both global and regional dynamics. Ukraine's victory will give a strong impetus to regional and European integration, economic and investment dynamics in Central and Eastern Europe, strengthen ties between democracies and curb authoritarian and revisionist tendencies.

### 3. EU and NATO enlargement and related reforms

Russia's aggression against Ukraine has led to a revival of the enlargement process in both the EU and NATO. At the same time, both organisations are adapting to changes in the security environment. In the EU, the security-defence dimension is being strengthened, with an emphasis on a greater capacity to act autonomously, while NATO is



<sup>14</sup> <https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-march-2023-briefing-no-170/>

taking into account the need to strengthen its political dimension and a more global perspective. Both organisations are responding to the effects of the climate change, new domains of power competition (space, cyberspace) or the importance of maintaining technological superiority.

While in the NATO context the primary concern is security issues, in the EU context the process of enlargement is accompanied by the question of deepening integration, reforming decision-making structures, securing the financing of its policies and, last but not least, strengthening its strategic autonomy. At the same time, the issue of maintaining unity, cohesion of decision-making and responsiveness in the context of an enlarged membership is a key issue in both organisations.

The enlargement of both the EU and NATO will fundamentally affect Slovakia as well, especially because of the integration aspirations of its immediate neighbour, Ukraine, which may become the sixth largest EU state (or one of the five largest NATO armies).<sup>15</sup> An EU enlarged to include Ukraine would become a global food superpower, controlling 30 % of the world's grain production.<sup>16</sup>

#### 4. Geopolitical fragmentation and power realignment

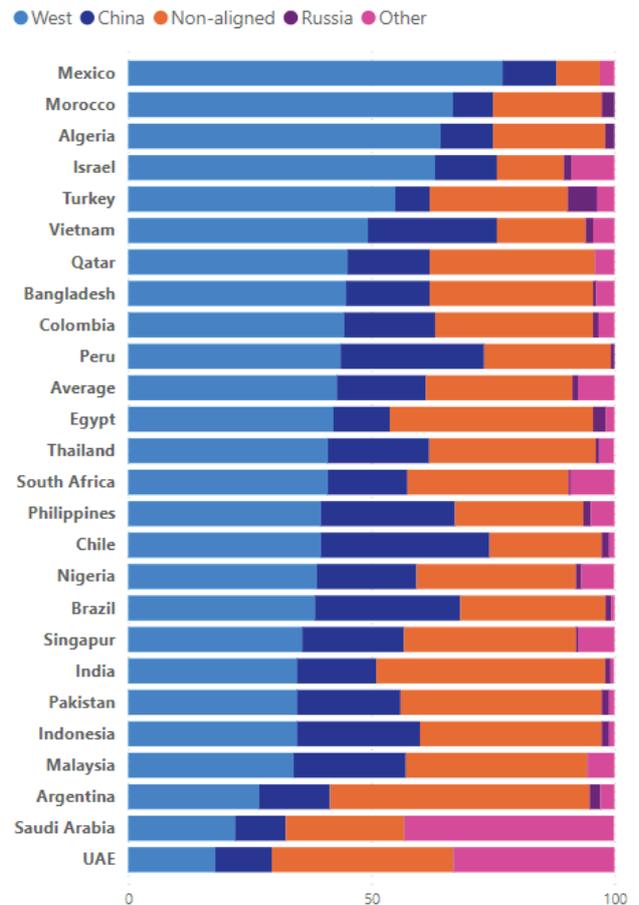
Geopolitical, economic and technological changes are contributing to fragmentation of the international system, creation of spheres of influence and proliferation of regional groupings of like-minded countries that deepen their political, security and economic cooperation.

The question remains whether and in what form these zones (clusters) will stabilise, to what extent they will be separated and what impact this will have on global cooperation on critically important issues (climate, setting standards, principles and rules of international law, security cooperation, functioning of the multilateral system).

Divisions are taking place in a number of areas, the most prominent being the democracy vs. autocracy divide, with up to 70 % of the world's population (5.4 billion people) currently living in non-democratic regimes (in 2011, this was "only" 49 % of the world's population).<sup>17</sup> Thus, on the one hand, a coalition of countries led by China (followed by Russia) is forming, which seeks to use the BRICS format primarily in the political arena, and the Belt and Road

#### The West is not always the best

Transactional 25, % of total trade (2020 or latest available), Economist da...



Initiative (BRI) primarily in the economic arena. On the other hand, cooperation of the so-called political West is gradually transcending the traditional Euro-Atlantic space and finding new allies in the Indo-Pacific region and other areas of the world.

Between these two poles, a fairly broad group of countries is forming that seeks to benefit from the above-stated rivalry and strengthen its geopolitical relevance. These countries are also referred to as the so-called T25 (Transactional 25<sup>18</sup>) and they account for 45 % of the world's population and 18 % of the global GDP (more than the EU as a whole).<sup>19</sup> This group also includes a number of states that aim to build their status as medium-sized regional powers with the potential to join the category of global powers in the medium term.

#### 5. Emancipation of the Global South

Recent geopolitical developments have highlighted a long-standing divergence in threat perceptions and the

15 <https://carnegieeurope.eu/2023/06/28/overcoming-eu-accession-challenges-in-eastern-europe-avoiding-purgatory-pub-90039>

16 <https://www.swp-berlin.org/en/publication/ukraines-possible-eu-accession-and-its-consequences>

17 [https://v-dem.net/media/publications/dr\\_2022.pdf](https://v-dem.net/media/publications/dr_2022.pdf)

18 Introduced by The Economist, T25 includes Algeria, Argentina, Bangladesh, Brazil, Chile, Colombia, Egypt, India, Indonesia, Israel, Malaysia, Morocco, Mexico, Nigeria, Pakistan, Peru, Philippines, Qatar, Republic of South Africa, Saudi Arabia, Singapore, Thailand, Turkey, United Arab Emirates and Vietnam.

19 <https://www.economist.com/international/2023/04/11/how-to-survive-a-superpower-split>



### III. SCENARIOS OF FUTURE DEVELOPMENT<sup>22</sup>

#### Scenario I: Global jungle

In the international environment, the potential for conflicts is growing, with countries losing control over global events due to the erosion of multilateralism and the rules-based order, as well as the uncontrolled emergence of new technologies, an arms race, proliferation of nuclear weapons and disintegration of strategic stability. The principle of the sovereign equality of states is not respected, the international system is atomised, and solutions based on the use of force are promoted. Value and ideological affinities are giving way to realpolitik, instruments of power and formation of zones of influence. There is an atmosphere of mistrust between countries, with a growing number of gross violations of international law. A lack of trust does not allow the countries to face common challenges, the world cannot agree on common priorities, and disintegration and non-regulation are becoming the main attributes of the international system. Multilateral bodies are paralysed or face marginalisation.

Developments in the war in Ukraine are dictating events in Europe. Ukraine becomes militarily and economically exhausted, is pushed into an unfavourable ceasefire and remains fragmented. Belarus is de facto swallowed up by Russia, and pro-Russian forces will come back to power in Moldova. Russia is having a major impact on the shape of Europe's new security architecture, testing NATO's resilience and determination, destabilising the Balkans and seeking to create a buffer zone in Central and Eastern Europe and to increase its influence in the EU's Southern Neighbourhood. The USA, burdened by rising tensions in East Asia, are limiting their presence in Europe. Nevertheless, NATO remains the fundament of transatlantic cooperation. Europe is nevertheless being forced to significantly increase defence spending at the expense of other priorities.

At the EU level, there are disagreements over the division of competences between the EU and nation states, funding and the governance of institutions. Reform processes are stagnating, the enlargement process is collapsing. The EU is divided internally, vulnerable externally and marginalised at the global level. The trend is towards an ever looser Union. Several countries are led by populist governments and traditional parties will also be significantly weakened in the elections for the European Parliament. In a number of

countries, voices calling to leave the EU are growing louder, and support for pro-Russian forces pushing for withdrawal from NATO and an orientation towards Russia is also on the rise. The countries of Eastern Europe and the Western Balkans are a zone of instability.

Global instability is manifested in increased migration, rising poverty, socio-economic disparities and citizen discontent, to which some governments are responding by curtailing freedoms and reinforcing authoritarian elements of governance. In the Middle East region, disputes are escalating into an open conflict between regional powers. China is growing more assertive and, emboldened by Russia's actions in Ukraine, attacks Taiwan, sparking a global crisis even greater than the aggression against Ukraine. China launches an open military cooperation with Russia. The USA is providing significant military support to Taiwan and other states in the region.

#### *Implications for the Slovak Republic*

Central and Eastern Europe is facing an increase in revisionist efforts and irredentism. The population is losing interest and confidence in democratic processes. Anti-systemic forces are coming to power, exploiting the pro-Russian sentiment of the population. In this scenario, a fundamental reformatting of the political system and strategic direction of Slovakia is not excluded. Voices questioning Slovakia's membership in the EU and NATO will be strengthened, and considerations about leaving integration groups will become a topic of the political "mainstream". Absence of a foreign policy consensus will render every election as decisive in the country's foreign policy orientation.

#### Scenario II: The Age of Unpeace<sup>23</sup>

The security environment is characterised by global relations on the cusp of war and peace. Armed conflict is associated with a high level of risk, countries are therefore resorting more to hybrid actions, conventional means of warfare are limited and used only as a last resort. Countries use coercive instruments to exploit the security and economic dependencies and vulnerabilities of their rivals to assert their influence. Fragmentation is taking place on the global stage, creating two large power blocs led by the USA and China (democracies vs. autocracies) – both blocs are trying to assert their influence in non-aligned countries in

<sup>22</sup> The scenarios are not predictions or forecasts; they examine only potential future which is considered the most likely. They are a kind of simulations of alternative futures and interactions between change drivers. They are both plausible and imaginative descriptions of how the future may unfold. The scenarios help clarify and test assumptions about the future and identify potential challenges and opportunities.

<sup>23</sup> Originally, the term was used by the British political scientist Mark Leonard. According to Leonard, the coming period will be characterised by a state of permanent (unarmed) conflict/tension in which countries will use non-military instruments instead of military force to achieve their goals.

Africa, Latin America and Asia, where at the same time the influence of regional leaders is growing, of which India in particular has a growing potential to influence global relations and aspires to be the leader of the non-aligned countries. Geopolitical tensions are rising in areas rich in critical raw materials for new technologies – the Arctic, Sub-Saharan Africa, Latin America. The great power rivalry for space dominance is deepening.

Russian aggression in Ukraine is reaching a stalemate, Ukraine is divided and the conflict freezes. A new Iron Curtain is being created across Eastern Europe. The unity of the West in supporting Ukraine is gradually weakening. The geopolitical situation (weakened Russia, fragmented Europe) will create favourable conditions for the rise of China's great power status. Russia is moving from autocracy towards dictatorship with repercussions on Europe.

Attempts to reform the UN and other multilateral organisations are failing. Informal, mini-lateral groupings (G7, G20, BRICS, QUAD and others) are coming to the fore. In order to counterbalance the proliferation of power of autocracies, cooperation between democracies is deepening. Across continents, a platform of democracies is emerging, increasingly linking the Euro-Atlantic space with allied partners beyond its borders, especially in the Indo-Pacific region. In Europe, the space for political and military neutrality of countries is shrinking, leading at the same time to increasing polarisation. A narrow core of countries accelerating EU integration is being formed in the EU. The EU countries outside of the narrower core, together with the EU's neighbourhood, where the enlargement process is stagnating, find themselves in a grey zone of global great power influence.

#### *Implications for the Slovak Republic*

Slovakia is on the verge of a geopolitical 'tectonic' fault line – the new Iron Curtain and is increasingly the target of hybrid action by hostile actors. Key reforms are absent. Society's resilience to hybrid action is declining. The country remains fragmented, as far as foreign policy is concerned, with low levels of trust in institutions. The political scene is fragmented. The country's foreign policy oscillates between belonging to the EU's core or periphery – Slovakia is unable to stabilise its strategic direction in the long term, there is no unifying vision of the country's direction.

#### **Scenario III: New geopolitical equilibrium**

A revitalisation of multilateralism and a rules-based international order with a reformed UN at its core is successfully implemented. The processes in the UN SC are becoming more flexible, the multilateral system is becoming more geographically representative and inclusive. Russia

will not succeed with its intentions, not only in Ukraine, but also in pursuing its global vision based on zones of influence and undermining the rules-based order. Politically, economically and militarily exhausted Russia will embark on a path of political transformation, closing in on itself, losing influence on events in Europe and creating space for the resolution of frozen conflicts in its neighbourhood.

Ukraine's reconstruction is under way, led by the EU and the Western countries, with positive implications for the wider EU neighbourhood. The EU is active in Eastern Europe and the Western Balkans, creating a real prospect for the integration of the countries of these regions into the EU. The question of the EU accession is also being addressed by some countries in north-western Europe. Coping with the crises will have a positive impact on the mood in the EU and will weaken populist forces. Europe is assuming a greater share of responsibility for developments in the transatlantic space, freeing the hands of the USA to be more active in the Indo-Pacific region in containing China. European security frameworks are being strengthened. Geopolitical changes will increase the demand for a revision of the EU's basic treaties aimed at making decision-making more flexible. The transatlantic alliance will be broadened by deeper cooperation in the fields of economy, trade and energy.

China will be deterred by the consequences of the Russian aggression from a military solution in the Taiwan Strait and the South China Sea. It will deepen the asymmetry in Russian-Chinese relations, relegating Russia to a junior and dependent position vis-à-vis China, with an emphasis on raw material resources. China adopts a more open and cooperative position in the international arena. In parallel, India's role as an economic and military power is growing.

The principles of liberal-democracy are not triumphing globally, but are gaining new appeal. Authoritarian trends are proving ineffective in the long run and are being reversed in several countries.

#### *Implications for the Slovak Republic*

Ukraine's success in defending its territory will reinforce the positive perception of democracy and the Western direction of Slovakia's foreign policy. Ukraine's reconstruction will provide a significant impetus for the development of Eastern Slovakia. Ukraine will become an important like-minded ally of the Slovak Republic in matters of regional cooperation and security, including the issue of preserving the principle of the inviolability of borders by force. Enlargement is moving Slovakia from the periphery more towards the core of the EU and NATO. Decline in net revenues from the EU budget and opening up of the Slovak economy and labour market to dynamic competition from the new EU Member States nevertheless represent a challenge.

## IV. RECOMMENDATIONS

### 1. Central Europe and our neighbourhood

Decades of transformation and integration, characterised by a relatively favourable geopolitical environment, have brought economic growth and stability to our immediate neighbourhood.<sup>24</sup> A series of global and regional crises, ranging from financial, energy, migration, pandemic, to Russia's aggression against Ukraine, have disrupted developments in Central and Eastern Europe (CEE) and marked the region's future development with a high degree of uncertainty.

A number of imbalances and trends can be observed in the CEE region, which may have a negative impact on its future stability and prosperity:

- **Emigration and demographic changes:** By 2050, the CEE population is projected to decline by between 5 % and 25 % (depending on the country) compared to the present day, the labour force is projected to fall by 20 – 40% and the population will age rapidly. Slovakia is one of the countries that will be economically the most affected by ageing – by 2050, Slovakia's GDP will be up to 40 % lower due to population ageing compared to the baseline scenario that does not take ageing into account.<sup>25</sup>
- **Economic changes:** The next decade will see structural changes in economies driven by green, technological and energy transitions, with the CEE region being significantly threatened by automation, especially Slovakia<sup>26</sup>. Convergence with the Western EU countries is slowing down, and less and less resources from the common EU funds are expected to come.
- **Social imbalances:** CEE populations are significantly more likely to believe misinformation than Western Europeans (e.g. lower vaccination rates against Covid-19<sup>27</sup>) and have low levels of trust in public institutions<sup>28</sup>. In addition, the CEE region is also characterised by high levels of perceived corruption compared to the Western European countries<sup>29</sup>.
- **Democracy, rule of law:** The level of democratic governance in the CEE region has been declining continuously since 2004, while only 6 countries in the

region can be described as consolidated democracies (in addition to Slovakia, also the Czech Republic, Slovenia and three Baltic States)<sup>30</sup>.

- **Regional tensions:** Spawning of historicizing grievances, spread of animosities, revisionism and tendencies towards nationalism, the band of which stretches from the CEE region through the Balkans up to the Eastern Mediterranean, represent a huge burden. The effects of these tensions are exacerbated by the malign influence of external (autocratic) actors who use these tensions to advance their own expansionist or revisionist agendas. In the event of a negative development, this sum of tensions could result in an unwanted cascading effect.
- **EU and NATO enlargement:** The success or eventual failure of the EU and NATO enlargement process, and the associated changes in the institutional and budgetary settings of these integration groupings, will have a significant impact on regional dynamics, with potentially high sensitivity for the CEE region, which is predominantly made up of net beneficiaries of the EU budget.
- **The future of EU:** The question of the future shape of European integration was temporarily dampened by the pandemic and Russian aggression in Ukraine, when the culmination of the Conference on the Future of Europe was overshadowed by the Russian aggression against Ukraine. However, the question of the future of the EU has now returned to the political fore, and the dividing line between the advocates of an intergovernmental (sovereignist) approach and a communitarian or federal approach will also go across societies in Central and Eastern Europe.

#### *Recommendations:*

Maintaining the relevance and functionality of the EU and NATO and our membership in them is the basis for the security and stability of Slovakia. A possible crisis in the EU and NATO would have a significant negative impact on Slovakia, our neighbourhood and the wider region. Slovakia needs to consistently oppose revisionist efforts in the CEE and Balkan regions, regardless of their driver and origin. Slovakia should therefore:

<sup>24</sup> <https://www.oecd.org/publications/enhancing-regional-convergence-in-the-european-union-253dd6ee-en.htm>

<sup>25</sup> <https://www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/Issues/2019/07/11/Demographic-Headwinds-in-Central-and-Eastern-Europe-46992>

<sup>26</sup> <https://www.oecd.org/future-of-work/reports-and-data/what-happened-to-jobs-at-high-risk-of-automation-2021.pdf>

<sup>27</sup> <https://www.statista.com/statistics/1196071/covid-19-vaccination-rate-in-europe-by-country/>

<sup>28</sup> <https://europa.eu/eurobarometer/surveys/detail/2872>

<sup>29</sup> <https://www.transparency.org/en/cpi/2022>

<sup>30</sup> [https://freedomhouse.org/sites/default/files/2023-05/NIT\\_2023\\_Digital.pdf](https://freedomhouse.org/sites/default/files/2023-05/NIT_2023_Digital.pdf)

- » actively contribute to the reform processes in the EU and NATO in order to strengthen their functionality and effectiveness;
- » promote the idea of enlargement of European structures as a geopolitical, not just an economic and legal issue, not only in terms of expanding the membership of the EU itself, but also of the euro area and the Schengen area;
- » support processes that will prepare not only the candidate countries, but also the EU itself for enlargement in our neighbourhood and put an emphasis on the reformative, value, legal and economic dimensions of the EU enlargement;
- » invest in cultivating mutual relations in our neighbourhood and be open to new partnerships. In the context of Russia's aggression against Ukraine, the importance of Poland, and also Romania, is growing. Slovenia and the Baltic countries, which profile themselves as states close in terms of values and politics, also offer the prospect of deepening cooperation;
- » critically review the existing regional cooperation formats, which Slovakia is a member of, in terms of their contribution to national interests and European integration.

## 2. Ukraine

Ukraine is the largest neighbour of the Slovak Republic and cooperation with it has long been lagging behind its potential. Ukraine's future will fundamentally affect the future of Slovakia, European security and the international order.

In the economic area, the trade exchange of Slovakia with Ukraine is higher than the trade exchange with the whole Western Balkans area, as well as with other countries of the Eastern Europe. If energy raw materials are subtracted from trade with Russia, Ukraine is a trading partner equal in volume to Russia<sup>31</sup>. Investments of Slovakia in Ukraine amount to about EUR 100 million - three times our investments in Russia, twice our investments in China<sup>32</sup>. Despite the above-stated, the intensity of economic cooperation with Ukraine significantly lags behind other neighbours, which is largely due to the integration of our neighbours into the EU single market.

The potential integration of Ukraine into the EU, as well as

the reconstruction of Ukraine after the end of the Russian aggression, represent a historically unique opportunity to lift the lagging Slovak-Ukrainian relations to the similar level to other neighbours of Slovakia. In particular, the reconstruction of Ukraine (which, according to current estimates, is expected to cost around EUR 400 billion<sup>33</sup>) represents a unique opportunity for Ukrainian-Slovak relations and economic development, especially in the Eastern regions of Slovakia.<sup>34</sup>

In addition to economic relations, Ukraine is also an important partner in the area of security, agriculture, energy, transport, as well as regional development, with a similar position on a number of major regional and global issues. In the field of security, the area of assistance in the security sector reform and Ukraine's post-war transition represent a major potential. Ukraine faces huge challenges in the form of land demining, integration of separatist territories, disarmament and demobilisation of the army, as well as transition to a peacetime economy. The wartime experience of the Ukrainian society and the public sector creates a scope for cooperation in the areas of crisis preparedness, societal resilience and mobilisation of resources and capacities.

In the field of agriculture, Ukraine is one of the largest global producers of cereals and the country with the largest arable land area in Europe (33 million ha<sup>35</sup>; while the EU-wide arable land area is 98 million ha<sup>36</sup>). In 2021, crop exports accounted for up to 41 % of Ukraine's total exports, with the agricultural sector employing as much as 14 % of the Ukrainian workforce.<sup>37</sup> Bearing in mind the possible competitive pressure of Ukrainian agro commodities, the Ukrainian agricultural sector offers considerable potential for cooperation and food security of Slovakia, provided that risks and opportunities are grasped in a timely and conceptual manner.

In the energy sector, there is potential for strengthening Ukraine's integration into the common European energy network and strengthening the country's position as an electricity exporter to the EU.<sup>38</sup> The instability of Ukraine's transmission network due to military activities on its territory is a limiting factor. However, the energy sector accounted for 17 % of Ukraine's GDP before the war, and it is mainly the area of renewable energy sources that has a high potential for both Ukraine and the EU.<sup>39</sup> Ukraine currently has an installed capacity of approximately 6.5 GW of renewable energy sources and generates a total of 60 GW of

31 [https://www.sfpa.sk/wp-content/uploads/2022/02/Ukrajina\\_web-6.pdf](https://www.sfpa.sk/wp-content/uploads/2022/02/Ukrajina_web-6.pdf)

32 <https://nbs.sk/statisticke-udaje/statistika-platobnej-bilancie/priame-zahranicne-investicie/>

33 <https://www.worldbank.org/en/news/press-release/2023/03/23/updated-ukraine-recovery-and-reconstruction-needs-assessment>

34 <https://www.sfpa.sk/zppost/spolupraca-s-ukrajinou-by-mohla-priniest-aj-rozvoj-nemocnic-a-podnikania/>

35 <https://www.oaklandinstitute.org/sites/oaklandinstitute.org/files/takeover-ukraine-agricultural-land.pdf>

36 [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Agri-environmental\\_indicator\\_-\\_cropping\\_patterns&oldid=457657](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Agri-environmental_indicator_-_cropping_patterns&oldid=457657)

37 <https://www.fas.usda.gov/sites/default/files/2022-04/Ukraine-Factsheet-April2022.pdf>

38 <https://energysecurityua.org/news/how-did-ukraine-synchronize-with-the-eu-s-power-system-and-why-is-it-important-for-the-country-s-energy-security/>

39 <https://wiiw.ac.at/rebuilding-ukraine-s-infrastructure-after-the-war-dlp-6621.pdf>

electricity (in 2021 Slovakia had a total installed capacity of 7.7 GW<sup>40</sup>). However, the power generation potential in Ukraine is as high as 667 GW, of which as much as 37 % could come from offshore wind farms.<sup>41</sup> Ukraine can therefore play an important role in meeting the EU's climate commitments, with almost all of its offshore wind potential equivalent to the capacity of the offshore wind farms that the EU plans to install by 2050. The high renewable energy potential is also linked to the potential for green hydrogen production – in 2030 Ukraine could supply the EU with around 12 % of its hydrogen demand<sup>42</sup>. Slovakia could benefit from transporting green hydrogen to the west – the planned Central European Hydrogen Corridor could transport up to 1.5 million tonnes of the commodity annually.<sup>43</sup> In addition to the pipeline transport capacity, Ukraine administers a formidable gas storage capacity, the largest in Europe<sup>44</sup>. Cooperation in the field of raw material extraction also has a considerable potential. Ukraine has as much as 5 % of global mineral reserves, with the largest deposits of titanium, uranium, manganese ores, graphite and iron in Europe.<sup>45</sup>

In the area of regional development, the region of Transcarpathia, through which much of the interaction takes place, will be key for the Slovak Republic. Strengthening the existing transport links and infrastructure is a prerequisite for regions on both sides of the common border to benefit from cross-border cooperation. Even before the Russia's aggression against Ukraine, the network of border crossing points was already significantly undersized; the development of this infrastructure would therefore have a positive impact on mutual interaction.<sup>46</sup> In addition to road transport, rail transport also offers an opportunity. Following the July 2022 update of the European TEN-T transport network, a part of the Transcarpathian rail network could in future be integrated into the European rail corridor and upgraded to a standard European gauge, which would bring a significant impetus to the economic dimension of our relations.<sup>47</sup>

**Recommendations:**

The reconstruction of Ukraine represents a unique opportunity and also a challenge for Slovakia not only for bilateral relations and regional stability, but also for the development of Slovakia itself. It is therefore important for Slovakia to:

- » do its utmost to ensure that Russian revisionism does not succeed in Ukraine;

- » provide Ukraine with maximum support in its integration into the EU and NATO, subject to certain conditions;
- » prepare a comprehensive concept for the development of multidimensional bilateral cooperation with Ukraine, which would follow the line of a gradual shift from the concept of assistance to Ukraine towards strategic cooperation, while respecting different scenarios of future development;
- » allocate adequate human and financial resources for a comprehensive and long-term development of bilateral relations with Ukraine, so that the development of bilateral relations has a real basis in addition to political support.

Slovakia also has the advantage of a strong staff representation of our experts in important international structures (EU, OSCE) dealing with Ukraine's agenda, knowledge of the environment and, in addition to geographical proximity, also cultural and linguistic proximity. This creates preconditions for Slovakia not only to develop bilateral relations, but also to offer the possibility of mediating cooperation and participation in the reconstruction of Ukraine to third countries.

**3. Securitisation**

Russia's aggression against Ukraine represents a major geopolitical upheaval with far-reaching implications for Europe and the wider international community. Security considerations are coming significantly to the centre of attention of governments and citizens. The aggression has sharpened Russia's threat perception and led to an increase in the pace of defence spending in several states. At the NATO summit in Vilnius, a commitment was made to invest at least 2 % of GDP in defence on a permanent basis.

**Increase in defence spending in 1999 – 2021 (%)<sup>48</sup>**

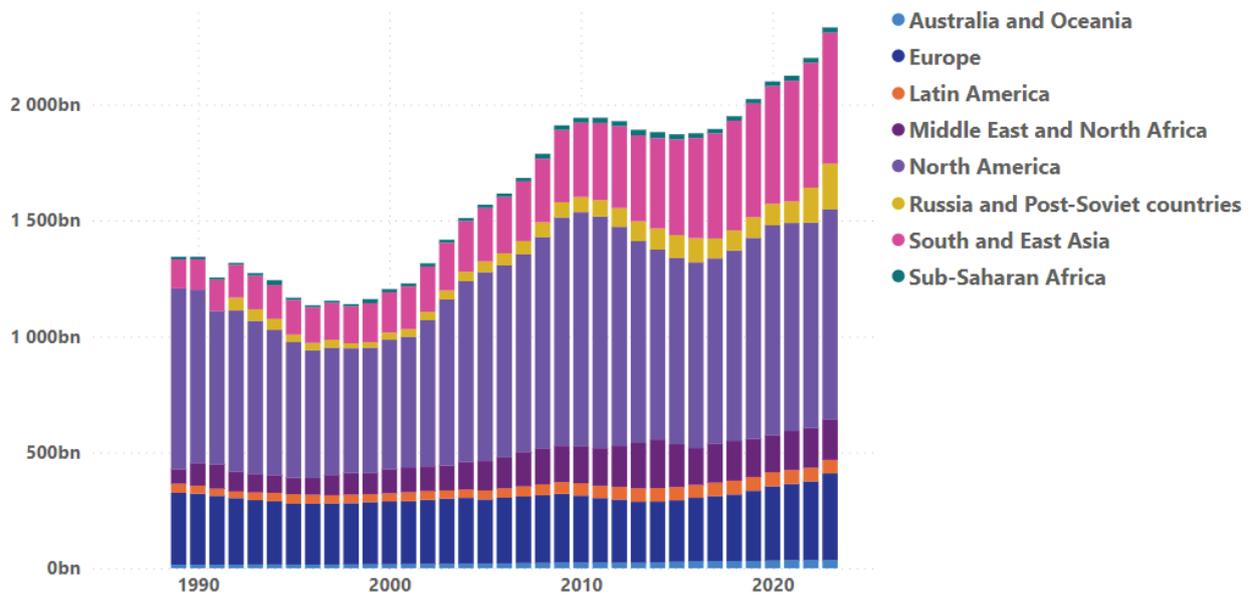
EU	19,7 %
NATO Europe + Canada	22%
USA	65,7 %
Russia	292 %
China	592 %

Eleven NATO countries plan to reach the 2 % defence spending target by 2023<sup>49</sup>, with the Baltic countries planning to invest 3 % of GDP in defence and Poland as much

40 Out of that 0.88 GW of renewable energy sources and 2.5 GW of water energy, source: <https://www.sepsas.sk/media/6115/rocenka-sed-2021.pdf>  
 41 <https://www.globsec.org/what-we-do/publications/renewable-energy-ukraine-solution-european-energy-security-and-shifting-eu>  
 42 [https://www.energypartnership-ukraine.org/fileadmin/user\\_upload/ukraine/media\\_elements/Green\\_Hydrogen\\_in\\_Ukraine.pdf](https://www.energypartnership-ukraine.org/fileadmin/user_upload/ukraine/media_elements/Green_Hydrogen_in_Ukraine.pdf)  
 43 <https://www.cehc.eu/cehc-project/>  
 44 <https://www.energymonitor.ai/policy/market-design/how-ukraine-could-be-key-to-eu-clean-energy-ambitions/?cf-view&cf-closed>  
 45 <https://ukrainetrek.com/about-ukraine-nature/ukraine-natural-resources>  
 46 [https://www.sfpa.sk/wp-content/uploads/2022/02/Ukraina\\_web-6.pdf](https://www.sfpa.sk/wp-content/uploads/2022/02/Ukraina_web-6.pdf)  
 47 [https://transport.ec.europa.eu/system/files/2023-07/Integration\\_of\\_the\\_UAMD\\_railway\\_system\\_into\\_the\\_EU\\_transport\\_system.pdf](https://transport.ec.europa.eu/system/files/2023-07/Integration_of_the_UAMD_railway_system_into_the_EU_transport_system.pdf)  
 48 [https://eur-lex.europa.eu/resource.html?uri=cellar:c0a8dcda-d7bf-11ec-a95f-01aa75ed71a1.0001.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:c0a8dcda-d7bf-11ec-a95f-01aa75ed71a1.0001.02/DOC_1&format=PDF)  
 49 [https://www.nato.int/nato\\_static\\_fl2014/assets/pdf/2023/7/pdf/230707-def-exp-2023-en.pdf](https://www.nato.int/nato_static_fl2014/assets/pdf/2023/7/pdf/230707-def-exp-2023-en.pdf)

## Military expenditure by region 1989 - 2022

Based on constant USD 2021, data by SIPRI (2023)



as 4 % of GDP in the near future.<sup>50</sup> In addition to the increase in defence investment, there are also structural changes and a greater emphasis on the versatility of the defence complex which, after decades of prevailing unconventional threats, has to adapt to the renewed presence of a major conventional conflict in the immediate vicinity of the EU and NATO.

Europe suffers from an insufficiently consolidated defence sector, underfunded defence and weak mutual cooperation. Europe's lagging behind in defence capabilities is largely due to the post-Cold War decrease in spending, coupled with the cutbacks resulting from the global financial crisis of 2008. While the EU GDP reached pre-financial crisis levels in 2013, defence spending did not reach these levels until 2018,<sup>51</sup> with total cuts in defence spending between 2008 – 2018 amounting to € 180 billion (This is an amount equal to the total annual defence expenditure of the EU Member States in 2018). Lack of cooperation, inefficiencies and duplications between the EU countries cause losses reaching up to € 100 billion annually.<sup>52</sup> Only 18 % of military investments are made by the armies of the EU Member States in cooperation with foreign partners,<sup>53</sup> while European armies have failed to invest 2 % of their defence budgets in research in any single year in the last two decades.<sup>54</sup> A more significant strengthening and streamlining of European defence would have economic as well as geopolitical benefits – the European defence sector has a turnover of

around € 84 billion and directly generates 196,000 jobs (indirectly other 315,000).<sup>55</sup> Yet only a minor part of defence investment goes into European defence products – between 2007 and 2016, more than 60 % of defence investment went into military equipment produced outside the EU.<sup>56</sup> It was Russia's aggression against Ukraine that highlighted the stock-outs and limits of the European and transatlantic production potential, manifested in emptying of warehouses and an inadequate response to the needs of the struggling Ukraine.

In addition to their benefits, the rise of social networks, digitalisation and new technologies have also increased the vulnerability of societies and made it easier for states to carry out hybrid information activities against citizens of other countries. Under the influence of hybrid engagement, the perception that "war is everywhere" is increasingly gaining ground.<sup>57</sup> Geopolitical adversaries exploit asymmetric dependencies in the name of political objectives, as well as the existing political, economic, and social vulnerabilities in Western countries to undermine Western unity and solidarity and ultimately subvert Western countries.<sup>58</sup> Although the decline in social cohesion in Slovakia is difficult to measure, the level of distrust among the people and the propensity to believe disinformation is evident also from the so-called conspiracy index, which is extremely high in Slovakia.<sup>59</sup> Moreover, geopolitical rivalry and competition lead to the phenomenon

50 <https://www.economist.com/europe/2023/05/07/europe-is-struggling-to-rebuild-its-military-clout>

51 <https://eda.europa.eu/docs/default-source/brochures/eda---defence-data-report-2019-2020.pdf>

52 <https://defence-industry-space.ec.europa.eu/system/files/2021-06/DEFIS%20-%20EDF%20Factsheet%20-%2030%20June%202021.pdf>

53 <https://eda.europa.eu/docs/default-source/eda-publications/2022-card-report.pdf>

54 <https://eda.europa.eu/docs/default-source/brochures/eda---defence-data-2021---web---final.pdf>

55 [https://www.eca.europa.eu/ECAPublications/SR-2023-10/SR-2023-10\\_EN.pdf](https://www.eca.europa.eu/ECAPublications/SR-2023-10/SR-2023-10_EN.pdf)

56 <https://www.iss.europa.eu/sites/default/files/EUISSFiles/7%20US-EU%20defence%20industries.pdf>

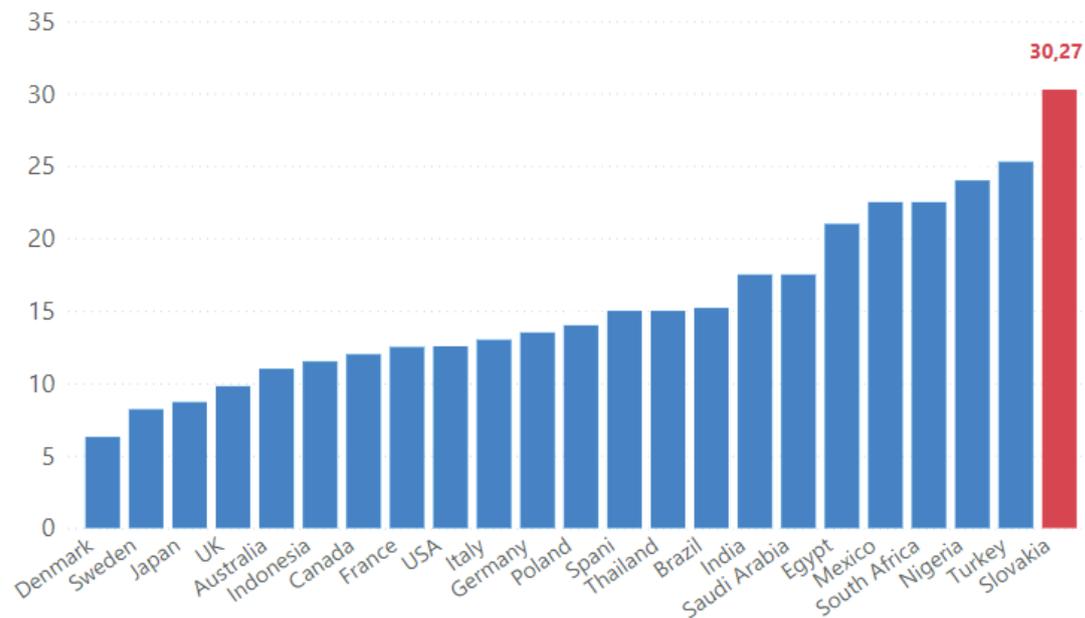
57 [https://www.cidob.org/en/publications/publication\\_series/cidob\\_report/cidob\\_report/hybrid\\_threats\\_vulnerable\\_order](https://www.cidob.org/en/publications/publication_series/cidob_report/cidob_report/hybrid_threats_vulnerable_order)

58 [https://ecfr.eu/special/connectivity\\_wars/](https://ecfr.eu/special/connectivity_wars/)

59 <https://fmk.sk/konspiracny-index-na-slovensku/>, the index is calculated as a mean of affirmative replies to standard conspiracy questions

### Conspiracy Index in selected countries

% of approval with conspiracy theories



of securitisation of all components of public policies – in addition to the military and technological sectors, security aspects are also promoted in areas such as energy, mineral resources and food, migration, or critical infrastructure, which are becoming the target of hybrid activities. The manipulation of energy and food supplies, the abuse and purposeful “routing” of irregular migration, as well as attacks on critical infrastructure are forcing countries to incorporate security aspects of resilience building more strongly into their public policy-making.

#### Recommendations:

Slovakia cannot defend itself on its own, even if its own military capabilities are increased to the maximum. Participation in defence and security cooperation within NATO and the EU is a necessity for Slovakia.

Europe and Slovakia may benefit from the planned increase in defence spending by strengthening their own defence capabilities and capacities, as well as economically. Deepening European defence industry integration<sup>60</sup> and improving coordination has the potential to save costs, improve interoperability and enhance the economic added value.

Slovakia should therefore:

- » participate in the revitalisation and integration of the European defence industry;
- » advocate that the increase in budgetary expenditure on defence is accompanied by an increase in cooperation among European states;
- » support its own defence industry and its participation

in European projects, seeking partners, export opportunities and financial resources from the EU and NATO;

- » stimulate the participation of Slovak entities in joint research and production within the EU and NATO;
- » deepen cooperation and communication between the manufacturing sector, the government (as a customer) and the armed forces as the final client of the arms industry;
- » devote adequate attention and resources to promoting security across public policies of the state and building the overall resilience of the state and society;
- » mainstream security into all public policies of the state;
- » support projects to develop media, information and digital literacy, as well as the critical thinking of the population;
- » pursue international initiatives to strengthen the obligations of digital platforms to limit the spread of disinformation and the transparency of their algorithms.

#### 4. EU

The European Union represents a source of stability, security and prosperity for Slovakia (participation in the EU single market increases Slovakia’s GDP by more than 15 %<sup>61</sup>), but under the influence of global crises, voices questioning Slovakia’s membership in the EU are growing louder. Deterioration of the global security situation, climate change, migration pressures, inflation, weakening of

60 <https://www.ceps.eu/after-one-year-of-war-the-eu-must-create-a-single-market-for-defence/>

61 <https://nbs.sk/aktuality/ekonomicke-prinosy-clenstva-slovenska-v-eu-analyticka-studia/>

Europe's relative position in the global economic and political competition, as well as weakening of multilateralism and emergence of new competitors are exposing structural weaknesses and imbalances within the EU. The ability to offer workable solutions to global problems and solutions to its own internal problems will have an impact on the satisfaction and relations within the EU. As a product of a period of peace and prosperity, the EU must also prepare itself to operate in a fragmented world of power rivalries and military threats.<sup>62</sup> In doing so, it must answer two fundamental questions: how to effectively eliminate its vulnerabilities without slipping into protectionism, and how to be more transactional without sacrificing its values.

The EU is facing three key challenges that will directly affect Slovakia's position within EU.

- **Enlargement:** After a phase of stagnation, the enlargement agenda has shifted back from the technocratic to the geopolitical context and will represent both a foreign policy priority in the next decade as well as a source of reform dynamics in the Union itself. The debate within the EU will be fought between the economic and political benefits of enlargement (stabilisation of the neighbourhood, increase in the EU influence, elimination of external geopolitical influence, enlargement of the market) and the absorption capacity of the Union (risks for the competitiveness of the EU businesses, challenges for the labour market, performance of some policies – especially cohesion and agricultural, need for institutional reform). The geopolitical approach to enlargement will be key to maintaining the momentum of enlargement – prolonging the uncertainty of the European perspective may definitively discourage candidate countries from necessary reforms and increase the influence of third countries in the neighbourhood. From Slovakia's perspective, enlargement will change the political map of the EU – Slovakia may move from the periphery more towards the centre of the EU.
- **Budget:** Long-term structural factors (demographic changes, indebtedness of European economies, decline in competitiveness) are negatively affecting the performance and resilience of the European economy, which, combined with the increase in spending caused by crises and the expected enlargement of the Union, will inevitably put a strain on the EU budget. This will lead to a debate on the reallocation of resources not

only between Member States and candidate countries, but also between EU policies. This reallocation of resources may significantly reduce the amount of resources available to Slovakia in the new Multiannual Financial Framework 2028 – 2034. Between 2012 and 2022, EU spending increased by 75 %<sup>63</sup> (moreover, without the UK's financial contributions). Currently, due to the adoption of new financial instruments, the EU budget accounts for around 1.5 % of the EU GDP.<sup>64</sup> Budgetary considerations will also need to factor in the impact of inflation, rising interest rates, as well as the reluctance of some Member States to increase the EU budget spending. There is growing pressure to increase the current EU budget to support new priorities (technology development, green transition) and at the same time to find the means to support the new members. On the one hand, it is in Slovakia's interest to ensure adequate funding for key EU policies, but on the other hand, Slovakia must prepare for a situation where more resources for the EU do not necessarily mean more resources for Slovakia.

- **Reforms:** The need to reform EU decision-making mechanisms to make European decision-making more efficient has been present for a long time and was one of the outcomes of the Conference on the Future of Europe.<sup>65</sup> The forthcoming enlargement of the Union makes this need inevitable and offers a strong argument for the proponents of deeper integration, as not only the candidate countries but also the EU itself must be prepared for enlargement. The enlarged EU will need to make decision-making processes, the allocation of posts and finances, and voting mechanisms more flexible. Recent French and German proposals<sup>66</sup> directly recommend strengthening the communitarian, even federal, nature of the EU. On the other hand, a parallel track of political thinking is emerging that is reopening the question of the nature of European integration and advocating a return to its foundations – primarily economic and intergovernmental cooperation. It is to be expected that the struggle over the shape of the EU reform will highlight the dividing lines between countries within the Community: supporters of a Europe of nation states vs. supporters of a Community approach, net contributors to the budget vs. net beneficiaries, fiscally responsible vs. countries with high deficits, new vs. original Member States, East vs. West, etc.

62 <https://carnegieeurope.eu/strategieurope/89678>

63 [https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/2021-2027/spending-and-revenue\\_en](https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/2021-2027/spending-and-revenue_en)

64 <https://wiiw.ac.at/the-eu-budgetary-package-2021-to-2027-almost-finalised-an-assessment-dlp-5627.pdf>

65 [https://commission.europa.eu/system/files/2022-06/communication\\_1.pdf](https://commission.europa.eu/system/files/2022-06/communication_1.pdf)

66 <https://institutdelors.eu/en/publications/sailing-on-high-seas-reforming-and-enlarging-the-eu-for-the-21st-century/>

**Recommendations:**

From the perspective of the Slovak Republic as a medium-sized country that is fully integrated into the EU at the currently maximum possible level, it is strategically important to preserve the functionality and decision-making capacity of the EU. The next decade will present the EU with serious decisions on the direction to be taken by the bloc.

At the European level, Slovakia should therefore:

- » advocate for a communitarian character of the EU based on strong and functional EU institutions, which protects the interests of smaller states better;
- » pay particular attention to the early preparation of positions for the Multiannual Financial Framework 2028 – 2034, the parameters of which will not only have an economic but also a significant geopolitical dimension and a direct impact on the future of the enlargement process;
- » prepare for a debate on the issue of budget increases not only in terms of financial allocations but also for a shifting rationale of some policies from quantity (allocation) to their quality (link to reforms and modernisation);
- » allocate adequate domestic human and financial resources to enlargement policy in order to use the upcoming period to maximise the potential benefits of enlargement, while at the same time analysing risks and defining mitigation measures in time.

**5. Shifting the geopolitical centre of gravity away from Europe**

In recent years, the global order has been under transformation from a largely unipolar system dominated by the US and Western countries into a more multipolar world, characterised by an increase in fragmentation, rivalry and creation of zones of influence.<sup>67</sup> The centres of economic and political power will also continue to emerge outside the Western world in the upcoming decades, with a continued relative decline in the dominance of Western countries in some indicators:

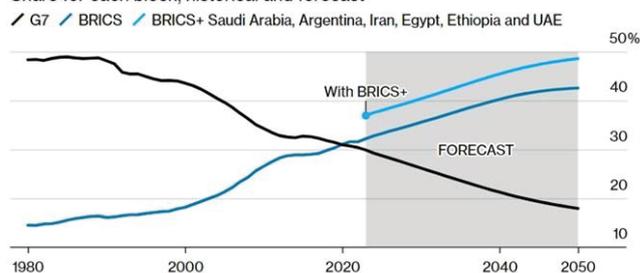
- by 2030, the global GDP share of Asia and the Pacific will rise from the today’s 45 % to 51 % (Europe’s and North

America’s combined share will fall from 36 % to 31 %).<sup>68</sup> While the EU’s share of global GDP was 18.3 % in 2019, it will fall to 11.3 % by 2050.<sup>69</sup> Of the world’s ten fastest-growing economies in 2022, only one was from Europe.<sup>70</sup>

- The share of developed economies in global trade fell by 15 % between 1995 – 2020, with a 14 % increase in the share of developing countries.<sup>71</sup>
- Of the top 30 global CO2 emitters per capita, 19 are developing countries, with only 8 from Europe.<sup>72</sup>
- The population of Europe and North America accounted for 14.1 % of the world’s total population in 2022; by 2050, that share will fall to 11.6 %.<sup>73</sup> The only continent whose population will decline by 2050 will be Europe.<sup>74</sup>

**BRICS+ Is Forecast to Dominate the World’s GDP**

Share for each block, historical and forecast

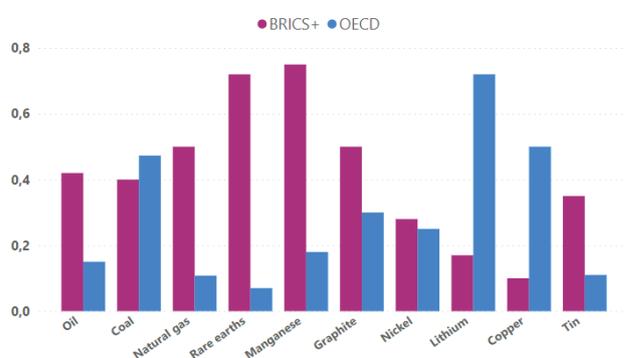


Source: Bloomberg Economics analysis using International Monetary Fund data

- The EU’s and USA’s share of global chip production will fall to 20 % by 2030,<sup>75</sup> with Europe currently importing up to 98 % of its rare earths from China (USA "only" 80 %).<sup>76</sup> Up to 70 % of global rare earth reserves, 50 % of natural gas reserves and 40 % of oil reserves are controlled by the BRICS countries.<sup>77</sup>

**BRICS+ and OECD countries' share on global reserves of selected natural resources**

Calculations of the MFEA based on data from BP and USGS



67 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1145586/11857435\\_NS\\_IR\\_Refresh\\_2023\\_Supply\\_AllPages\\_Revision\\_7\\_WEB\\_PDF.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1145586/11857435_NS_IR_Refresh_2023_Supply_AllPages_Revision_7_WEB_PDF.pdf)

68 <https://www.worlddeconomics.com/Thoughts/The-Future-is-Asian.aspx>

69 <https://eur-lex.europa.eu/legal-content/SK/TXT/PDF/?uri=CELEX:52021DC0750>

70 <https://www.statista.com/chart/27557/countries-with-the-highest-projected-gdp-growth/>

71 [https://unctad.org/system/files/official-document/tdr2022\\_en.pdf](https://unctad.org/system/files/official-document/tdr2022_en.pdf)

72 <https://unctad.org/news/carbon-emissions-anywhere-threaten-development-everywhere>

73 [https://www.un.org/development/desa/pd/sites/www.un.org.development.desa.pd/files/wpp2022\\_summary\\_of\\_results.pdf](https://www.un.org/development/desa/pd/sites/www.un.org.development.desa.pd/files/wpp2022_summary_of_results.pdf)

74 [https://unctad.org/system/files/official-document/tir2020\\_en.pdf](https://unctad.org/system/files/official-document/tir2020_en.pdf)

75 <https://www.statista.com/chart/25552/semiconductor-manufacturing-by-location/>

76 <https://www.economist.com/international/2023/05/15/europe-cant-decide-how-to-unplug-from-china>

77 Source: authors' own calculations with the use of BP and USGS data

- One of the domains in which Western countries maintain leadership is defence. The combined defence spending of NATO countries and their overseas allies amounts to approximately 65 % of global defence spending, significantly higher than the share of the BRICS countries (25 %).<sup>78</sup>

In addition to the shift of the centre of gravity of economic and political power away from Western countries, there has also been a rise in authoritarian and hybrid forms of governance and a decline in the protection of human rights and freedoms around the world in recent years:<sup>79</sup>

- between 2011 and 2021 alone, the proportion of people living in authoritarian countries rose from 49 % to 70 %. The trend towards autocratisation of countries is also accelerating - in 2011, only 5 % of the world's population lived in countries with a deteriorating state of democracy and human rights protection; in 2021, it was 36 % of the population;<sup>80</sup>
- only 8 % of the world's population live in full-fledged democracies, with as many as 8 of the top 10 democracies being from Europe;<sup>81</sup>
- Freedom in the world has been declining continuously since 2005 (17 years in a row).<sup>82</sup> While in 2013, as many as 26 countries were ranked the best in the ranking of media and press freedom (and 20 countries were ranked the worst), in 2023 there were only 8 countries with the best ranking (and 31 countries ranked negatively).<sup>83</sup>

In particular, greater fragmentation and fluidity of the future order will be important attributes of geopolitical transformation. In the geopolitically transforming order, the importance of the so-called middle powers - medium-sized countries with significant regional power and economic influence, the ability to influence global events, and oscillating between different forms of alliances - will increase. The actions of these countries will inevitably lead to the creation of zones of influence, on the borders of which the risk of conflict and rivalry will grow. In contrast to the Cold War, these regional powers will be more assertive, and at the same time less anchored in rigid blocs and coalitions. The countries of the Global South, whose demographic and economic power will grow, will aspire to have a greater say. A key geopolitical fault line will run along the edge of democracies and totalitarian regimes. On their

borders, there will be more and more countries that will choose the path of ad-hoc plurilateral cooperation, or the path of membership in several informal (economic, security, trade) integration groupings,<sup>84</sup> characterized by hybrid forms of governance or some form of autocracy.<sup>85</sup>

#### **Recommendations:**

Slovakia needs to prepare for an increasingly fragmented global order, and depending on the development of the Russian aggression in Ukraine, Slovakia may find itself on the geopolitical fault line itself, which may have major security, political and economic consequences for the country. Therefore, it is in the strategic interest of Slovakia that the Russian aggression does not succeed and that the political independence and territorial integrity of Ukraine is restored. The main dividing line at the global level will be the countries' belonging to a democratic or autocratic community. As the importance of geographical distances will be further relativised, value proximity, rather than geographical proximity, will come to the fore in determining alliances (e. g. according to IMF data, value or political proximity has been directly proportional to the investment flows between countries in recent years<sup>86</sup>). Therefore, it is in Slovakia's interest to avoid further marginalisation and erosion of democracy in the world.

At the global level, Slovakia should:

- » remain a part of the Western democratic community and work to strengthen cooperation with like-minded countries beyond the geographical borders of the West;
- » participate in global cooperation among democracies and co-create transnational frameworks aimed at promoting the rule of law, the protection of human rights, free media, independent institutions and the fight against corruption;
- » work with partners to maintain the socio-economic attractiveness of the democratic model in response to the coalition formed by Russia and China against the West, its values and the existing world order;
- » use the absence of historical burdens and open questions in relation to non-European countries to communicate our understanding of current geopolitical events;
- » promote the recognition of a stronger voice for the countries of the so-called Global South in the reform of international institutions.

<sup>78</sup> [https://www.sipri.org/sites/default/files/2023-04/2304\\_fs\\_milex\\_2022.pdf](https://www.sipri.org/sites/default/files/2023-04/2304_fs_milex_2022.pdf)

<sup>79</sup> <https://ourworldindata.org/less-democratic>

<sup>80</sup> V-DEM DEMOCRACY REPORT 2022 Autocratization Changing Nature?

<sup>81</sup> EIU Democracy Index 2022 Frontline democracy and the battle for Ukraine

<sup>82</sup> [https://freedomhouse.org/sites/default/files/2023-03/FIW\\_World\\_2023\\_DigitalPDF.pdf](https://freedomhouse.org/sites/default/files/2023-03/FIW_World_2023_DigitalPDF.pdf)

<sup>83</sup> <https://rsf.org/en/2023-world-press-freedom-index-journalism-threatened-fake-content-industry>

<sup>84</sup> <https://peacediplomacy.org/wp-content/uploads/2022/03/Middle-Powers-in-the-Multipolar-World.pdf>

<sup>85</sup> See e.g. the concept of the so-called, multi-alignment applied by India: <https://asialink.unimelb.edu.au/insights/india-and-multi-alignment-having-ones-cake-and-eating-it-too>

<sup>86</sup> <https://www.elibrary.imf.org/display/book/9798400224119/CH004.xml>

## 6. Multilateralism

One of the essential attributes of the contemporary international system is the multilateral system of structures and institutions, whose functionality and stability is an essential pillar of prosperity and security for smaller and medium-sized countries. However, the rising tensions, great power rivalries and polarisation is weakening multilateral platforms and organisations, calling into question their legitimacy as well as the selective implementation or outright disregard of international norms by some countries<sup>87</sup> (see the statement by UN Secretary-General Guterres on "a dysfunctional global family"<sup>88</sup>). All this is happening at the time of growing urgency for a common approach to major global challenges such as climate change, emerging technologies, arms control or cooperation in the area of public health. Moreover, crises disproportionately affect mainly poorer, developing countries, which (also due to demographic and economic changes) are aspiring to have a greater say in global decision-making. If these countries are not adequately involved in decision-making on global challenges, there is a risk of continual marginalisation of the current system and creation of alternative platforms for cooperation. However, a prerequisite for their greater participation in the functioning of the multilateral system must be the respect for the fundamental principles of the UN Charter, international law (in particular the principles of peaceful coexistence, cooperation, respect for the sovereignty and integrity of states and the prohibition of the use of force in international relations except as permitted by international law) and fundamental human rights and freedoms.

Stagnation of effective international cooperation is reflected in negative global development trends. In recent years, the world has faced a record increase in conflict potential, with more than 50 state-involved conflicts recorded globally each year, since 2014, the highest number since 1945. In 2022, more than 200,000 combat casualties were recorded, which is the highest number since 1984,<sup>89</sup> while the number of displaced people globally has increased by 253 % since 2012 (a total of 108 million people were

globally displaced in 2022).<sup>90</sup> Against this backdrop, however, the UN's peacekeeping budget fell by 22 % between 2015 – 2022.<sup>91</sup> According to the UN, only 15 % of the Sustainable Development Goals (SDGs) are being optimally met, with a further 37 % of indicators deteriorating.<sup>92</sup> The number of starving people has increased by 122 million since 2019 (735 million in total, while the number of starving people has been rising steadily since 2015),<sup>93</sup> the Human Development Index<sup>94</sup> is declining due to crises and a quarter of the world's population continues to live in vulnerable crisis areas.<sup>95</sup> Moreover, states are unable to halt the rise in global CO<sub>2</sub> emissions (including from fossil fuels),<sup>96</sup> or to stabilize global climate finance.<sup>97</sup>

The multilateral system has been struggling in recent years to find its next shape. For the Slovak Republic, it is important what characteristics the multilateral cooperation will have in the future. Key global players have taken different approaches to the issue of the multilateral order,<sup>98</sup> and pressures to revise it can be expected to grow, particularly from systemic rivals, revisionist powers and new assertive regional actors. Instead of cooperation within the established formats and institutions, cooperation between smaller, plurilateral groupings (often founded mainly by the powers – G7, G20, BRICS) is coming to the fore<sup>99</sup>. There is a worrying trend of increasing barriers to cooperation between countries, promotion of power solutions, fragmentation or outright disintegration of key structures of multilateral cooperation.<sup>100</sup> We are witnessing a paralysis of the UN as a result of the exercise of the veto in the UN Security Council,<sup>101</sup> marginalisation of the OSCE,<sup>102</sup> stagnation of the WTO, and comprehensive weakening of the rules and mechanisms of strategic stability.<sup>103</sup>

The outcome of Russia's aggression against Ukraine will be a crucial factor in the further development of the multilateral system. An effective use of force to change borders against smaller states will undermine the system of sovereign equality and territorial integrity of countries and open the door to historical revisionism, which may signal a return to the era of great power rivalries and wars of conquest.<sup>104</sup>

87 [https://www.mosr.sk/data/files/4263\\_210128-bezpecnostna-strategia-sr-2021.pdf](https://www.mosr.sk/data/files/4263_210128-bezpecnostna-strategia-sr-2021.pdf)

88 <https://www.un.org/sg/en/content/sg/speeches/2023-09-08/secretary-generals-opening-remarks-press-conference-g20>

89 <https://reliefweb.int/report/world/conflict-trends-global-overview-1946-2022>

90 <https://www.unhcr.org/global-trends-report-2022>

91 <https://theglobalobservatory.org/2022/07/2022-un-peacekeeping-budget/>

92 <https://unstats.un.org/sdgs/report/2023/The-Sustainable-Development-Goals-Report-2023.pdf>

93 <https://www.weforum.org/agenda/2023/09/un-sustainable-development-goals-progress-report/>

94 [https://hdr.undp.org/system/files/documents/global-report-document/hdr2021-22pdf\\_1.pdf](https://hdr.undp.org/system/files/documents/global-report-document/hdr2021-22pdf_1.pdf)

95 The so-called States of Fragility, <https://www.oecd-ilibrary.org/sites/c7fedf5e-en/index.html?itemId=/content/publication/c7fedf5e-en>

96 <https://www.iea.org/reports/co2-emissions-in-2022>

97 <https://reliefweb.int/report/world/climate-finance-shadow-report-2023-assessing-delivery-100-billion-commitment>

98 <https://carnegieeurope.eu/2023/02/28/after-russia-s-war-against-ukraine-what-kind-of-world-order-pub-89130>

99 [https://www.fiaa.fi/wp-content/uploads/2023/04/bp361\\_the-changing-dynamics-of-the-g7-g20-and-brics.pdf](https://www.fiaa.fi/wp-content/uploads/2023/04/bp361_the-changing-dynamics-of-the-g7-g20-and-brics.pdf)

100 <https://www.elibrary.imf.org/view/journals/006/2023/001/article-A001-en.xml>

101 <https://eu.boell.org/en/2021/08/25/future-of-multilateralism-summary>

102 <https://www.ips-journal.eu/topics/foreign-and-security-policy/the-osces-midlife-crisis-6816/>

103 <https://www.ft.com/content/74a5d3f6-7e41-40e5-bc8e-ba22a93e2cf4>

104 <https://www.gisreportsonline.com/r/multilateralism-crisis/>

**Recommendations:**

A functioning multilateral system must be a primary interest of the Slovak Republic, primarily because of our limited capacity to influence the international environment individually, as well as our position as an open economy dependent on the smooth functioning of global value chains. Under the influence of an emancipating Global South and a transformation of the world order, there is a growing demand for reform of the weakened international institutional architecture. However, the reform of multilateralism should primarily concern the mechanisms of cooperation and the functioning of multilateral institutions, not the elementary principles and values that were defined after the World War II.

Slovakia should therefore:

- » support the reform and revitalisation of multilateral organisations, which will take into account the expectations of the countries of the Global South, provided that the elementary principles of the UN Charter, international law and fundamental human rights and freedoms are preserved;
- » advocate the strengthening of accountability mechanisms for international law violations, which are currently severely limited or applied selectively;
- » actively oppose attempts to undermine the functioning of multilateral bodies by other states;
- » actively oppose the creation of zones of influence and attempts at unilateral power shifts at the international level;
- » support the strengthening of the EU's involvement (as an observer at the UN, member of the G20 and, informally, the G7) in the multilateral system, as well as the use of capacities and joint coordination at the EU level.

