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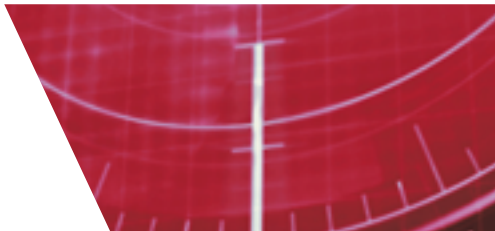
Risk monitor 2024

A world of disorder



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The content of the individual contributions reflect the personal views and opinions of the respective authors and do not necessarily correspond to positions of the Federal Ministry of Defence of the Republic of Austria, or the institutions of their professional affiliation.

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1 Introduction

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Foreword by the Federal Minister of Defence

Klaudia Tanner

In the past year, the impact of various crises and conflicts on the global security structure became even more apparent and international security and defence policy was once again faced with major challenges. The unresolved effects of the COVID-19 pandemic, the Russian war of aggression against Ukraine and the escalation of the conflict between Israel and the Palestinians in October 2023 all present far-reaching changes. This is, however, not just a reflection of the increase in geopolitical tensions, but also a consequence of the drastic deterioration in the European and Austrian security environment.

These challenges require the strengthening of the common European security architecture and a further expansion of European defence capabilities. At the same time, we need to take a broader view on security policy. This includes, for example, the sustainability of our economic system, critical infrastructure and above all, social polarisation. Only by taking a holistic view will it be possible to create a robust and resilient

society. The risk monitor 2024 is an essential contribution to broadening this discourse.

The Russian war of aggression against Ukraine has been going on for almost two years. This war on the European continent has highlighted once again the relevance of the European Union's security and defence policy integration. In this context, the joint procurement programme "European Sky Shield" represents an indispensable building block for Austria's defence. The need for European cooperation in this area is underlined daily by the terrible events in both Ukraine and the Near and Middle East. These current threats highlight the importance of cooperation with partners who are not yet part of the EU. Austria's engagement, for example with EUFOR ALTHEA in Bosnia and Herzegovina, but also elsewhere, is therefore an important element in stabilising the European surroundings.

The world is changing. In view of the associated risks, it is clear that an overhauled Austrian security strategy represents a necessary step towards adapting Austria's security and defence policy to these new circumstances. This means that the continuing development of our armed forces is essential. The "Mission Forward" programme and the ten-year development plan are steps we are continuing to implement in order to place the Austrian Armed Forces (AAF) on a broad and stable foundation in light of current and future threats. This foundation includes the necessary investment in the development of our armed forces' capabilities for the period up to 2032 and beyond.

The security situation described above has heightened our awareness of what needs to be defended by reminding us daily of the risks that we face. Past failures are now presenting us with challenges that we can only meet with a comprehensive security and defence policy. Against this backdrop, comprehensive national defence as the constitutional basis for Austrian security policy takes on considerably greater significance.

The Austrian Armed Forces, its soldiers and the Federal Ministry of Defence are an integral part of a well-fortified democracy. They are all committed to protecting the Republic of Austria from all risks. Within the spirit of comprehensive national defence, however, society as a whole must also make a contribution in order to support our security

institutions in the fulfilment of their tasks. This is how we can play our part in ensuring the long-term security of Austrian democracy.

With this in mind, I would like to thank all the authors of the risk monitor 2024. This publication is an essential contribution to expanding the security and defence policy debate to meet the challenges of our time. I would also like to thank the experts at the Federal Ministry of Defence, who deal with a large number of very different risks on a daily basis. I am confident that this publication will make an important contribution to further developing the awareness of security policy in Austria.

Thinking about security in interconnected terms

Herfried Münkler

The diverse range of challenges, coupled with their interdependent nature, sets limits on a security policy oriented by policy area. Running over these limits soon places an undue financial strain on both the state and society. Following the standard approach of setting priorities is risky, because there is no reliable way of anticipating the threats and risks to be addressed. An alternative method is to enhance cooperation between stakeholders in the security sector in such a way as to account for both the unpredictable nature of challenges, and the limited resources available for prevention and response.

Since the erosion of a binary system, linked with governing structures, that differentiated between external and internal security and that left no scope for a policy-relevant "in-between zone", the conflation of external and internal security has gained increasing salience in related research. Studies initially focussed on this intermediate zone

under the heading of an expanded security concept, later adopting the rubric of interconnectivity.

Thinking of security in an interconnected way means considering it in multiple dimensions. First, it is important to grasp the multiplier effects at play within the security domain alongside the relevant threat and risk factors. These cut across policy sectors ranging from health and the economy, through to climate and energy. In addition, overlaps and interdependencies between these domains must be considered. Third, the feedback effects on, and possible interferences of security-policy measures with one another, also warrant attention and analysis insofar as augmenting security in one policy field may have negative outcomes in another. Finally, it is essential to formulate proposals for how these considerations might be made operational in policy terms.

The threat and risk landscape

The expectation for 2024 is that Russia's hybrid warfare against Europe and the European Union will not only persist, but is likely to intensify. The hybrid warfare stock-in-trade ranges from systemic disinformation campaigns, political provocations and threats, to the orchestration of migratory flows and their weaponisation to destabilise individual EU Member States, or the Union as a whole. It is the bandwidth of these disruptive methods, their interdependence and the resulting diversity of threat scenarios, that makes the case for conducting interconnected security policy so compelling.

Equipping liberal democratic states with the necessary resilience requires the effective collaboration between security authorities and civil society actors, which currently only happens to a limited extent. Durable public trust in national governments, alongside the improved performance of state security agencies, is a key precondition for this. Public trust, in turn, is the principal target of opponents' attacks. Hybrid warfare, which is the core concern of interconnected security policy, primarily targets a population's cognitive and psychological faculties, with the aim of undermining its desire for self-governance. This is an important distinction from classical warfare, whose fundamental purpose is to weaken the physical capabilities of state security forces.

Yet hybrid threats represent only half the challenges calling for an interconnected approach. The other set of societal security risks arise from people's way of life, catastrophic accidents, the growing incidence of natural disasters and ever-accelerating climate change. Protracted periods of heat, extreme weather and flooding events, as well as protecting populations from their consequences, pose new challenges to security policy in both scale and intensity. They compound the threats emanating from adversaries' goals and intentions. The imperative to think of these threats together, while at the same time analysing them separately, is one of the greatest conceptual challenges of interconnected security policy.

The limits of preventative opportunities

So-called "conventional" security policy was characterised, to a certain extent, by expected and predictable factors, providing the basis for taking appropriate preventative measures and preparing military personnel and equipment. This stands in contrast to the more recent threat and risk landscape, shaped just as much by the combination-effect of risks, as by proliferating "known unknowns" and "unknown unknowns". Connecting up state security agencies with security policy measures is one response to this, with a view to being able to react to both the expected and unexpected unknowns, while also avoiding incremental costs. The danger of mounting costs is not only a product of increasingly multifarious threats and risks, but one that stems from the heightened security needs of sections of the public, translating into greater demands and expectations being placed on politicians. This, once again, offers a way-in for political adversaries intent on undercutting public trust in politics and the state. Much rests on the quality of communication between government, public authorities and civil society. Tending to the "health" of this communication is a vital pillar of interconnected security. It mitigates the risk of falling into the cost trap typically associated with mission-creep from sector-based "securitisation" policy, to which interconnected security can be seen as presenting a strategic alternative.

Interconnectivity with amicable states and their security services

Information gathering has always been a cornerstone of security policy, and this is even more true in times of diffuse, multifaceted threats and new, emerging risks. Its counterpart is the strategy of disinformation, which targets both the public and security agencies. In order to be capable of resisting such disinformation campaigns, investment in time-intensive and costly information verification is essential. This is not a viable option for small states, who consequently rely on cooperation with amicable states and their security services. This is easier, although by no means a given, for states operating within the framework of a military alliance, than for neutral countries viewed with a certain extent of suspicion when it comes to exchanging information. The advantage of alliances, such as the European Union, lies in their ability to deploy resources flexibly, regardless of the prevailing threat and risk landscape. This is another area, in which interconnected security offers considerable scope for development in 2024 and beyond, in respect of resource deployment, information sharing and joint exercises.

Key messages

- Interconnected security is a response to an increasingly diffuse and interrelated threat and risk landscape.
- The more diffuse the threat and risk environment, the higher the costs of preventative measures will become.
- Interconnected security is an alternative to sector-based "securitisation" mission-creep.
- Besides internally connected state security agencies, external connectivity with friendly nation-states is also needed.
- Trust between politicians and civil society is an indispensable component of interconnected security, and effective communication between state authorities and the public a vital confidence-building mechanism.

Trend scenario

Bernhard Richter

The current trend scenario modelled by the Austrian Federal Ministry of Defence forecasts a negative evolution of Europe's geostrategic landscape in the medium term. These negative developments are influenced by the COVID-19 pandemic and the war in Ukraine. In addition to this, there are indications of a deterioration of the international order owing to a heightened rivalry between the USA and China, and raised geopolitical tensions with Russia. As such, the EU's future trajectory remains uncertain.

The geostrategic forecast methodology

At the beginning of the risk assessment process of the Austrian Federal Ministry of Defence, various future scenarios are mapped in collaboration with a wide range of experts. These so-called "environmental scenarios" represent different conceivable outcomes, and thus provide an illustration of Austria's possible future security and defence policy environment. The currently valid "Environmental Scenarios 2035" report

was compiled in 2020. So-called "key factors" sit at the core of these environmental scenarios, acting as central nodal points by which to monitor ongoing trends and salient developments. These key variables, moreover, provide indicators of future developments in the projected security domain.

In-depth analyses are undertaken to determine the tendencies of the key variables. The medium-term projections—so-called "trend scenarios"—are based on these in-depth assessments. The assessments span various time periods—to support a more flexible analysis, a trend scenario is mapped over an observational period of three to five years, and updated annually. The current trend scenario includes an outlook up until the year 2027.

Europe's deteriorating environment

In Trend Scenarios 2027, almost all the trend analyses point to a progressive deterioration of Europe's geostrategic environment, including Austria. The geo-economic effects of the COVID-19 pandemic persist alongside further geopolitical risks resulting from Russia's war of aggression in Ukraine. The macroeconomic consequences of these multi-layered crises have a considerable bearing on security policy relations within the international system. There are few to no signs that could indicate a return to a positive trend.

Even before the pandemic, the erosion of the rules-based structures of the international order was apparent. These developments were only further compounded by the pandemic and Russia's war of aggression against Ukraine. This emerging international disorder is likely to be accompanied by an uptick in the intensity of conflicts. The international system is expected to see a further acceleration of confrontational tendencies within the assessment period, and beyond. In the long term, the international system's precise direction of travel represents one of this model's two main points of uncertainty.

Increasing great power rivalry

The growing rivalry between the USA and China is set to become the determining factor of the global system. Moreover, this global system will be characterised by pronounced asymmetry. While the USA continues to enjoy full political and strategic licence to act in its capacity as the world's lone superpower, China will face clear challenges in balancing its domestic and international priorities. Yet the future direction of these two principal actors remains uncertain.

Whether the USA is prepared to maintain the *Pax Americana*, even in the medium term, remains in doubt. While the USA appeared virtually unrivalled in its capacity to project power for the course of the assessment period, numerous trends point to a significant US retrenchment from active engagement in foreign policy. Growing levels of party-political polarisation, for example, together with deepening socio-economic inequality, undermine the domestic-political preconditions for foreign policy engagement. As the one remaining superpower, the United States faces a myriad of evolving "negative" trends, which have significant implications for its international role.

China is seeking to exploit the already-evident power vacuum, acting with far greater resolve than it did only a few years ago. Xi Jinping has proven himself ready to prioritise national security affairs over economic interests. Beijing also appears increasingly prepared to use military means to further its goals. Nevertheless, several trends can be identified that indicate a weakening of the Chinese system. A dynamic trend of internal factional rivalries, not seen for decades, can be observed at work within the Chinese Communist Party (CCP). Growing lines of conflict between the People's Liberation Army and the CCP can also be discerned. For the assessment period, it is anticipated that China will continue to ply its twin strategy of pressing its regional hegemonic claims more assertively, while at the same time appearing diplomatically cooperative on the international stage. In parallel with its constructive participation in established international organisations, China will redouble its efforts to forge a "new world order".

Changes in the European security environment

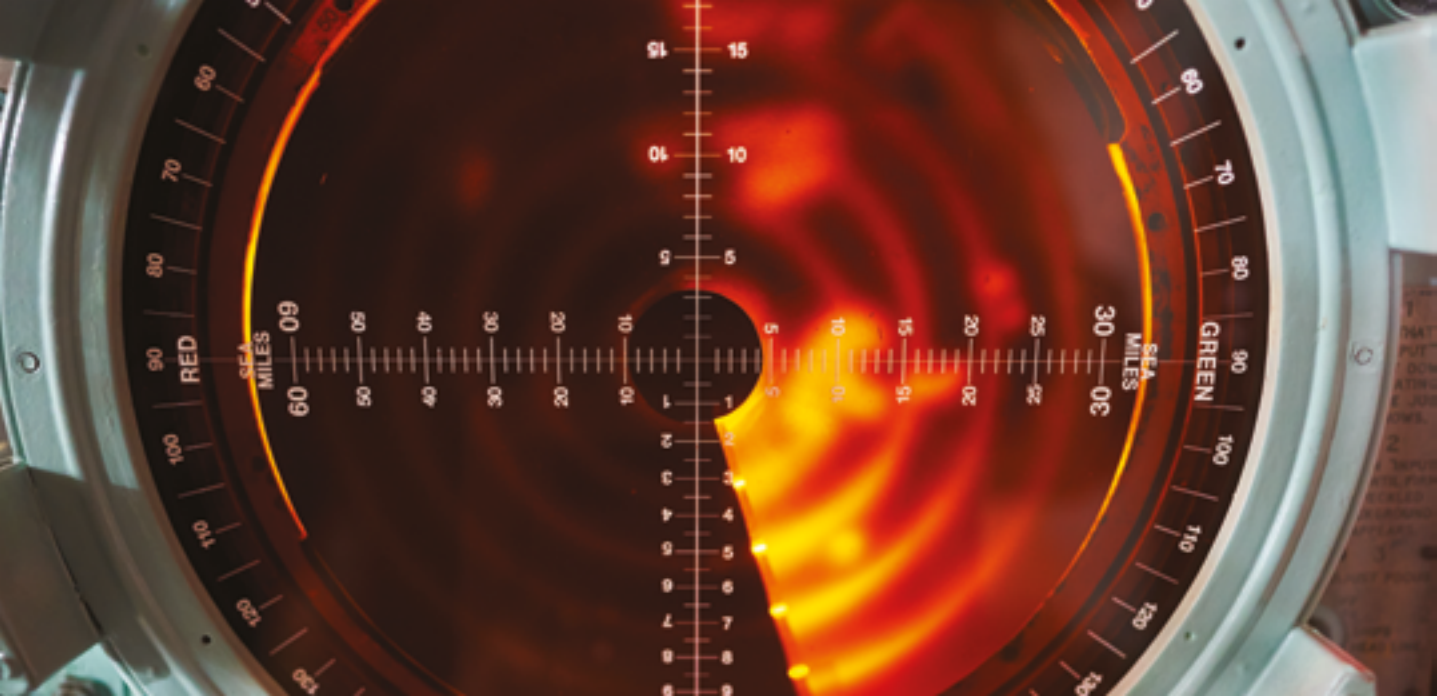
Russia's war of aggression against Ukraine has wrought deep-seated change upon the global and European security order. The relationship between Russia and the "West", including Europe, is set to be marked by antagonism and hostility for the course of the period under assessment. Notwithstanding remaining isolated interdependencies, notably in the energy sector, Russia will continue to turn its back on the "West" with increasing conviction. By similar measure, it can be assumed that Russia will double down on its programme of internal repression. It will very likely also seek to destabilise and deliberately undermine Europe by deploying hybrid means. Just as a military clash on the EU's external borders with Russia seems increasingly possible, long-range threats to Europe, e.g. missiles and drones, can no longer be entirely ruled out.

Europe's surroundings will be defined, in significant measure, by instability and conflicts in the medium-term. This instability will manifest itself in violent conflicts, unstable peace settlements, and fragile states. Increasing levels of terrorist activity and the growing pressure of Europe-bound migration will only aggravate the insecure conditions within Europe's geostrategic sphere. If the negative trend trajectory in Europe's environment becomes more pronounced, it could represent a long-term, large-scale threat to the EU and its Member States.

For the course of the assessment period, the EU's trajectory remains highly uncertain, since differing trends show at times contradictory tendencies. Above all, the macroeconomic fallout of the COVID-19 pandemic and the consequences of Russia's war of aggression against Ukraine—together with their associated socio-economic, societal and socio-political implications—are significant insecurity factors, with potentially disintegrative effects. As in the case of the long-term model's environmental scenarios, the EU's direction of travel is one of two key points of uncertainty.

Key Messages

- A medium-term assessment of the trend analyses for Europe's geostrategic environment, including Austria, is overwhelmingly negative. This picture is influenced by the abiding effects of the COVID-19 pandemic and Russia's war of aggression against Ukraine.
- The global system is dominated by the rivalry between the US and China, and a situation in which the US faces multiple challenges despite its lone superpower status, and where China's international role and strategy remain uncertain.
- Russia's war of aggression against Ukraine has produced deep-seated change within the global and European security order. For the course of the assessment period, Europe remains exposed to risks of Russian hybrid threats and possible military clashes.
- The European environment is defined by instability, violent conflicts, terrorism and migration. This risks evolving into a large-scale threat to the EU and its Member States.
- The EU's trajectory is uncertain for the period under review, since it is influenced by various trends, particularly the effects of the COVID-19 pandemic and the Russian war of aggression against Ukraine. These could have potentially disintegrative consequences.



Effect-based realism

Peter Vorhofer

The current conflicts clearly indicate that the "regulated world order" familiar from the past no longer exists. Although this only worked to a limited extent in the past, it at least provided some orientation and was something that Europe could rely on. This ended most recently with the start of the Russian war of aggression against Ukraine. The effects of these upheavals are comparable in scale to the end of the Cold War: The security situation is much more unstable than it was a few years ago and the consequences of the war will determine global politics for many decades to come.

In political science, the current developments are also referred to as "polycrisis". This is characterised by a weakening of international organisations. States are focussing less on cooperation and more on competition, while middle-sized powers are increasingly beginning to assert their interests. All of this is taking place against the backdrop of the numerous complex ecological and economic challenges. These changes are already being reflected in various ways, from the global strategic level to the nation-state level.

Realisation effect

The current situation is seeing too much focus on individual events, with developments not generally being perceived as the result of global changes. Moreover, current developments are signalling the beginning of a long-term reorganisation process. Their manifold effects will change the security policy environment over the long term. This process was, inter alia, initiated by the USA from 2016—the well-known slogan "America First" comes to mind here. As a consequence, the international role of the USA has changed. Washington no longer sees itself as the actor having to take on all global security policy problems. An analysis by political scientists might well conclude that the "idealism" approach pursued for decades has now been firmly rejected. The effects of this global reorientation have already proved to be enormous on all levels. The realist or neo-realist school of thought in international relations must, therefore, once again become the main focus of security and defence policy analysis. These analyses must begin first and foremost with the effects that have already occurred.

Global effects

The "weaponising effect" is unquestioningly noticeable. Countries that have already invested heavily in defence are increasing their investments even further. What's more, high levels of investment are being made in the armed forces in Europe and neighbouring regions. This increases the statistical probability that conflicts will be fought out with armed force, a trend that will be further intensified by the "pop-up effect" and emerging "new powers". More and more states are developing into regional, often competing, centres of power and are prepared to assert their claims by force if necessary.

This has led to talk of a "battle of powers". Put simply, this means that many states, particularly in the Global South, are now faced with the option of implementing different social, economic and security systems. They are no longer bound to the old bipolar "systems" between East and West. In the past, these states were either liberal-democratic or communist-authoritarian. Now, there are global and regional alternatives. The countries concerned are thus combining for themselves the best of all worlds. This means, however, that Western values are no

longer taking centre stage. This calls for new concepts from the Western world in order to win partners and friends.

However, the polycrisis mentioned at the beginning of this article has also resulted in a "tipping point effect". This describes the way that globalisation has found its limits in ecology. Globalisation ends at the point where the existence of humanity is at stake. As such, the often much-praised globalisation and its effects on the stability of the world have lost their appeal in two respects. In many areas, globalisation has become a security risk. This is coupled with the "division effect", i.e. the grouping of organisations around global powers. For example, the G7 is clearly associated with a Western or US domain, whereas the Shanghai Cooperation Organisation is associated with the Eastern, or Chinese domain. However, this is also further fuelling the division of the systems and has already gathered allies in the traditional sense. Geopolitical benchmarks, therefore, need to be reconsidered. In this conflict, China has already forfeited its "free rider effect", i.e. the advantage of barely having to budget any costs for its global presence. If China acts as a player with global aspirations, its spending will also increase, for example on the Belt and Road Initiative, also known as the "New Silk Road". To protect and monitor its regional and global interests, China will have to deploy armed forces, which will drive up defence spending. In order to have a global impact, dealing with the associated consequences is necessary.

All of these developments lead to the "transition effect" and/or the "support effect". The former is derived from the fact that global system changes in history were peaceful when they were underpinned by a common normative framework. This was the case, for example, with the power shift from Britain to the USA. However, if there are diverging basic frameworks, this transition will generally be characterised by conflict. In this systemic crisis that has now begun, the main question for Europe is whether fundamental cooperation, even as a junior partner, should not be given much higher priority. After all, the fundamental direction of tomorrow's world is at stake. Do people feel more committed to a democratic-western or an authoritarian-eastern system?

Effects with a particular impact on Europe

All of the above-mentioned global effects clearly have an impact at lower levels as well. The assumption that we are not affected by these effects is incorrect. However, some effects primarily relate to various geographical areas. Europe is, therefore, particularly affected by some of these effects.

The "illusion effect" is particularly relevant here. Europe generally thinks and plans in terms of probabilities and not potentials. It was, therefore, under the illusion that there would be no Russian war of aggression against Ukraine. Such action seemed irrational and illogical in a Western-influenced mindset focussed on regulated processes. It turned out that Russia nevertheless did use its potential to assert its interests. The right lessons need to be learnt from this—regardless of the course of the war in Ukraine. Furthermore, every possible outcome of this war must be considered, as it is likely to have a lasting impact on Europe and the European security order in the coming decades.

One effect that is currently affecting ever wider circles in Europe can be described as the "sanctions effect". The introduction of economic sanctions on a particular scale will always have serious consequences for a country's own economy, technological development and society. Governments must now devote enormous energy to explaining the sanctions introduced in their respective societies and also to their economy.

This is coupled with the "junior partner effect". As a junior partner, Europe will only remain in a comfortable and favourable position as long as the senior partner does not demand loyalty or suddenly introduce a fundamentally different security, foreign and economic policy. Europe may before long be affected by another such development—an intense challenge in a world undergoing fundamental change. In terms of security policy, NATO is clearly dominating the EU, whereby there is an unofficial "fusion effect" in those countries that are members of both NATO and the EU. Therefore, measures that have positive effects in both organisations are indirectly taken. Naturally, this affects all states that do not belong to both security providers.

One effect that is particularly noticeable in the technology domain is the so-called "AI effect". This term describes the fact that Europe plays no

role in the development of future technologies, especially in the field of AI. All significant progress or developments are being made in the USA or China. A consequence of this is the creation of dependencies, which in turn prevent autonomy or at least partial autonomy in Europe.

Effects with a particular impact on nation states

All of the effects mentioned so far also have an impact at the level of nation states, and therefore also on Austria. Certain effects impact Austria particularly strongly, such as the "uploading effect", which describes the challenging task of ensuring that Austrian interests are represented sustainably at a European level. This in turn is linked to the so-called "dinghy effect", which occurred when Sweden and Finland joined NATO. Apart from Austria, only Ireland, Malta and Cyprus are EU Member States, but not NATO members. The vast majority of decisions relevant to defence policy at EU level are therefore primarily made in the proverbial "big ship" of the NATO members of the EU, with the remaining neutral (small) states being pulled behind in the "dinghy". As a result, it has become much more difficult for Austria to realise its security policy interests at European level, as the neutrals have fallen below the critical mass at which they would still need to be "brought aboard" for strategic decisions. While there are ways of compensating for this, this involves considerably more effort.

Conclusions: Shockwave resilience and partial autonomies

As the world is currently in a state of upheaval and crises and conflicts will occur more frequently, it is essential to create resilience in European states and societies. Only by overcoming these preliminary effects of a changing world order will it be possible to ensure that societies are not paralysed and that countermeasures can be introduced. The creation of partial autonomies will make this easier, allowing reserves to be utilised again and providing governments with room for manoeuvre.

The development of a sustainable European foreign policy is also particularly necessary following the shift in the interests of the USA. Otherwise, Europe risks falling behind in the global race. The Union and its Member States have a choice: Either they play an active role in shap-

ing these changes or they passively allow them to happen. The consequence of the latter would be that they might have to learn to live with major restrictions and changes. This is often referred to as the "turnaround effect". This political catchphrase, coined by German Chancellor Olaf Scholz in 2022, can be taken as a parable for the changing framework conditions of the EU's foreign and security policy and, as it were, for the necessary awakening of the EU from its strategic comfort zone. The turnaround will bring with it a deterioration in the overall security situation—and the signs are pointing to a storm.

Key messages

- In political science the current global developments are also referred to as a "polycrisis". This is characterised by a weakening of international organisations.
- The current situation is seeing too much focus on individual events, with developments not generally being perceived as the result of global changes.
- Due to the effects of global changes, the realist and neo-realist schools of thought in international relations must once again become the main focus of security and defence policy analysis.
- A wide variety of effects are impacting developments at global strategic, European and national levels. Austria is just as affected by these effects as the European Union and its Member States as a whole.

European security by global demand

Arnold H. Kammel

Due to various international conflicts and wars as well as the eroding security order, Europe is facing some tremendous challenges. The European Union, its self-image, its assertiveness and the attractiveness of its model are being put to the test. In view of a shifting world order and increasing system confrontation, Europe needs to manage the balancing act between realistic (power) politics and idealistic shaping of the international order.

The European Union forms Austria's primary security and defence policy framework, which is also taken into account during the development of the new Austrian Security Strategy. Crises, conflicts, economic upheavals and even catastrophic accidents on the European continent and in its immediate surroundings have a direct impact on Austrian security. This has become particularly clear due to the recent escalation of decades-long conflicts. Some examples worth mentioning include the ongoing refugee crisis since 2015, or the Russian war of aggression

against Ukraine since the annexation of Crimea in 2014, the war over Nagorno-Karabakh and the Israeli-Arab conflict which has been going on since 1948, as well as the multitude of conflicts and coups on the African continent, some of which also of a proxy nature.

Due to multiple crises, which can be regarded as being interconnected, the Union as a common area for freedom, security and justice is being questioned. The increasing system competition and the associated open power struggle between the major powers determine world events, and call into question the (effective) multilateralism which has always been particularly propagated by Europe. There is also the increasing relevance of middle powers, who are trying to enforce their respective and sometimes competing conceptions of order to an ever-increasing extent. An idealistic conception of peace by means of cooperation is contrasted with a realistic, conflict-ready and interest-driven approach.

This competition also calls the positively evaluated effects of globalisation into question. The idea of interdependence, which made the price of wars and conflicts appear to be extremely high due to close economic interlacing, has been partially overtaken by reality. Economic interlacing and the resulting dependencies are now being used as weapons in hybrid conflicts. Probably the most prominent example of this are the threats by various countries to cut off energy supplies to Europe in order to force compliance. This interdependence of, inter alia, economic relationships has a much stronger effect in a world that is dominated by globalisation than it does during periods of a high degree of self-sufficiency. Examining globalisation purely from a free-trade perspective, without taking security policy into consideration, appears in retrospect to be far too short-sighted, and requires alternative considerations.

Counter-models, alternative offers and the battle of the narratives

The European Union, its self-image, its assertiveness, and last but not least the attractiveness of its democratic, constitutional model are being put to the test in this security and defence policy situation. Europe and the United States are competing with other systemic powers for the design and leadership of the multilateral system or the multipolar world order. Established organisations are being confronted with the creation

of new organisations, which are positioning themselves as the transformation drivers of a new world order. A particular mention should be made here of the Shanghai Cooperation Organisation and also the BRICS group, which was recently expanded to include non-European economic powers in the Global South. These groups do not only represent a power factor which has now become significant, but also some economically important cooperation formats. The most important challenge for the "West" will be to increasingly provide the Global South with alternative offers and a more attractive model. Furthermore, these countries are also concerned with matters of participation and involvement in international organisations and regulatory systems on an equal footing, which was recently shown by the voting behaviour in the UN, for example.

However, global political development such as this puts the countries of the Global South in a position to choose their partners on the basis of different needs and offers. For many countries in the Global South, China may be a more attractive investor than the EU, or they may diversify their security and economic cooperation across a number of powers and arms suppliers. The defining element here is simultaneity and the refusal to opt for a fixed alliance structure—like the group of non-aligned countries did during the Cold War. This also increases the unpredictability of the international system and brings about "multipolar disorder".

One of the most urgent problems for Europe is the attractiveness of the model of democracy and the rule of law. In a battle of narratives and offers, cooperation with the West often comes with conditions. Imposing political or economic reforms in the short term is unacceptable for many systems, which are often on the verge of collapse. On the other hand, there is what initially appears to be a more "unconditional" cooperation with countries such as China, but this usually results in high levels of debt or in "selling off the silverware" in the form of access to raw materials or income from infrastructure projects.

Alliances and rivalries

The transatlantic relationship is also essential with regard to the question of how Europe can offer an attractive counter-model to the new authoritarianism or the "strong leader" model. Europe is currently dependent on the will and the capabilities of the USA to stabilise the crisis

regions in its environment and protect them from negative influences. In connection with this, the question undoubtedly arises about a possible division of responsibilities between the EU and NATO with regard to security and defence policy. the re-election of Donald Trump to the office of President of the United States appears increasingly plausible, which would pose a massive challenge for Europe.

It is generally nothing new that the focus of the USA is increasingly on the Indo-Pacific region and the associated open trade routes and free passage. This particularly applies to the critical maritime points of global trade such as the Taiwan Strait, the Straits of Malacca and Hormuz, the Gulf of Aden and the Suez and Panama canals. The European contribution to this will remain limited in the medium term. Even if the North-East Passage becomes permanently navigable as a possible alternative and as a result of climate change and the route from Tokyo to Hamburg, for example, is reduced by a third, there will be a lack of European projection capability in the Arctic. Hence, it is unlikely that Europe will be able to assert its interests accordingly.

This culminates in the fundamental question of European sovereignty and the strategic autonomy of the EU. Europe wishes to act as a security policy player who is guided by values and interests alike. With NATO, it has a kind of informal division of responsibility. Whereas the EU primarily pursues crisis management and security policy in a broader sense, NATO acts as both a deterrent and as collective self-defence. The question arises as to how this division of responsibility can be consolidated with the idea of European sovereignty. Europe is divided on this issue because NATO cannot be replaced, at least in the short to medium term, and because some EU member states do not want this to happen. Nevertheless, the question arises for NATO and, therefore, the majority of the European allies as to what is the best way to react to this aggravated geopolitical situation, and which commitments the European partners are prepared to make, particularly vis-a-vis the USA.

“Transformation” test bench

Europe itself is facing some systemic challenges. For example, something like a double transformation of the European economy is required. First of all, it needs to adapt to current and particularly future crisis

situations. The central concept when doing this is appropriate European self-sufficiency or strategic autonomy. This also means reinforcing the basis of Europe's defence industry. Europe's dependence on critical supply chains also became abundantly clear during the COVID-19 pandemic, particularly in the pharmaceutical sector, but also with regard to raw materials and rare earth elements. Europe simply can no longer afford this kind of vulnerability in various areas. And then there is Europe's obvious continued dependence on fossil fuels, most of which have traditionally come from Russia. The Russian war of aggression against Ukraine has created intense pressure to do something to undo this strategic dependency on Russia. This would undermine Moscow's ability to use gas deliveries to blackmail the "West". At the same time, Europe must be careful not to simply relocate this dependency.

Europe's economy is undergoing another transformation: the phase-out of fossil fuels. On the one hand, the "green transition" will create new opportunities, but will also involve the risk of new strategic dependencies on raw materials for alternative energy sources and storage. Therefore, there is the risk of creating dependencies on states and regions from which these resources originate, in which they are recycled or through which they are transported. Here too, the African continent has an important part to play. At the same time, it is important to take the consequences of such an energy transition in Europe into account. Many oil-exporting states are dependent on income from raw materials trading, and their stability also depends on their exports. The consequences of a green transformation are, therefore, once again of a security and defence policy nature. The results of the UN Climate Change Conference (COP28) in Dubai at the end of 2023 show precisely how relevant the search for a common solution is with regard to green transformation, but also the willingness of the international community to make compromises. Although there may be differences between the individual countries, the green transition is unavoidable, and Europe in turn is being asked how to make the best possible use of its opportunities and avoid negative effects.

These demands which are being placed on the European economy require a high degree of innovation and competitiveness. These factors are a prerequisite for the successful implementation of the energy transition and the (required) continuation of economic growth in Europe,

and therefore also for prosperity and social peace. Above all, Europe's strength lies in its intellectual capacity, and also its ability to innovate.

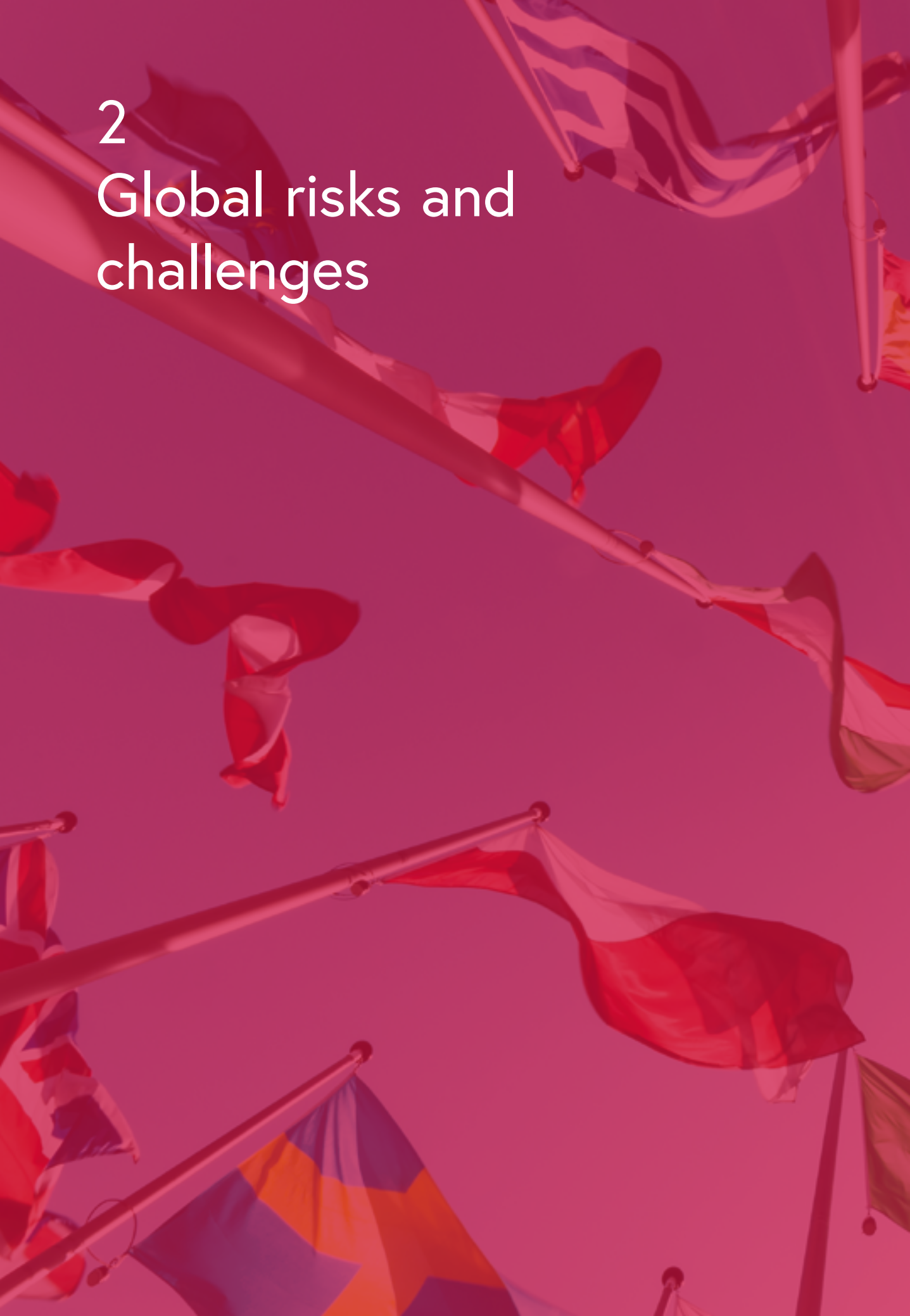
However, these are in a global competition which is becoming increasing hard-fought. Europe's ability for innovation is being hampered by various factors which mean that Europe is unable to structurally adapt to the continuously shortening innovation cycles. Only high-quality education, cooperation within Europe and strategic partnerships with third countries will put Europe in a position to maintain its intellectual capacities and respond flexibly and appropriately to these developments. To make matters worse, states that are fundamentally neutral or negative toward the "Western" order have made considerable developments in recent years, and rivalries are emerging in new political areas. Europe must therefore succeed in not falling too far into (self-)regulation at international level, and in analysing and anticipating these developments accordingly. The strategic foresight of future trends is, hence, more important than ever.

Basic principles of foreign and security policy

As well as increased strategic engagement with key geopolitical issues, a common Europe also needs a clear reflection of its constitutional self-image. The traditional Western approach is increasingly being challenged worldwide, and Europe needs to answer the question of how it intends to deal with these developments without betraying its essential principles and maintaining unity. Above all, however, there is a need for a new strategic narrative and an examination of the difficult question of willingness to actually stand up for European values in order to continue to be perceived as a credible player in an increasingly interest-driven world and not end up being strategically irrelevant.

Key Messages

- The eroding international order is being faced by tremendous challenges, and the united Europe is being put to the test.
- Measures are urgently required for making the democratic, constitutional model more attractive so that it can assert itself in the competition between systems.
- Many factors are crucial for European sovereignty, such as the relationship between the European Union and the United States, the division of responsibilities between the EU and NATO and economic transformation.
- The reinforcement of the industrial base of the defence industry, the self-sufficiency or autonomy of Europe, and also the "green transition" are presenting Europe with both opportunities and challenges.
- Comprehensive foresight and analysis of global strategic developments must become more and more of the focus of the Common Security and Defence Policy.
- The common Europe needs a new strategic narrative on how it intends to continue to pursue and implement its traditional approaches in an increasingly interest-driven world.



2 Global risks and challenges

Global risks and challenges

Nikolaus Rottenberger

Given the pressing global problems, international cooperation and dialogue would be required at all levels. However, there is a lack of unity within the international community, and increasing competition between great powers has negative effects on many other possible risks.

On 7 October 2023, global events were rocked by the report of a terrorist attack by Hamas on Israel. Israel's response to this attack was rapid, resulting in a humanitarian crisis and migration within the Gaza strip. Although the international community is closely watching the development of the conflict and the security situation, it is deeply divided on the escalation of the Middle East conflict.

Over the last few months and years, however, polarisation and discord have increasingly been observed in the international community. While old alliances erode, new partnerships, as well as rivalries and hostilities, are formed from the current global disorder. Predictions about how the international security structures will develop are unreliable. What is

certain, however, is that solutions to conflicts and problems will not be found in striving for homogeneity or in power games. Cooperation at all levels is required more than ever before.

(Dis-)continuity in global security architecture

Individual global actors react differently to the fragmentation of the current system, which is triggered by, inter alia, numerous conflicts in various regions. If the USA attempts to actively promote alliances and pacts and emphasise their status, China will aim to use any future disorder to its advantage rather than rescuing the system from the chaos. This resonates with numerous allies, particularly in countries in the Global South. As discussed in Mark Leonard's article, these countries regard the rules-based world order as the result of Western power struggles and feel unfairly treated by the rules established by the West and primarily the USA. If China were to take on the status of a role model in this respect, it would put a massive strain on the West's standards-based thinking.

Although Xi Jinping implicitly expresses support for Vladimir Putin and his war of aggression against Ukraine, the partnership between China and Russia is more for the sake of appearances. Over the last few years, a genuine dependence has formed in China's favour. Divergences exist between the interests of these two nations, which could develop into differences. For example, China is attempting to extend its influence in the Indo-Pacific region, which is becoming increasingly relevant in geopolitics, and disputes relating to the Arctic are not helping to promote harmonious interactions, as shown in Natasha Kuhrt's article. For this reason, it is not possible to predict with any certainty whether China and Russia would again support each other in a further conflict.

The European Union responds to these developments by "de-risking", i.e. by minimising risk in a way that does not result in decoupling. Instead, new approaches are integrated into the existing EU China policy. There are certainly doubts as to whether minimising risk in this way can be achieved with an ongoing partnership, particularly one that involves economic interests.

The threat emanating from China is also recognised in the European Union, but its economic dependency on Beijing, which has existed for years,

makes it more difficult to come up with timely and specific solutions. Furthermore, some divergent tendencies exist between EU Member States, and although the EU strives for a united response, these differences are expressed through individual bilateral partnerships. In this context, Franco Algieri's article refers to what is becoming a clearly evident dispute between a rules-based and an illiberal order.

Effects on other possible risks

The increasingly deteriorating international security situation is also affecting major trends, which in turn creates new risks or exacerbates existing risks. For instance, digitalisation and nuclear capacities appear to have very little in common at first glance. However, as Raphael Spötta points out in his article, advances in artificial intelligence and the rapid flow of information can also have a negative impact on the nuclear threat, which has in any case become more relevant again with the Russian war of aggression against Ukraine. Putin's threats of nuclear attacks and the intention of individual states to develop or stockpile nuclear weapons heralds the renaissance of a nuclear realism. In order to maintain the non-proliferation regime, awareness of this must be raised, and containment and monitoring guaranteed.

The political and social effects of economic developments, particularly high inflation, rising interest rates and European measures against China's economic policy, also affect security policy. According to Gabriel Felbermayr's article, the fear is justified that future crises might not occur on a limited scale. However important they may be, corporate and economic interests must on no account be allowed to take precedent over other interests. In addition, institutions like the EU should not become dependent on third countries, either in terms of their security policy or their economic policy. This was highlighted in recent crises, such as the COVID-19 pandemic and Russia's war of aggression against Ukraine—which demonstrated that trust is not a constant.

Finally, Yana Popkostova's article appeals for proactive measures to be taken against the climate crisis; reactive climate policy is not enough. The world currently finds itself in a dichotomy, however, in which purported solutions are offered on the one hand, but investments are made

in fossil energy sources on the other. The related issue of climate migration also needs to be prioritised.

Key Messages

- The existing global security order is eroding. Great powers are responding to this in different ways. Dependencies are sometimes one-sided and the reliability of allies is not always guaranteed.
- The EU is currently considering its relations with important trade partners like China. The trend for "de-risking" is ubiquitous.
- The nuclear risk has increased due to Russia's war of aggression against Ukraine and is reinforced not only by digitalisation but also by disinformation. The non-proliferation regime must be maintained.
- Climate policy must be proactive and implemented without ideologies. Ambivalent strategies within this area of policy lead to failure.

China is ready for a world of disorder, the USA are not

Mark Leonard

The USA and China approach an increasingly fragmented, multipolar world very differently. While the USA responds to the return of great-power competition by renewing its alliances, China seeks to capitalise on a global trend of non-alignment, and ultimately, to take its place as a great power in a world of disorder.

In March 2023, at the end of Chinese President Xi Jinping's visit to Moscow, Russian President Vladimir Putin stood at the door of the Kremlin to bid his friend farewell. Xi told his Russian counterpart, "Right now, there are changes—the likes of which we haven't seen for 100 years—and we are the ones driving these changes together." Putin, smiling, responded, "I agree."

Accommodating disorder

While the tone was informal, this was hardly an impromptu exchange. “Changes unseen in a century” has become one of Xi’s favourite slogans since he coined it in December 2017. Although it might seem generic, this slogan neatly encapsulates the contemporary Chinese way of thinking about the emerging global order—or, rather, disorder. As China’s power has grown, Western policymakers and analysts have tried to determine what kind of world China wants and what kind of global order Beijing aims to build with its power. But it is becoming clear that, rather than trying to comprehensively revise the existing order or replace it with something else, Chinese strategists have set about making the best of the world as it is—or as it soon will be.

While most Western leaders and policymakers try to preserve the existing rules-based international order, perhaps updating key features and incorporating additional actors, Chinese strategists increasingly define their goal as survival in a world without order. The Chinese leadership believes that the global architecture that was erected in the aftermath of the Second World War is becoming irrelevant, and that attempts to preserve it are futile. Instead of seeking to save the system, Beijing is preparing for its failure.

Divergent ways of thinking

Although China and the United States agree that the post-Cold War order is over, they are betting on very different successors. Washington believes that the return of great-power competition requires the revamping of alliances and institutions at the centre of the post-Second World War order that helped the United States win the Cold War against the Soviet Union. This updated global order is meant to incorporate much of the world, leaving China and several of its most important partners—including Iran, North Korea, and Russia—isolated on the outside.

However, Beijing is confident that Washington’s efforts will prove futile. In the eyes of Chinese strategists, other countries’ search for sovereignty and identity is incompatible with the formation of Cold War-style blocs, and will instead result in a more fragmented, multipolar world in which China can take its place as a great power.

The very different responses of China and the United States to Russia's invasion of Ukraine revealed the divergence in Beijing's and Washington's thinking. In Washington, the dominant view is that Russia's actions are a challenge to the rules-based order, which must be strengthened in response. In Beijing, the dominant opinion is that the conflict shows the world is entering a period of disorder, which countries will need to take steps to withstand.

The Chinese perspective is shared by many countries, particularly in the Global South, where Western claims to be upholding a rules-based order lack credibility. It is not simply that many governments had no say in creating these rules and therefore see them as illegitimate. The problem runs deeper: these countries also believe that the West has applied its norms selectively and revised them frequently to suit its own interests or, as the United States did when it invaded Iraq in 2003, simply ignored them. For many outside the West, the talk of a rules-based order has long been a fig leaf for Western power. It is only natural, these critics maintain, that now that Western power is declining, this order should be revised to empower other countries.

Old-style alliances versus non-alignment

Chinese strategists have watched the United States try to use the war in Ukraine to cement the divide between democracies and autocracies. Washington has rallied its partners in the G7 and NATO and invited East Asian allies to join the NATO meeting in Madrid. Furthermore, it forged new security partnerships, including AUKUS, a trilateral pact between Australia, the United Kingdom, and the United States, and the Quad (Quadrilateral Security Dialogue), which aligns Australia, India, and Japan with the United States. Beijing is particularly concerned that Washington's engagement in Ukraine will lead it to be more assertive regarding Taiwan. This new way of institutionalising ties between the USA and its partners, implicitly or explicitly aimed at containing Beijing, is seen in China as a new US attempt at alliance building that brings Atlantic and European partners into the Indo-Pacific. It is, Chinese analysts believe, yet another instance of the United States' mistaken belief that the world is once more dividing itself into blocs.

With only North Korea as a formal ally, China cannot win a battle of alliances. Instead, it has sought to make a virtue of its relative isolation and tap into a growing global trend towards non-alignment. To capitalise on waning US influence in these regions, China has sought to demonstrate its support for countries in the Global South. In contrast to Washington, which Beijing sees as bullying countries into picking sides, China's outreach to the developing world has prioritised investments in infrastructure. It has done so through international initiatives, some of which are already partially developed. These include the Belt and Road Initiative and the Global Development Initiative, which invest billions of dollars of state and private sector money in other countries' infrastructure and development. Others are new, including the Global Security Initiative, which Xi launched in 2022 to challenge US dominance, and the Global Civilisation Initiative, launched in April 2023. Beijing is also working to expand the Shanghai Cooperation Organisation, a security, defence and economic group that brings together major players in Eurasia, including India, Pakistan, and Russia, and is in the process of admitting Iran.

Ultimately, Beijing's understanding may prove to be more accurate than Washington's and more closely attuned to the aspirations of the world's most populous countries. The US strategy will not work if it amounts to little more than a futile quest to update a vanishing order, driven by a nostalgic desire for the symmetry and stability of a bygone era. China, by contrast, is readying itself for a world defined by disorder, asymmetry, and fragmentation – a world that, in many ways, has already arrived.

Keynotes

- While Western leaders seek to preserve the post-Second World War rulesbased international order, China accommodates a new world of disorder.
- The US responds to the return of great-power competition with "institutionalisation" in the form of revamped alliances.
- China, by contrast, regards the formation of Cold War-style blocs as incompatible with other states' search for sovereignty and identity, casting itself as a great power in a fragmented, multipolar world.
- The international rules-based order lacks credibility because the West is seen as applying its norms selectively, at times revising and even disregarding them, as it sees fit.

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Limits or constraints?

Russia-China relations in the light of Russia's all-out war on Ukraine

Natasha Kuhrt

Russia and China have been moving towards closer cooperation for more than two decades, but the trend has gathered pace since 2014. Russia's war of aggression against Ukraine, and a heightened state of hositlity towards the West, raise questions about the future of the relationship. While Beijing has only offered Russia tacit support, Moscow was able to launch its invasion, secure in the knowledge that its "strategic backyard" in the Russian Far East was safe.

Economic dependencies

Since 2014, the relationship between Russia and China has focused on increased military cooperation, closer economic ties and increasing co-

ordination on various issues in international affairs. In February 2022, they announced a "no limits" partnership. Trade between Russia and China has reached an all-time high, worth 190 billion dollars in 2022. However, the bulk of Russian exports to China consist of raw materials, principally hydrocarbons. The Russian war against Ukraine has accentuated this pre-existing trend, owing to Russia's disconnection from European markets. China buys cheap Russian oil, and the "Power of Siberia" gas pipeline transports gas almost exclusively to China. However, China has diversified its supply chain, which means that Russia is just one of many suppliers. Russia, on the other hand, has become increasingly dependent on China. The Russian regime is heavily dependent on gas commodity revenues, which significantly offset the effects of Western sanctions. In return, China gets to buy cheap Russian crude oil.

In the military sphere, cooperation has not reached an advanced stage, notwithstanding high levels of Russian arms sales to Beijing, and some joint military exercises and patrols, including in the Indo-Pacific. There are, for instance, no joint command structures, no joint deployments, no sharing of military bases, nor a common defence policy. So far, there is no indication that Beijing would risk openly transferring weapons to Russia.

Cooperation in the Far North

In the Arctic, China wants to develop a stronger economic and political presence, while Russia seeks financial support for its resource development projects there. China has sought joint development of Arctic fossil fuels, while Russia has made the Arctic a larger part of its core resource development programme, militarising the region with new installations, and stepping up air and sea activity in Arctic waters, arousing concern among NATO members. While both parties depend on one another for their respective Arctic-regional goals, Russia also seeks to preserve its regional sovereignty, and remains wary of China's longer term motives, such as espionage. This becomes visible for instance with the downturn in joint scientific cooperation since April 2022, which may indicate insufficient levels of trust.

Western governments worry that Beijing may be enlisting Moscow's help to secure a greater strategic presence in the Far North, and that Chinese icebreaker missions and research stations could be seens as

dual-use operations. China is interested in the Northern Sea Route, which is now navigable outside summer months due to climate change, and offers a shortcut to Asia. However, questions remain as to just how closely the two states want to cooperate on Arctic policy.

Common neighbourhood

Russia and China have a shared neighbourhood in Central Asia, and to a lesser extent in the Indo-Pacific. In Central Asia, the two have overlapping security concerns but there is limited cooperation on security in the region. China's meeting with Central Asian leaders in Beijing this year without Russia signals that it may be taking advantage of Moscow's preoccupation with the war in Ukraine. China shows no signs of taking over from Russia as a security provider in the region and the two are unlikely to clash, but the Central Asian states are increasingly looking to diversify their foreign and trade policies away from both Moscow and Beijing.

China's tacit support for its full-scale invasion of Ukraine gives Russia strong symbolic backing, while many states in the Global South see the West as seeking to advance its geopolitical interests and influence under the cover of liberal values and soft power. Within the UN General Assembly, China has a high level of control in discussions on human rights matters, casting itself as amplifying voices from the Global South in a multipolar world order. Moscow has capitalised on humanitarian concerns about hunger to reinforce an often implicit notion of Russia's indispensable role in resolving global challenges. Yet, China can speak to the Global South, leveraging shared areas of identity as a developing power, and on decolonisation grounds. Moreover, it has its own developmental success story to tell, unlike Moscow.

China is treading a fine line between maintaining neutrality on the world stage and partiality at home, which may prove increasingly difficult for Beijing to sustain. Russia and China are not in an alliance relationship, and the Russian war in Ukraine complicates Beijing's wider external security environment in Europe, and potentially also in Asia. Japan has already increased its defence spending and Taiwan is preparing for its own defence needs more robustly. Now that NATO has explicitly referred to China as a "threat", this might become more seri-

ous, were Russia to be defeated in Ukraine and a new leadership took power.

Keynotes

- The Indo-Pacific is where China's main concerns lie, and the increasing dialogue between the Euro-Atlantic and the Indo-Pacific means that security issues in one space resonate in the other.
- A weakened Russia that is more dependent on China could conceivably intervene on China's behalf in the event of a conflict in the Indo-Pacific. However, a weakened Russia could also leave China more exposed in the Indo-Pacific.
- It is unlikely that Russia and China will enter into an alliance. For China, that would mean losing maneouvrability, which would be key should Russia become weakened. Strategic ambiguity in the relationship contributes to its deterrent value, making an alliance unnecessary.
- An alliance would assume similar goals—China still wants to operate within the global rules-based order. However, Russia is the only strategic partner of global stature that China has, and one that cannot easily be replaced.

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The European Union and China: interlinking obligations and strategic boundaries

Franco Algieri

While the EU has recently taken a noticeably tougher stance on China, it should not be assumed that this signals a long-term shift in the EU's policy towards China. The two powers are subject to a variety of interlinking obligations, which are limiting the European Union's ability to adjust its strategy and to strengthen its resilience.

The economic dimension

The Russian attack on Ukraine and China's stance towards Russia in this matter led to a temporary cooling-off period in EU-China relations. However, towards the end of 2022, there were already clear indications

that the need to maintain cooperation had become a more significant priority, and that the bilateral diplomatic relationship was gaining momentum. The primary reason for this was the economic interests of individual EU Member States. From an economic and trade standpoint, the EU and China are intertwined to such an extent that any domestic or regional crisis affecting either party has far-reaching repercussions for the other. For instance, China accounted for 15.4 % of the Extra-EU-27's total trade in goods in 2022, making China the European Union's second-biggest trading partner behind the USA (which accounted for 15.6 %). At the same time, the EU retained its position as China's leading trading parting (with a 13.4 % share), followed by the United States at 12.0 %. Despite these figures, the Chinese economy is currently in a phase of stagnation, and there have been signs for some time now that overly enthusiastic European expectations of China's economic outlook may have given way to sober cost-benefit analyses.

From the EU's point of view, China is not just an economic competitor with ambitions to lead the world in the technology sector. Rather, China poses a challenge and potentially a significant risk to the EU in a variety of areas, such as the energy sector, cyber security, critical infrastructure, and technology security. The EU's economic dependence on China also puts it in a vulnerable position. With this in mind, the EU is adjusting and expanding its institutional framework in an attempt to counter China's efforts to gain influence by making strategic investments in EU Member States. The EU Regulation on establishing a framework for the screening of foreign direct investments and the European Economic Security Strategy are just two examples of EU moves to improve the resilience of its Member States and of the Union as a whole. However, this does nothing to obscure the fact that individual EU Member States continue to be led by their own economic policy agendas, which have in turn led them to compete in order to attract China as an economic partner. This competition gives the People's Republic the chance to instrumentalise European states for its own purposes.

Defence policy and systemic issues

In addition to the economic security factors at play, China's expansion of its military capability and capacity, combined with its ability to project force, particularly in East and South East Asia, is forcing Europe

to pay more attention from a security policy standpoint. Whenever we consider the possibility of a military conflict over Taiwan or in the South China Sea and its inherent Sino-American tensions, the question arises as to how the EU and its Member States might align themselves in such a scenario. Europeans would have more than just economic impacts to contend with in the event of a military conflict. The very foundation of the transatlantic partnership would be at stake, as would the principle of upholding the rules-based international order. There would also be pressure to support the democratic systems the EU sees itself as obliged to defend. Logically enough, this whole situation would play into the wider ideological clash between the liberal and illiberal political models; as early as 2019, the European Union described China in its strategic look-ahead as a systemic rival that was propagating alternative models of governance.

Strategic approaches and their limits

In a context where Europe's policy on China is constantly being adapted to changing circumstances both regionally and internationally, the term "de-risking" has become central to the EU's current China policy. Indeed, European Commission President Ursula von der Leyen actually draws a distinction between two types of "de-risking": "mitigating risk through diplomacy" and "reducing the economic risk." At the same time, French President Emmanuel Macron uses the term "dé-risquer" in the context of the debate on European strategic autonomy. However, actors at national and supranational level certainly do not believe that an approach that aims to reduce the risks the EU feels China poses constitutes an attempt to "de-couple" the European Union from China. They are strengthened in this view by the high level of interdependence between the two parties, which would make this a costly policy move. It follows, therefore, that de-risking should not be seen as a re-orientation of the EU's policy towards China. In conceptual terms, it actually represents a broadening of the same approaches the EU is already taking.

The latest strategies from EU Member States on China and the Indo-Pacific region can be assessed as additions to existing EU and NATO positions, with which they are broadly consistent. Germany's China strategy describes close cooperation on China between NATO and the EU as an essential requirement. For its part, in its concluding communiqué from

the Vilnius summit of 2023, NATO recognised the existence of strategic competition when it included clear wording describing China as a systemic challenge to Euro-Atlantic security.

However, this is insufficient to conceal the dichotomy in Europe's relationship with China. There are continuing tensions when it comes to reconciling supranational and national interests and on the need to reduce risk while avoiding de-coupling. There are also tensions between Member States competing to attract China as an economic partner, and differing views on the prospect of widening security commitments. On top of that, there is the debate about the extent to which the EU should be strategically autonomous and, by extension, to what extent the EU should shape its policy towards China with an eye on the USA. The manifold interconnections between the EU and China, together with those binding the two sides of the Atlantic, will thus continue to determine the room for manoeuvre available to European policymakers.

Key messages

- The EU and China are closely intertwined economically and in terms of trade. Domestic and regional crises affecting either of the two parties have major ramifications for the other.
- China poses a challenge to the EU in a number of high-risk areas. Examples include energy security, cyber security, critical infrastructure, technological security, and the EU's economic dependence on China, which puts it in a vulnerable position.
- From a security policy point of view, tensions in Sino-American relations require the EU's attention. Among other factors, it needs to consider the economic impact of a potential military conflict (for example over Taiwan or in the South China Sea), the nature of the transatlantic partnership and the issue of upholding the rules-based international order.
- Minimising risk, also known as "de-risking", is central to the European Union's current policy on China. Fundamentally, this policy represents a widening of approaches that are already being applied in the EU's China policy. However, differences of opinion mean the EU remains divided.

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Security in the third nuclear age

Raphael Spötta

Further proliferation of nuclear weapons would make an already confrontational geo-strategic situation increasingly unstable. However, instability and uncertainty are fuelling the need for a nuclear deterrent to ensure security at the same time, thus making nuclear proliferation more attractive.

On 26 September 1983, amid high tension between NATO and the Warsaw Pact, a computer in the "Serpukhov-15" Soviet bunker complex reported that a cruise missile had been launched towards the Soviet Union. Soviet doctrine at the time stated that such an event would be answered with a nuclear counterstrike. The officer on duty, Lieutenant-Colonel Stanislav Petrov, had about fifteen minutes to report the incident to his superiors and initiate a nuclear strike. Petrov, however, hesitated. The purported attack was on far too small a scale to be a nuclear first-strike. He correctly assessed the computer's notification as

a false alarm. It turned out that the Soviet satellite system had fed the computer system with inaccurate data.

Digitalisation and nuclear security

Data and data processing are enormously important in the "third nuclear age", following the "first nuclear age" of the Cold War and the "second nuclear age" of the so-called "unipolar moment". Digitalisation is advancing ever faster, and neither nuclear command and control processes nor the information environment more generally are immune to this development, which also has repercussions for nuclear security. For example, it is conceivable that an attacker might attempt to disrupt or deceive early-warning systems to undermine an enemy's second-strike capability. In this context, it is also worth taking a moment to reflect critically on the role of artificial intelligence. Furthermore, it is possible that the information environment might be manipulated with a view to influencing the basis on which decisions about the acquisition or deployment of nuclear weapons are taken. Given the increasingly confrontational geopolitical situation, such manipulation represents a critical risk.

Instability and inverting the nuclear deterrent

That risk is heightened by the fact that the increasingly confrontational and, by extension, unstable geopolitical situation provides an incentive for state actors to develop nuclear weapons. Whether they are looking to buttress their regimes against outside influence or to gain a strategic edge over a rival state, a wide variety of states are currently giving (more or less) serious thought to the idea of acquiring nuclear weapons, or at least of getting themselves under someone else's nuclear umbrella; states such as South Korea, Iran or Saudi Arabia are prime examples. This possibility, in turn, creates a classic security policy dilemma. On the one hand, when a country develops its own nuclear capability, this actively encourages their competitors to develop these weapons themselves. On the other, the more widespread nuclear weapons become, the greater the risk of a country being subjected to hybridised attempts by other states to gain influence there.

The dilemma is further complicated by the fact that, by launching its war of aggression against Ukraine, Russia inverted the principle of nuclear deterrence, thus creating a further incentive for proliferation. Traditionally, the logic of nuclear deterrence has been that a country with nuclear weapons will retain the capability to launch a second strike. This should be enough to make it clear to any potential adversary that it will not be able to assert its interests by military means and, moreover, that any attempt to do so could be met by massive nuclear retaliation. Russia turned this on its head by repeatedly threatening the United States and Europe that it could use nuclear weapons to protect its illegal war of aggression against Ukraine from a potential (indirect) military intervention. For some states, the potential ability to use nuclear weapons for this purpose as well as to shore up their own domestic regimes has made the prospect of developing and holding them even more attractive.

Incentives to proliferate

The unstable geopolitical climate and the need for security are creating incentives for various countries to develop a nuclear capability. Some of the academic literature in this area sees this development as positive, not least because of the logic of deterrence. According to this view, the more widely nuclear weapons spread around the world, the more stable international relations will become, because the presence of nuclear weapons acts as a deterrent against any future war. At the same time, though, the example of Lieutenant-Colonel Petrov cited at the beginning of this article serves to underline the fact that there is a definite risk of a critical system failure, an unintentional launch, or a nuclear accident. As nuclear weapons spread further, the likelihood that one of the existing systems to control them might fail will increase.

Nuclear proliferation would also bring with it the additional dimension of the illegal trade in weapons-grade fissile material. The infamous network run by Abdul Qadir Khan is just one example of how this risk might manifest itself. The more states work on nuclear weapons, the higher the quantity of highly-enriched uranium or the extraction rate of plutonium from heavy water reactors. That in turn makes it ever more likely that fissile material will proliferate, which is a security risk by definition. On top of that, there is also the possibility that this fissile material could “disappear” if a country collapses into chaos or the state

loses control over the relevant facilities. This risk is exemplified by the fact that around two-and-a-half tonnes of highly enriched uranium "yellowcake") had gone missing from Libya according to the International Atomic Energy Agency in early 2023.

The nuclear taboo

At first glance, it might seem surprising, then, that the international institutions underpinning the nuclear arms control regime, and in particular the Nuclear Non-Proliferation Treaty (NPT), can be considered stable for the time being. Despite Russia's war of aggression against Ukraine, not more countries attempt to acquire nuclear weapons, not even Ukraine itself. In fact, the opposite is true. The Treaty on the Prohibition of Nuclear Weapons (TPNW) is designed to strengthen the "nuclear taboo", or the international community's ostracism of nuclear weapons.

However, it remains to be seen whether things will stay that way, and the answer will continue to depend on how the geostrategic situation develops. Iran is currently reckoned to be the most likely state to develop a nuclear weapon, despite Tehran's assurances that it wants to use nuclear power for exclusively civilian purposes. It is conceivable that Saudi Arabia might react to this development by starting its own programme to develop nuclear weapons. Meanwhile, Russia is stationing nuclear weapons on Belarussian territory, and given the threat it faces from North Korea, South Korea is currently publicly weighing up whether to position itself under the US "nuclear umbrella" on the principle of "nuclear sharing." This would allow Seoul to gain access to a nuclear deterrent without having to develop its own nuclear capability.

Outlook

Despite all the incentives, the nuclear non-proliferation framework remains stable. However, there is no guarantee that it will stay that way. If, for example, Iran were to develop a nuclear weapon, Saudi Arabia would be forced to react accordingly. Other states could also feel compelled to develop or acquire their own nuclear capabilities. From a European perspective, this means that beyond preserving the ongoing taboo against nuclear weapons, we need to come up with a fundamental

consensus on how to deal with nuclear weapons, both in Europe and beyond. In addition, European nations should engage in a committed, credible diplomatic effort to counter the further proliferation of nuclear weapons, on the basis of the NPT.

Key Messages

- Digitalisation and the information environment are having a significant impact on nuclear proliferation.
- Geo-strategic instability is creating incentives to develop more nuclear weapons.
- Russia turned the principle of nuclear deterrence upside down in order to protect its invasion of Ukraine from interventions by the US and European nations.
- Despite all the incentives, the nuclear non-proliferation regime, with the NPT at its heart, remains stable for the time being.

Current challenges for international law

Ralph Janik

There is no universal agreement under international law on dealing with cyber attacks or the use of artificial intelligence in warfare. This is why existing rules need to be adapted accordingly and applied to these relatively new areas. The inherent right of self-defence can also be asserted in cyberspace and the rules of international humanitarian law are also applicable to the deployment of lethal autonomous weapons systems.

Technological advances have always necessitated amendments in international law. This concerns aviation, consider for instance the Declaration Prohibiting the Discharge of Projectiles and Explosives from Balloons in 1907, the space race ("space law"), and the internet as a mass phenomenon.

Cyber attacks

Cyberspace is a quasi-spatial domain that features corresponding national and international rules. The international community of states and international law have been grappling with cyber attacks for some time now. A group of NATO experts is, for instance, currently drafting the third edition of the "Tallinn Manual", which deals with rules of international law that are applicable to cyber operations.

The first edition of this manual was first published in 2013. The purpose of its third edition is to provide an update on new events, technological advances and accompanying state practice in cyberspace. This manual is, however, neither an agreement nor a document produced by the United Nations, for example, by the International Law Commission. It is therefore not a primary but rather a secondary resource for determining international law.

States from the Global South, but also first and foremost China and Russia, may question the validity of the Tallinn Manual, however, by referring to the formative role played by the USA in its drafting. Even Western experts on international law have raised the question of whether the manual is simply a "rulebook on the shelf", irrelevant to state practice.

"Western bias"?

Even though Chinese experts on international law were involved in producing the second edition of the Tallinn Manual, China still argues against this manual's approach of simply adapting existing international law to the cyber sector. Instead, China is calling for an independent cyber agreement, negotiated within the UN framework and containing specific tailor-made rules. China also accuses the USA of using this approach in order to legitimise preventive strikes in cyberspace. In fact, according to the Tallinn Manual, states are permitted to defend themselves not only against current but also against imminent cyber attacks.

In general, the term "armed attacks", which triggers the inherent right of self-defence according to Article 51 of the Charter of the United Nations, may also be applied to cyber attacks. This is the case if the scale and effects of cyber attacks are comparable to kinetic attacks—i.e. a cyber

attack that results in serious casualties or fatalities or massive damage or destruction of objects. Conversely, the Tallinn Manual clearly states that cyber espionage, data theft or other attacks that result in the temporary loss of non-essential networks do not fall into this category.

It is not possible, however, to establish in abstract terms the exact level of intensity at which a cyber attack triggers the inherent right of self-defence. Each case needs to be assessed individually, and states will often have different views, as they did, for example, in the case of the Stuxnet attack in 2010.

State and non-state cyber attacks

There are two further problem areas: the attribution of cyber attacks, and the question of whether the inherent right of self-defence can also be asserted against non-state actors. Ultimately, states can argue that they were not directly involved in attacks that originate from their territory. State responsibility is often impossible to determine with absolute certainty. If states plan to use cyber attacks to pursue political goals, however, they must commit themselves. States are also subject to an obligation to prevent cyber attacks. If this obligation is violated, it triggers the right to take countermeasures in the same way as a direct cyber attack. This is where the traditional methods of international law come into play, for example, sanctions, termination of agreements or cyber counter-attacks. The question of whether the inherent right of self-defence is limited to state (cyber) attacks remains as contentious as the question of whether the inherent right of self-defence to a cyber attack also permits the deployment of regular armed forces.

International law (law on the use of force or *ius ad bellum*) is applicable to both the attack itself and cyber warfare. International humanitarian law applies *mutatis mutandis* as well. The Geneva Conventions and their Additional Protocols would also need to be observed in a cyber conflict or an armed conflict seen to be conducted in parallel to a cyber conflict. For example, they forbid attacks on civilian cyber infrastructure and call for the principle of proportionality to be applied to military advantage in attacks expected to cause civilian casualties or damage.

Lethal autonomous weapons systems

Increased and intensified use of artificial intelligence (AI) has the potential to permanently change warfare. For some time now there have been (private) initiatives to ban so-called "killer robots" before they come into use, similar to the ban on blinding laser weapons. Meanwhile, however, the prevailing view is that increased use of AI in the military sector cannot be stopped. The primary objective is therefore to prevent the full automation of warfare, including that of the decision over life and death. The aim here is to involve people, at least indirectly. However, no agreement under international law or another universally accepted document on this exists (yet). This makes customary international law all the more important in this context.

Key Messages

- The cyber sector is not unregulated, as the universally accepted rules of international law also apply here.
- Cyber attacks exhibiting a certain intensity trigger the inherent right of self-defence.
- Attribution of cyber attacks is a difficult task. States are, however, subject to an obligation to prevent them.
- It is disputed whether states are also entitled to an inherent right of self-defence against imminent cyber attacks.
- As regards the use of AI in warfare, it is now assumed that the automation of weapons systems can no longer be prevented. This makes their appropriate regulation seem all the more important.

Effects of a weakened global economy on Europe and for Austria

Gabriel Felbermayr

Measured at current exchange rates, real-terms global GDP will rise by 2.6% in 2023 and 2.5% in 2024. These figures are significantly lower than the long-term average. While the world economy coped unexpectedly well in the short term with the upheaval of the COVID-19 pandemic, it has its work cut out dealing with its after-effects, as well as structural economic problems.

Between the end of 2019 and April 2020, price-adjusted global industrial production collapsed by approximately 13% It was feared that the world economy was in for a slow recovery, but it actually bounced straight back in a "V" shape. By December 2020, industrial production had already risen slightly above its pre-crisis level. This positive trend was the consequence of an extraordinarily expansive package of fiscal and monetary policies that created a post-COVID boom. This boom reached its zenith

in early 2021, and global industrial production has been flat ever since. In January 2021, the industrial production index reached 107.1 and stood at 106.6 in July 2023. Indeed, there is no prospect of an improvement in the months to come. In fact, in many countries, including Austria, the slowdown in industrial production is actually worsening.

In the wake of stagnating industrial production, the price-adjusted figures for the global trade in goods also show that growth has all but ground to a halt. After a drop of over 0.5 % in the first half of 2023, the World Trade Organization (WTO) revised its growth expectations for 2023 down to 0.8 %—less than half what it originally had forecast. It expects growth to pick up again over the next year.

Cyclical reasons for weak economic growth

There are both structural and cyclical reasons for this weak growth. The extremely expansive financial policies pursued by all the major world economies in 2020 and 2021 triggered an inflationary response. This response fed into an economy that was experiencing supply shortages (particularly in supply chains) and rising protectionism as geopolitical tensions were beginning to increase. In turn, that inflation led to a sudden, sharp, and globally synchronised contraction of monetary policy. Rising interest rates are putting the brakes on growth all over the world. At the same time, a lot of governments are still pursuing expansive monetary policies, which is making it more difficult to fight inflation and could well lead to a prolonged period of higher interest rates. As a result, even in the USA growth is likely to remain well below the 2 % mark through 2024 and 2025, before eventually getting close to that benchmark by 2028. The sea-change in interest rates also threatens to plunge developing economies that have taken on loans, denominated in US Dollars or Euros, into a debt crisis, further slowing the engine of economic growth. Nevertheless, developing countries are still expected to contribute an ever-greater share of global growth in the coming years.

Structural causes

These cyclical causes are compounded by powerful structural factors that are also contributing to weak economic growth. One of them is

increasing geopolitical risk. The systemic competition between China and the USA, Russia's war of aggression against Ukraine and the recent escalation of the conflict in the Middle East are all causing the world economy to become increasingly fragmented. This makes it more difficult for the international community to divide labour and share risk effectively, as well as making it more difficult to leverage economies of scale in production. WTO figures show that the value of intermediate goods as a percentage of world trade is declining sharply.

At the same time, China's rapid recent economic progress seems to be tailing off. Its extremely restrictive COVID policies have led to wild fluctuations in economic growth over recent years, but it is also becoming increasingly apparent that China's whole economic model, which has long been based on huge investment in infrastructure and real estate, is beginning to reach its limits. As China's population has begun to shrink, it has found itself dealing with over-capacity in the economy, a problem that will continue to worsen. That over-capacity in turn makes the country more fragile from a financial point of view, which makes it difficult to promote further growth by taking on debt. That means China has to keep relying heavily on exports, to the disquiet of its trading partners. The current debate surrounding electric cars is just one example of where this policy is causing friction.

China is also struggling to shift from a strategy based on imitating tried and tested Western technology to one relying on home-grown innovation. This situation is giving rise to contradictions between the needs of the economy and the autocratic government's aspirations to control the country. Uncertainty surrounding intellectual property rights is hindering high-risk, innovative entrepreneurship and encouraging capital flight (to the extent capital can be exported out of the country). This explains why attempts to make the Renminbi freely convertible (which would mark a major step towards establishing as a world reserve currency) have so far failed. Finally, the potential de-coupling of the Chinese economy from Western markets and technology is also weighing down growth. This is why the latest medium-term forecast from the Austrian Institute of Economic Research (WIFO) suggests that Chinese growth will trend downwards in the next few years to lie at around, or even under, 5 % by 2028. Nevertheless, China still accounts for around a fifth of all global economic growth, and it remains engine of global growth, even if it is experiencing a marked slowdown.

Moreover, the European Union remains the biggest trading block in terms of international trade in goods and services, which means it is particularly exposed to the effects of weak global economic growth. This is especially true of heavily industrialised, export-focused economies like Austria and Germany, and this is reflected in the latest economic forecasts. The industrial heartland of the EU is suffering more and for longer than other countries as a result of high energy prices and global uncertainty.

Outlook

The weak performance of the global economy is complicating fiscal recovery after the manifold crises of recent years, as well as putting national welfare systems under pressure. Economic growth is the most important factor in stabilising the pensions system, and the prospect of growth also serves to stabilise the labour market, as companies will not risk laying off workers in a temporary crisis due to staff shortages. With that in mind, it is crucial to take action to make Austria and the EU more attractive as places to do business. Both in Austria and in the EU more widely, the key factors here include providing legal certainty on the transition to green energy and making a renewed effort to reduce the bureaucratic hurdles faced by businesses. It will be especially important to ensure that the need to reduce dangerous dependencies on imports from China and other countries actually results in a more diversified supply chain. One of doing this will be to apply new strategic free trade agreements such as that already concluded with the members of MERCOSUR.

Key Messages

- In the short term, the world economy coped surprisingly well with the upheaval of the COVID-19 pandemic. However, structural problems in combination with the after-effects of the pandemic create major challenges
- Rising interest rates are putting the brakes on growth all over the world. At the same time, many governments are still pursuing an expansive financial policy.
- Geopolitical risks, such as the systemic competition between China and the US, Russia's war of aggression against Ukraine and the escalation of the conflict in the Middle East are causing the world economy to become increasingly fragmented.
- Heavily industrialised, export-focused economies like Austria and Germany are particularly gravely affected by stagnant global economic growth. The industrial heartland of the EU is suffering more acutely and for longer as a result of high energy prices and global uncertainty.

Of craven dependencies and hasty strategies

The Geopolitics of net-zero amidst energy volatility and climate risk

Yana Popkostova

In an unfolding Hobbesian world, strategic foresight is imperative to secure both growth and stability. Europe remains exposed to supply shocks, even as it ends its energy dependence on Russia, while the international order continues to crumble. At the same time, the green transition becomes an increasingly pressing issue.

For the last 18 months, EU citizens have been confronted with scenes of war ravaging Eurpean soil. Harrowing images of bombardments and human flight elicit rhetorical outrage. However, this has not yet significantly affected daily lives. The parallels between the Russian war of aggression in Ukraine and the climate crisis are, while not immediately obvious, highly relevant.

Successive Conferences of the Parties (COP) to the UN Framework Convention on Climate Change (FCCC) intone narratives of emissions reduction, while subsidies for hydrocarbons are tacitly increased. Moreover, ecosystem infringements are shortening the climate's trajectory towards a tipping point, while climate funding targets are chronically missed.[1] Rising to the challenge of climate change is both a moral imperative and an economic emergency, sadly stalled by a debilitating problem of agency. A vast array of economic mechanisms, trade conditionality arrangements and investment de-risking efforts crowds out the political domain, while the climate crisis mounts, and the gap between rhetoric and action widens. Moreover, the precarious collision of the conventional geopolitics of hydrocarbons with the nascent geopolitics of net-zero creates a new risk landscape.

The geopolitical reshuffle

Russia's all-out invasion of Ukraine threw the return of Realpolitik into stark relief. The conflict boldly outlined the contours of global geopolitical fragmentation, and the deepening cracks in the consensus on the pace of the energy transition. It also laid bare a lack of strategic foresight in the roadmaps for transition. In an unfolding Hobbesian world, such a lapse can prove detrimental to growth and stability. Beyond its rhetorical fourishes about strategic autonomy, Europe remains painfully exposed to supply shocks, and the social and economic chaos these could trigger.

Stopping the fulfilment Europe's energy needs with Russian hydrocarbons is no security guarantor, if it is merely replaced by dependency on another set of unsavoury regimes. When it comes to the origins and transit of the reviled, yet still seemingly indispensable fossil fuels, Europe is bound to rely on partners of dubious stability such as Algeria, Azerbaijan, Qatar, Egypt and Türkiye. It is inconceivable that these new partners will simply comply with our requirements—and when this occurs, as Azerbaijan demonstrated recently, impotency will be their stock explanation.[2]

1 Yana Popkostova (2023): The power shift. The impact of the low carbon transition on the oil and gas economy. European Union Institute for Security Studies (EUISS), March 2023, https://www.iss.europa.eu/content/power-shift

2 Polina Ivanova, Henry Foy and Adam Samson (2023): Azerbaijan snubs EU after Armenian enclave takeover. The Financial Times, 4 October 2023, https://www.ft.com/content/b597900c-50d3-4def-84b3-dab88e3c499a

In 2024, a realignment of political constellations will unfold. Instability is likely to increase in Central Asia, while expansion of the BRICS will probably test the European Union's geopolitical remit. The impeccably consistent OPEC+ forum can be expected to chart a course of artificially induced scarcity, triggering price inflation and severe societal instability. Lastly, it is plausible that the newly escalated conflict in the Middle East will compound regional insecurity and compromise Eastern Mediterranean gas prospects.[3] Meanwhile, the EU's own internal ambivalences diminish its credibility and inspire recurring accusations of hypocrisy.[4] For all its grand talk on sustainability, the bloc itself engages in the extraction of minerals and the development of fossil fuel infrastructure, while condemning the same activity elsewhere. Furthermore, it undermines its own sanctions regime by stockpiling oil product imports from India that have been generated from Russian oil.

The commodity scarcity conundrum

A tightening in the markets for both hydrocarbon and green commodities will accentuate the geopolitical re-wiring process in 2024. Critical shortfalls in spare LNG capacity suggest that a total curtailment of remaining Russian gas supplies might be difficult to absorb.[5] Events in the natural environment and instability risks, alongside burgeoning domestic demand, threaten to jeopardise supply volumes from Azerbaijan, Algeria, Egypt and Libya. OPEC+ arbitrage trade practice is likely to keep prices inflated, while allowing Russia to continue peddling its products via a growing "ghost fleet" of uninsured tankers.[6] For green commodities, the market trends are just as gloomy. With demand projected to skyrocket, the narrow geographic concentration of extraction is even more pronounced for refining.[7] While informed heads worry about the paralysis effects of shortages, the equally dangerous risks of the opposite outcome, whereby the market becomes flooded and western mining investments evaporate, escape their attention.

3 Ibrahim Dahman et al. (2023): Netanyahu says Israel is 'at war' after Hamas launches surprise air and ground attack from Gaza. CNN, 7 October 2023, https://edition.cnn.com/2023/10/07/middleeast/sirens-israel-rocket-attack-gaza-intl-hnk/index.html

4 Yana Popkostova (2023): The power shift.

5 Ibid.; In such a scenario, 40% of global LNG would need to be redirected to the EU.

6 Ibid.

7 Ibid.; Calculations by the author suggest that the remit of China over critical materials dwarfs that of Saudi Arabia by a factor of nine.

Between populism and cohesion

The tightness in commodity markets and its impact on prices foment social conflict—whether in the form of the infamous gilets jaunes in France, the backlash to a ban on gas boiler installations seen in Germany, or the miners' protests that paralysed Bulgaria. Permanent industrial shutdowns, coal mine closures, and green skepticism among farmers will only heighten "green deal acrimony"[8] in 2024, which is a crucial electoral year for the EU. A severe curtailment of breadbasket commodities might also inflict severe cracks on solidarity with Ukraine. Furthermore, the energy crisis pits wealthier EU Member States against financially weaker members, with the potential to set off a slow-down in Green Deal implementation, a competitive race on commodity stocks, and further social and political setbacks along the net-zero path.

Emissions reductions versus ecosystem infringements

A climate Catch-22 situtation has led to the climate crisis being equated with an emissions crisis, such that other ecosystem infringements are banished from political doctrines.[9] This partial tackling of the planetary boundary problem amounts to a pervasive approach to climate neutrality at the expense of ecosystem stewardship. This is likely to result in a structurally destabilised planet. Its first iterations will likely happen across North Africa and the Sahel, where more frequent and intense, extreme weather events will compound existing fragilities. This will likely exacerbate resource scarcity and competition and contribute to both the mosquito-borne spreading of diseases, and economic marginalisation. This will, in turn, fuel the displacement of people, disrupt supply chains, and cause further instability.

By 2030, 118 million extremely impoverished people will be exposed to natural hazards.[10] Data suggests that figures for disaster-induced migration will be three times higher than the numbers fleeing the effects

8 Annita Elissaiou et al. (2023): EU nominees caught in mounting Green Deal acrimony. Euractiv, 4 October 2023, https://www.euractiv.com/section/energy-environment/news/eu-nominees-fall-victim-to-mounting-green-deal-acrimony/

9 Yana Popkostova (2022): What if … climate neutrality is not enough? In: Florence Gaub (Hg.): What if … not? The cost of assumptions. European Union Institute for Security Studies (EUISS), January 2023, https://www.iss.europa.eu/content/what-ifnot-cost-assumptions

10 The World Bank (2019): Building Resilience in Africa. 14 February 2019, https://www.worldbank.org/en/topic/disasterriskmanagement/brief/building-resilience-in-africa

of armed conflict. Moreover, resource conflicts between agricultural and herding communities will create more casualties than jihadist violence. These trends represent an important security predicament for the EU.[11] Intensfied migration flows, increased demand for peace-building and humanitarian relief missions, but also energy security risks, could all erode the Union's security posture.[12] Energy security risks are particularly relevant, as resources essential for EU energy security originate in regions that are particularly exposed to climate-induced instability.

A perilous way forward: the EU and Austria in an uncertain world

The unpredictable waves of energy and climate risk, aggravated by geopolitical fragmentation and social contestation, augur volatile waters ahead. The ability to navigate an evironment of poly-crises, neither benign nor amenable to EU soft power, calls for a set of strategic actions to stress test the course ahead. The EU must start to broaden its focus on energy security in 2024 by replacing its hegemonic, exclusive decarbonisation discourse with a more balanced agenda of ecosystem stewardship, in order to foster a new consensus on growth and leadership.

There are numerous pressing tasks to accomplish, such as dispelling the dogma around renewable energy sufficiency, catalysing ideologically agnostic discussions on other clean technologies, and bolstering the resilience of the power grid to weather, cyber and kinetic threats.[13] In addition to this, the EU must ultimately avoid the security externalities produced by a split between a green EU and a climate-broken near abroad.[14] Some glimmers of hope might just start to emerge, yet ecosystem mainstreaming needs a strong champion if it is to be implemented across EU bodies, national ministries and multilateral fora. Austria is well positioned to embrace this role. As a multinational organisation-

11 The Crisis Group (2018): Stopping Nigeria's Spiralling Farmer-Herder Violence. 26 July 2018, https://www.crisisgroup.org/africa/west-africa/nigeria/262-stopping-nigerias-spiralling-farmer-herder-violence

12 Yana Popkostova (2022): Europe's energy crisis conundrum. Origins, impacts and way forward. Brief 2/2022, European Union Institute for Security Studies (EUISS), January 2022, https://www.iss.europa.eu/content/europes-energy-crisis-conundrum

13 Ricardo Tavares Da Costa, Elisabeth Krausmann and Constantinos Hadjisavvas (2023): Impacts of climate change on defence-related critical energy infrastructure. Publication of the European Union, June 2023, https://publications.jrc.ec.europa.eu/repository/handle/JRC130884

14 The author has argued previously for clean technology, hydrometeorological facilities and climate observant systems transfers to bolster climate resilience in Africa. Empirical data also in IMF, "Adapting to Climate Change in Sub-Saharan Africa", Chapter 2 in Regional Economic Outlook: Sub-Saharan Africa, 15 April 2020, https://www.elibrary.imf.org/display/book/9781513536835/ch02.xml

al hub, Austria could initiate a platform for multi-stakeholder strategic foresight, building on the energy-climate-security nexus. This could potentially become a distinguishing feature of the Vienna Energy Forum.

A radical rethink of the geopolitics of climate neutrality is urgent, yet it must be executed in a forward-thinking, holistic and non-ideological manner that avoids hastily implemented crisis management schemes. Absent strategic foresight on emerging risk management and a holistic recalibration of ecosystem stewardship, security strategising will be rendered impotent. This goes for small Member States such as Austria, just as much as for the EU as a whole.

Key messages

- Rising to meet the challenge of climate change is both a moral imperative and an economic emergency.
- Stopping meeting Europe's energy needs with Russian hydrocarbons is not of itself a security guarantor. Europe would instead have to rely on the stability and security situations of other states in its neighbourhood.
- This shift of energy demand fulfilment will have an impact on the geopolitical trends of 2024 and beyond. The EU must ultimately avoid a split between a Green EU and a climate-broken near abroad.
- A radical rethinking of the geopolitics of climate neutrality is urgent, but must be executed in a forward-looking, holistic and non-ideological manner, thereby avoiding hastily implemented crisis management schemes.

3
Crises and conflicts around Europe

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No end to war, suffering and forced displacement

Europe's security policy situation in 2024

Günther Barnet

The continuation of wars and conflicts, human suffering and dynamics of forced displacement, as predicted over the last few years, has been dramatic in its manifestation and expansion. This will persist in the European periphery both in 2024 and beyond. This regrettable situation is dictated by the "world disorder".

Thoughts on the EU situation and the global zeitgeist are inevitably reminiscent of Antonio Gramsci's characterisation of the interwar period of the 20th century: "The old world is dying, and the new world struggles to be born: now is the time of monsters." Interventions in non-European regions, which are frequently shaped by Western logic, often had unintended consequences and an intrinsic rejection of western influence has become a defining factor. Western patterns of behav-

iour are categorised as “colonial”, “imperialistic”, “capitalistic” or at best “Eurocentric”. Aspiring regional powers or revived great powers exploit this and present themselves as supporters in these regions.

Some analyses also consider the current situation, which will persist over the next few years, as the precursor to a new “world war”. However, the image and course of such a war would be different from before: in conflicts not always based on spatial contexts between states that are attributed ideologically to the “West” or the “Global South”. Further parties to the conflicts are entities described as “terrorist groups” on the one hand, but on the other are presented among themselves and to others as “freedom fighters” against the rejected world order. The EU has not come up with a consistent response to this and is losing “ground”, not just proverbially but also geographically, by withdrawing from relevant areas. Values promoted by the EU and the USA, among others, are at risk of becoming ideologically insignificant, despite the considerable deployment of various resources. At the same time, high risks of independent resilience from these regions are to be expected.

Can the conflagration in the Middle East be prevented?

The attack on Israel by Hamas and Palestinian terrorist groups on 7 October 2023 is a continuation of an existing state of war that has lasted decades, albeit at varying degrees of intensity. The fear that the “Abraham Accords” would not help to resolve the Palestinian question, but would lead to new eruptions of violence in the medium term, has been confirmed. Armed conflicts almost reaching the threshold of “civil wars” are possible in the direct surrounding area. At the time of writing this analysis, it is not possible to predict how the military operation in Gaza will develop in the short term.

Israel’s declared military objective of destroying Hamas seems unrealistic in the long term. It would require the political vision for a peaceful and independent state of Palestine as well as its actual implementation. The “two-state solution” appears ultimately impossible due to the unhindered and violent continuation of Israeli settlement building in contravention of international law. Establishing a temporary security administration by Israel and the civilian leadership of all Palestinian ter-

ritory by the Palestinian Authority (PA), which has been delegitimised and is regarded as corrupt, is wishful thinking. Even if the PA provides a generational shift, stabilisation and conflict transformation would not be possible without the involvement of neighbouring states and European participation. For the time being, Israel rejects a UN administration and assumption of responsibility for security involving individual Arab states depends on its pre-conditions. Discussions surrounding a confederate state solution seem premature, but would have a greater chance of securing long-term peace.

Meanwhile, the armed conflict against Israel is killing tens of thousands on both sides and forcibly displacing more than 1.5 million civilians. Supporting states or those that are "too tolerant" are threatened by violent terrorist acts at regional and global level. Groups that are allied with Iran in the "Axis of Resistance" will by no means provoke their destruction by Israel and the USA. However, targeted attacks against the Israeli Defence Forces on other "fronts" commit their forces to high costs for the long term. The longer the war lasts and the more victims it claims from the Palestinian population and Israeli soldiers, the sooner the radical forces become stronger.

Regional policy dimensions

If the conflicts in Yemen, Syria, Lebanon and Iraq are eased through rapprochement between Iran and Saudi Arabia, their renewed eruption due to a wider dispute is again absolutely possible. There is an evident revival of various local terrorist groups that are both against the presence of the USA and against Israel. Agreements between Israel and countries like the United Arab Emirates, Morocco and others will be reserved for the time being.

As a result of this war, hopes for economic developments may give way to high costs and also higher inflation for all sides and Europe. The exploration of gas fields off the coast inhabited by the conflicting parties, which would have benefited the Palestinians and promoted peace in the region, is also affected. This hope seems to be at risk and, together with possible forced displacement, has a negative impact on the development of fragile countries around Israel. The biggest risk is represented by the attempt by the so-called "Shiite Crescent" to link up with the

West Bank via Jordanian territory in order to supply weapons for a comprehensive uprising. For the time being, this can be ruled out for 2024.

A conflagration can only be prevented by the influence of other powers like Russia, China and Türkiye, which want stability in the region for their own interests. However, these states also selectively exploit the weaknesses of Europe and the USA for their own purposes. Military intervention on the side of Hamas can largely be ruled out. Nevertheless, there can be no lasting improvement in the region without the involvement of these powers. Depending on how the conflict develops in 2024, it is conceivable but unlikely that Türkiye will become involved in supplying military assets through its direct links to the Muslim Brotherhood. Israel would demand a "humanitarian ship convoy" accompanied by the military, like that of 2010, and this could intensify the conflict, even taking it to the threshold of the defence commitment defined in Article 5 of the North Atlantic Treaty.

The EU must rapidly formulate its own interests and incorporate them cohesively into the question of a post-war order for Palestine. This seems difficult to achieve for 2024. For the time being, Europe is not a factor in the conflict resolution. However, it could be affected by a mass exodus, terrorist attacks and continuing economic slowdown.

Wars on the eastern stage

Due to developments in the Near and Middle East, the wars in Eastern Europe and the Caucasus were paid comparatively little attention at the turn of the year 2023/24. Numerous analyses indicate, however, that these conflicts are interrelated in many ways. The previously forecast commitment of military forces and financial resources, as well as political attention on the eastern and south-eastern flanks of Europe's spheres of influence, became a reality. The conclusion that this would deflect from the stabilisation of conflicts in the southern arc of crisis also proved correct. This analysis now reflects that support for Israel and focus on the humanitarian and political disaster in Gaza threaten to take substantial resources away from the current situation of military gridlock in Ukraine.

As a result, the objective of a Russian defeat in its war of aggression against Ukraine does not appear achievable for 2024. Given the blockade

mentality of the Republican Party in various US institutions and the upcoming presidential election, the call for a peace treaty and the likelihood of this being achieved will increase towards the end of 2024. Although the risk of the direct geographical expansion of the war and, in particular, the destabilisation of the Republic of Moldova would not be averted in this case, its risk for 2024 and beyond would be smaller than feared.

The conflict between Azerbaijan and the Armenian enclave of Nagorno-Karabakh was decided within a few days. It resulted in the forced displacement of 100,000 Armenians. The weakness of both Russia and the West was clearly evident in this context, while Türkiye emerged as clear victor from this conflict. Although party to the conflict, Ankara was able to position itself as an indispensable impact driver. It is likely that Armenia will attempt to come to an arrangement with Türkiye that also lessens the threat posed by Azerbaijan in the Nakhchivan corridor. However, an armed dispute to secure Azerbaijan's interests cannot be ruled out.

Central Asia seems to be more stable for 2024 than was feared at the start of the Russian war of aggression against Ukraine and the takeover of power by the Taliban. For the medium term, there seems to be relatively little risk of Islamic Jihadist tendencies spreading or a refuge for Jihadist networks being established. This would require China's influence (on the Taliban) and reluctance by both the EU and Russia to make the region a stage for hybrid warfare.

Stagnation and stability in the Western Balkans

Numerous analyses see a certain stagnation in the European integration of the Western Balkans as well as a reduction in conflict transformation with a slight and selective increase in the level of violence. Armed conflicts in North Kosovo and Republika Srpska's attempts to delegitimise the entire state of Bosnia and Herzegovina and the international community should be noted. At the same time, the potential for escalation here needs to be taken seriously and the right conclusions drawn. The necessary stability on the ground through deployment of KFOR and EUFOR ALTHEA seems to be adequate, however, even without a long-term reinforcement of forces there. By contrast, hybrid attack vectors would need far greater attention and appropriate European counteraction.

Climate change in Africa intensifies risks

Advancing climate change is intensifying and dynamising a large number of existing risks on the African continent. These risks include rash counter-responses in the context of decarbonisation and diversification of energy suppliers to equally authoritarian systems. The number of people affected by armed conflicts, forced displacement, radical environmental changes and natural disasters as well as socio-economic hopelessness and political oppression is rising sharply and is no greater on any other continent in the European context.

In the border triangle of Burkina Faso, Mali and Niger alone the number of internally displaced people increased from a few tens of thousands in 2019 to more than four million. Most of the world's terrorist attacks are carried out in this region. A large number of wars and conflicts extend from the western Sahel through central Africa to the east of the continent. There is no prospect of a reduction in the violence here: the civil wars in Sudan and Ethiopia are likely to continue, increase in intensity and expand geographically in 2024.

The withdrawal of Europe and the UN from the Sahel reinforces the influence of rival powers, creates refuges for terrorist and criminal networks, and weakens fragile states in North Africa and the Gulf of Guinea. Together with the wars in the Near and Middle East, this will threaten the security of essential maritime trade routes between Europe, India and the Pacific, particularly through the Red Sea.

Weak economic development in this region resulting from high debts and inflation is problematic even for the region's stabilising and anchor states. These states are often potential suppliers of raw materials for renewable energies or alternative providers of fossil fuels. The weak economic situation makes these states vulnerable to the influence of dominant powers and corporate groups. Limited conditionality, for example, with respect to human rights aspects makes what they offer relatively attractive when compared to the EU, which is often viewed as paternalistic. Military partnerships with non-Western powers or the intention to use their own raw material deposits is met by incomprehension on the part of the EU. The result is that local populations are "worn down" in the conflict between increasingly authoritarian post-coup governments, violent terrorist and criminal actors and diverse geopolitical

poles. They will become victims of war, suffering and forced migration more than ever before in 2024.

Key Messages

- "New wars" in various regions of the European sphere are interconnected via chains of effect and are clearly intensifying and expanding.
- In this context, state groups are formed that are either united against the "western world order" or follow their own varying objectives as non-aligned states.
- The EU is losing ground proverbially and geographically due to these developments. The model of the Union is at risk of becoming ideologically insignificant.
- The Union would have to represent its essential interests independently and back these up with military assets. Its weakness is evident in various conflicts, such as in the escalation of the Middle East conflict, the war over Nagorno-Karabakh, and various lines of conflict in Africa.
- The war in Gaza could restrict the supply of actual resources to Ukraine. A fixed front in the East could mean a return to negotiations through continued operational ineffectiveness or election victory by the US Republican Party in 2024.

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Conflict in eastern Ukraine: background and perspectives

Martin Sajdik

The violation of the Minsk agreements and what Kyiv perceived as indifference by the USA and Europe towards this violation have caused frustration and resentment in Ukraine. The start of the Russian war of aggression against Ukraine in 2014 forms the background against which possible post-war solutions have to be found. Kyiv's mistrust is particularly pronounced due to these experiences.

Minsk agreement

Article 1 of the "Package of measures for the implementation of the Minsk agreements" (Minsk agreement) of 12 February 2015 on the solution of the conflict in eastern Ukraine stipulated a ceasefire from midnight on 15 February 2015. This did not materialise. Instead, fighting

intensified around the strategic eastern Ukrainian railway junction at Debaltseve, which ended with the Ukrainian armed forces being forced to withdraw from this region with heavy losses on 18 February 2015.

Together with the loss of Debaltseve, the Kyiv-controlled part of eastern Ukraine shrank by around 1,600 km² following battles over the winter 2014/15 compared to what was known as the "line of contact" established on 19 September 2014. It was precisely this agreement on the delimitation between the government controlled territory and what were known as "certain areas of the Donetsk and Luhansk regions" (areas controlled by separatists supported by Moscow) to which Article 2 (troop withdrawal) and Article 4 (defining the area in which to hold local elections) of the package of measures referred.

The failure of the ceasefire also triggered international unrest, arising indirectly from the sparingly worded Resolution 2202 of the UN Security Council on 17 February 2015. Item 3 of this Resolution calls upon all parties to fully implement the package of measures, "including a comprehensive ceasefire as provided for therein". With this resolution, the UN Security Council approved the Minsk agreement and welcomed the simultaneous declaration by the presidents of France, Russia and Ukraine and the German chancellor, known as the "Normandy Four". Among other things, this declaration agreed to a supervisory mechanism to oversee the negotiation process in Minsk within the framework of the trilateral contact group. The USA was not part of this quadripartite format.

Violation of the agreements

For Ukraine, three key articles of the Minsk agreements were violated just six days after they were signed. Ukrainian President Petro Poroshenko, who, immediately on his return from Minsk, was severely criticised in nationalist circles for signing the agreement, faced a complete disaster. Even after this violation of the Minsk agreement by the separatists supported by and probably also led by Moscow, however, France and also Germany held fast to this agreement. The USA, whose then Vice President Joe Biden kept in constant contact with Poroshenko by telephone, shared this view. This also applied de facto to the OSCE, which monitored the (non-)observance of the ceasefire in the conflict area through a Special Monitoring Mission (SMM). The negotiation pro-

cess continued within the framework of the trilateral contact group led by the OSCE presidency, which met twice a month in Minsk.

Frustration in Kyiv

What Kyiv perceived as indifference by the USA and Europe towards what Ukraine considered capital violations of the Minsk agreement had caused resentment among the Ukrainian public back in 2014, following the occupation of Crimea. In Kyiv's view, Ukraine's territorial integrity, which was documented in the Budapest Memorandum of December 1994, was acknowledged merely by toothless sanctions imposed by the western co-signatories. Having been urged to do so, particularly by the USA, Ukraine had completely relinquished its status as the world's then third biggest nuclear power by transferring its nuclear arsenal to Russia.

Another cause for ongoing frustration in Kyiv was the fact that Putin, by appearing in person at the NATO summit in Bucharest in April 2008, was able to de facto block Ukrainian NATO membership on a permanent basis. Promises from paragraph 23 of the summit declaration, according to which NATO welcomed the European-Atlantic aspirations of Ukraine and Georgia for NATO membership, may have been construed by Ukraine as pure mockery.

In contrast to this declaration, the association agreement with the EU signed in 2014 does not include any prospect of accession for Ukraine. On 23 June 2022, the European Council granted both Ukraine and Moldova candidate status on the basis of an endorsement by the EU Commission. A long-standing taboo "disappeared overnight". To a certain extent, Putin became Kyiv's "EU integration accelerator".

Possible post-war solutions

There are numerous ideas and scenarios for a post-war solution between Russia and Ukraine. The central issue is to ensure what Ukraine deems as acceptable and lasting security for Ukraine. Of course, Russia is also demanding that the security requirements that it needs to satisfy form a key element. However, these are defined in general observations about the potential risk of past and possible future NATO expansions.

In light of past experiences, mistrust is particularly pronounced in Kyiv towards Russia as a potential renewed aggressor, but also towards Europe and the USA. Western security guarantees must be enshrined in agreements, endorsed or ratified by the relevant parliaments and be accordingly viable. From Ukraine's perspective, the quickest way to achieve this would be through NATO membership. For Moscow, a theoretical admission of Ukraine into the North Atlantic community would represent a major political challenge, although it should be noted that Russia also currently maintains untroubled relations with the NATO members Türkiye, Hungary and Norway.

Ukraine's neutrality was discussed during negotiations between Russia and Ukraine in Belarus and Türkiye in spring 2022, shortly before the outbreak of fighting. Apart from whether this status would be fitting for a country the size of Ukraine, the question of security guarantees for Ukraine remains the central problem here. The length of its border with Russia is 1,944 kilometres, while its border with Belarus, where Russia has now stationed troops as well as nuclear weapons, is 1,111 kilometres long. If, based on the development of the war to date, the (ceasefire) border were to be adjusted, its length would increase by hundreds of kilometres. In total, there would be a little over 3,000 kilometres of border to monitor and secure.

If international monitoring by, for example, the OSCE or the UN were to be provided on the cessation of fighting or signing of a peace agreement, the challenges involved in supplying troops and material would be enormous. OSCE alone seems to be overstretched, meaning there would be no alternative to a UN presence. An extensive proposal for a joint mission of the OSCE and UN, which the author of this article presented together with his "co-negotiators" in Minsk, Ertugrul Apakan (Türkiye) and Pierre Morel (France), at the OSCE Ministerial Council in Milan in December 2018, which sought a sustainable solution to the conflict in eastern Ukraine, was rejected by Russia in 2019. This idea was, however, supported by the then US special envoy to Ukraine, Kurt Volker.

Possible trust-building steps to be taken by Russia, as well as by Ukraine and the West towards Moscow, are also still open to debate and have hardly been addressed yet. However unsatisfactory it may be, there are currently more questions than answers concerning conflict solution,

with the subject of “effective security guarantees” as the central problem yet to be solved.

Key Messages

- The Minsk agreements stipulated a ceasefire from midnight on 15 February 2015. This was never achieved, however, and the Minsk agreements were thus violated.
- The violation of the Minsk agreements and indifference by the US and Europe towards this violation were met with frustration and resentment among the Ukrainian public.
- The de facto blockade of Ukraine’s accession to NATO by Russian President Putin caused particular frustration. Yet, as a result of the Russian war of aggression, Putin was now Kyiv’s “EU integration accelerator”.
- The core problem for a post-war solution between Russia and Ukraine is that of providing sustainable security for Ukraine. “Security guarantees” are the central problem—these would have to be enshrined in an agreement and ratified by Western parliaments.

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Escalation of the war against Ukraine

Manfred Stacher

The Russian war of aggression against Ukraine was escalated with the large-scale invasion on 24 February 2022. There are currently no indications of a further escalation, for example, through use of nuclear or other weapons of mass destruction, other than the often-aggressive rhetoric of Russian propaganda organs. Should the current war of attrition end with a "Russian victory", this would result in direct risks to smaller states of the former Soviet Union. An immediate expansion of the "kinetic war" to neighbouring NATO states is currently unlikely, but increased use of hybrid warfare can certainly be expected.

Already when the first ballistic and cruise missiles of the Russian armed forces hit the Ukrainian airports at Hostomel and Zhuliany in the early morning of 24 February 2022, the perception of Ukraine and the "collective West" began to drift apart. However surprising and unquestionably traumatising it was, the Russian attack was for Ukrainian decision-mak-

ers, its population and, above all, its armed forces simply a continuation, intensification and therefore an escalation of the war that began in 2014.

By contrast, the "collective West" was shocked by the "return to war in Europe in the 21st century". This view was supported implicitly as well as explicitly in arguments demonstrating fear of an expansion of this war to NATO or EU Member States. From Ukraine's perspective, however, the question was what possible further escalation could there be beyond Russia's war of annihilation against the Ukrainian population. This view differs fundamentally from that of the "observer outside Ukraine". For Ukraine, this war is and remains a fight for survival.

Unlikely nuclear escalation

In the context of operations in the eastern regions of Kharkiv Oblast and the city of Kherson on the Dnieper River, there was also a noticeable increase in the aggressive nuclear rhetoric of the Russian Federation (RF) from April 2022, which peaked in autumn 2022. Ukraine government representatives and the Ukrainian population hardly reacted to the Russian propaganda machine's brutal nuclear rhetoric of annihilation. Instead, Ukraine demonstrated an impressive acceptance of this possible fate. As a result of a pragmatic assessment of the global situation and the possible consequences for the Russian Federation of deploying nuclear weapons, the discussion focused on the possibility or impossibility of a general mobilisation of Russian forces as the decisive escalation.

This assumption does not necessarily apply to the possible deployment of other chemical, biological or kinetic weapons of mass destruction (e.g. so-called "vacuum bombs"). To date, however, both the Russian military and the strategic leadership system in the Russian Federation have demonstrated surprising reserve in this respect. Under the current political, strategic, military and operational conditions, and assuming the Russian Federation is rational when it comes to its political strategy, both the risk of a nuclear escalation and a direct expansion of the "kinetic war" to a NATO or EU Member State seem unlikely.

Strategic pause or hybrid conflict?

It remains to be seen how plausible the assumption is that Russian "fatigue" would be followed by a "strategic pause" if the RF could bring the war to what was in its view a successful end. All the direct neighbouring states like Poland, the Baltic and Scandinavian states are at any rate tending to spread the idea of a type of "attack automatism" in the event of a RF victory over Ukraine.

Without forming any judgement and paying critical attention to leadership decisions in leadership systems that are heavily centralised and shaped by totalitarianism, it is, however, hard to completely avoid making practical deductions. The question likely to be raised here is that of whether the Russian armed forces in its current condition could survive a successful conventional war against NATO states. This was certainly also the situation before the attack on Ukraine and the Russian answer to this problem, according to strategic commentators, is to conduct "hybrid warfare" on an international scale.

Escalation against the "collective West"

Even if in actuality there is no such thing as a "Gerasimov doctrine" (combining military, technological, economic and other tactics to achieve strategic goals), the "step-by-step plan to achieve strategic goals" developed by the Russian Academy of Military Science was at any rate fully realised against Ukraine. A fierce dispute is raging between experts on the question of how successful "warfare below the threshold of open war" was and is against "the West". Nonetheless, in the event of a "victory" over Ukraine, an increase in aggressive actions by Russia is to be expected against the "collective West".

Furthermore, it is important to note that the "strategic thinking behind Russian-style hybrid war" is targeted fundamentally and inherently at the "weakest links" in the "hostile system". In this context, the Russian leadership makes no secret of the fact that it regards the EU as its enemy—and incidentally this was the case long before the start of its extended combat operations on 24 February 2022, even if Moscow's deductions about the EU's capabilities may have shifted somewhat since then.

Expansion to successor states of the Soviet Union

The risk of the "hot war" expanding to neighbouring states of the collapsed Soviet Union can be regarded as completely different, especially since statements and observations by the Russian leadership machine in relation to this are coherent, clear and comprehensible. For example, it is likely that Belarus and Moldova would have to prepare for "attempts to integrate" them into the RF and Moldova is already doing this. Georgia and Armenia would presumably also be affected, although the possibilities of stronger Turkish regional power would have to be considered in Russia's calculations. A geopolitically interesting and therefore possibly at-risk region that has hardly been discussed to date is Central Asia, primarily Kazakhstan, which has also taken preparatory measures and has begun, albeit cautiously, to free itself from Russian influence.

Key Messages

- The "collective West" was shocked that war had returned to Europe in the 21st Century. The perspective in the "West" has since been shaped by the fear that the war could escalate.
- For Ukraine, whose war with Russia began back in 2014, this was already the maximum escalation possible—against the backdrop of the threat of a war of annihilation against Ukraine.
- A nuclear escalation of the war by Russia is considered unlikely in Ukraine. Instead, it is the possibility or impossibility of a general mobilisation of Russian forces that is discussed as a decisive escalation.
- In the event of a Russian victory, warfare below the threshold of open war is to be expected against the "West". Other successor states of the Soviet Union, for example, Belarus, Moldova, Georgia or Armenia, must expect attempts to integrate them into the Russian Federation.

The “Balkan Triangle” Belgrade-Prishtina-Sarajevo

Wolfgang Petritsch

In 2024, the states of the Western Balkans (WB-6) and their ongoing problems will continue to be overshadowed in terms of security policy by Russia’s aggression against Ukraine. The issue here is not a possible spillover of the war into the region, but rather added potential for irritation in a traditionally difficult ethno-political situation.

NATO expansion in the Western Balkans has undoubtedly changed the regional security situation for the better, even if not completely stabilised it. In the non-military context, security is traditionally guaranteed by the European Union. The political disputes in and between the states of the former Yugoslavia and Albania have therefore become less acutely explosive.

Peaceful change of power in Montenegro

The internal constitution of the Western Balkan states has also stabilised comparatively. Largely democratic elections combined with relatively orderly changes of government have helped to stabilise the fragile balance of power. If we look at the example of Montenegro, for example, Milo Djukanović's "stabilocracy", which lasted for over three decades, came to an end without too much drama. The peaceful transition to democracy—by no means a given today—has pushed certain Russophile and Serbophile tendencies to the fore. The opportunistic policy pursued during the long years of Djukanović's dominance—both integration with the West and Russian and Chinese investments—has not undergone any significant change of course under his successors.

Thanks to NATO membership and the prospect of joining the EU, neither of which are called into question by the politically heterogeneous newcomers, the small state is undergoing an albeit fragile but encouraging development process. The traditional Serbian Orthodox hierarchy and the new political leadership enjoy a relationship that inspires confidence. Montenegro's ethnic diversity, unscathed by the Yugoslav wars, is also proving to be a stabilising factor in the various political constellations.

Thanks in part to Djukanović's pragmatic (albeit hugely corrupt) leadership, the country is in a better position than it sometimes appears, despite this difficult period of party-political power shift. This is also helped by Albania and Kosovo, which are not seeking to instrumentalise the local Albanian ethnic group. From a security policy perspective, Montenegro's regional position is therefore reasonably consolidated despite Belgrade's efforts to interfere (for example, the successfully repelled Serbian-Russian coup attempt).

The real challenges, however, lie in tackling the shattered state finances—due in part to China's "debt trap diplomacy"—and in coming to terms with Djukanović's legacy of massive corruption and clientelism. Judicial reform is moreover long overdue, although this is a prerequisite for achieving the acquis communautaire, i.e. the body of law of the European Union.

Prospects for Albania and North Macedonia

While Montenegro has, at least for the meantime, been able to rid itself of the "strongman syndrome"—representing considerable progress in terms of democratic policy—Albania is on the difficult path to the rule of law under the dominant figure of Edi Rama, thanks to the judicial reform enforced by the EU. Following the Albanian unrest of the 1990s, the internal and external security situation has stabilised. This trend will be further bolstered by the actual start of EU accession negotiations in 2024.

The same applies in principle to North Macedonia, although its outlook is complicated by its relations with its neighbour, the EU member state Bulgaria. A dispute over national heroes and languages between these historically closely linked southern Slavic neighbours will hopefully put North Macedonia's remarkably functional bi-nationality to the test one last time after the end of the long-running name conflict with Greece. North Macedonia in particular deserves Austria's full support within the framework of the European Union.

The "conflict troika"

Albania, Montenegro and North Macedonia are, to be cautiously optimistic, in the process of becoming "security providers". However, this is not the case for the "conflict troika" of Bosnia and Herzegovina (BIH), Kosovo and Serbia—the central player in both cases. The isosceles "Balkan Triangle" between Belgrade, Prishtina and Sarajevo lies at the heart of the South-East European security dilemma. It is also important to look beyond the borders of the Western Balkans, however, to have greater success in tackling these still unresolved conflicts following the collapse of Yugoslavia.

The elections in Bosnia and Herzegovina in October 2022 did not lead to the hoped-for breakthrough towards greater democratic legitimacy. Nevertheless, there have been small signs of progress in the struggle to achieve a better balance between collective (ethnic) and individual (civil) rights. Milorad Dodik's secessionist rhetoric, which time and again unsuccessfully plays the Russia card, should not be ignored, however. It distracts from the real problems of a deeply corrupt politi-

cian who has led the Republika Srpska entity into a veritable economic and financial disaster.

His increasing delegitimisation has made it more difficult to solve the numerous problems that have existed for years and which the High Representative is once again trying to resolve step by step. The activism pursued by Christian Schmidt, who is experienced in German domestic policy, is often met with a lack of understanding on the ground and seems out of step with the times. The goals for BIH for 2024 must be the long overdue reform of the international civilian presence, but also the initiation of EU accession negotiations.

The “hot potato”

The real “hot potato”, however, is Kosovo, or rather the obvious breakdown of the dialogue between Belgrade and Prishtina. While this dialogue was initially very successful, it has lost momentum in the last few years and now just revolves around the orchestrated crises of the two opponents Aleksandar Vučić and Albin Kurti. Breaking out of this vicious circle is the ultimate challenge for security policy. Just as in BIH, the EU is tasked in the Kosovo conflict with securing what has been achieved so far and pushing towards effective implementation. In light of the impending failure of the dialogue process, however, a new approach must at the same time be developed to normalise relations between Belgrade and Prishtina.

Whereas a few years ago there was still confidence in Serbia, in the region and in Brussels about EU enlargement in the Western Balkans and in particular about Serbia’s accession, this confidence is now being seriously called into question. Substantial changes in Serbia’s democratic system—pervasive autocratisation is hampering all necessary reforms—and a resolute turn towards the EU in terms of foreign and security policy are elementary prerequisites for political détente in the conflict-ridden “Balkan triangle” of Belgrade-Prishtina-Sarajevo.

A quarter of a century after the NATO intervention in 1999, the largest country in the Western Balkans with a long history of often aggressive statehood is still not willing to reach a historic compromise with Kosovo, similar to that of the two German states. Under pressure from the USA,

Serbia appears to be turning away from Moscow somewhat, for instance regarding the supply of ammunition to Ukraine. In Belgrade, however, the Beijing connection already cultivated under Milošević has been rekindled. China, now the most important non-traditional external actor, has increased its investments enormously, particularly in the hi-tech sector, even though 70 per cent of Serbia's main export countries are in the EU.

Political and security policy prospects for 2024

In BIH, an end to the disruptive Dodik era can only be envisaged after the next elections and therefore only beyond 2024. In 2022, Dodik only managed to win the election for president of his entity through massive manipulation. It is already clear that in 2024 and the following years, the European military presence EUFOR ALTHEA and the NATO representation in the country will play a decisive role as stabilisers. The overdue political, economic, social and pending constitutional changes in the generally dysfunctional Bosnian state apparatus will not receive any special attention until the new EU Commission comes into office, therefore not before 2025. This uncertainty within a regional security architecture which is, despite all odds, still consolidating is particularly important against the backdrop of Russia's war of aggression against Ukraine, which is expected to continue in 2024.

In December 2023, the decision was taken to open EU accession negotiations with Ukraine, the Republic of Moldova and Bosnia and Herzegovina. However, against the backdrop of the European Parliament elections, the US presidential election, the elections in Kosovo and the elections that have already taken place in Serbia, there is likely to be a de facto political standstill for most of 2024. This expected standstill will affect most of the relevant players and thus also the ongoing negotiations in the Western Balkans, such as the Belgrade-Prishtina dialogue or the EU reform agenda for BIH.

This will make security policy precautions, such as increasing the size of KFOR and repositioning it in northern Kosovo, but also increasing the size of EUFOR ALTHEA, all the more relevant. This will call for both NATO and regional defence cooperation. Two examples here are the Central European Defence Cooperation (CEDC) and the Defence Cooperation Initiative (DECI). The crisis landscapes in Kosovo and BIH also

need to be reassessed, something which the new EU Commission is expected to prioritise from 2024. However, this should not prevent existing regional organisations and initiatives from actively advancing the respective agendas. That too would make a relevant contribution to security in the Western Balkans.

Key Messages

- NATO expansion has changed the regional security situation for the better. Security in the civilian sector is traditionally guaranteed primarily by the EU.
- Political disputes within and between the states of the former Yugoslavia and Albania have become less acutely explosive.
- While some states are undergoing a development process that gives cause for optimism, the core of the region's security dilemma lies in the "triangle" between Belgrade, Prishtina and Sarajevo.
- What is needed most of all is a reassessment of the crisis landscapes of Kosovo and Bosnia and Herzegovina, which the new EU Commission will have to prioritise from 2024.

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Separatist aspirations of the Republika Srpska

Predrag Jureković

The consolidation of the multi-ethnic state of Bosnia and Herzegovina (BIH) and its chances of European integration are being seriously jeopardised by the separatist policies of the Republika Srpska (RS), which is supported by Russia. In order to prevent a security vacuum, the executive mandates of the High Representative (HR) and EUFOR in BIH must be maintained and an EU sanctions regime against the "Dodik system" established.

Political context

The president of the RS entity, Milorad Dodik, and his Serbian national party, the Alliance of Independent Social Democrats (SNSD), have radicalised their separatist policies since 2021 by passing laws in the RS entity parliament, which has no jurisdiction to do so. More generally, the RS is also attempting to delegitimise state institutions, such as the

Bosnian constitutional court, by "reassigning" powers. By doing so, the highest political bodies of the RS have repeatedly violated the Dayton Peace Agreement. The signing of this agreement in December 1995 by the former conflict parties transformed the multi-ethnic BIH into a de facto federal state after almost four years of war. This agreement provided for far-reaching autonomy for the two entities Republika Srpska and the Federation of Bosnia and Herzegovina as well as the multi-ethnic district of Brčko, but no right of secession for the sub-regions.

No significant political actor on the side of the Bosnian Croats and Bosniaks questions or "threatens" the autonomy of the predominantly Serbian-populated RS. Nevertheless, Dodik and SNSD officials are constantly threatening secession. The crucial factor here is that the only way to permanently mobilise the Serbian population in the RS politically is through a (fictitious) threat scenario, as Dodik's regime would otherwise be at risk of losing power. The economic indicators of the RS are worse than those of the Federation of BIH. Both parts of the state are losing large numbers of young citizens, who have no trust in the corrupt government structures, particularly in the RS.

The RS opposition, which is also extremely Serbian nationalist but not secessionist, has become a serious political threat to Dodik's increasingly authoritarian system of rule, particularly due to the credible critique of corruption by key opposition parties. Dodik's call for "national Serbian solidarity" in order to "defend" the RS against the state institutions and the international presence, notably HR Christian Schmidt, is therefore also aimed at weakening the political opposition.

Further radicalisation

It is, therefore, very likely that the secessionist threat policy of the "Dodik system" will continue in 2024, both at the level of the RS entity and through SNSD officials in the state institutions. The secessionist threats could even reach a further level of political escalation in 2024 following the charges of abuse of office brought against Dodik by the BIH public prosecutor's office in August 2023. In the worst case, this could create a security problem for the peacekeeping force EUFOR. In order to reduce the risk of RS secession, Zagreb would have to clearly distance itself from Dodik's secessionist policy so as not to further le-

gitimise it. Moreover, Belgrade would have to respect not only the territorial integrity of BIH, but also its political sovereignty. Both are unlikely in the medium term.

The radicalisation of Dodik's separatist policy has shown that the presence of a civilian international control body with executive powers in the form of the HR and an international peacekeeping force in BIH are still necessary. However, the political and legal authority of the current HR is questioned not only in the RS, but also in part by key actors in the Federation of BIH.

Consequences for BIH, the EU and Austria

Unless the separatist policies of the current leadership of the RS are ended and a change of power is initiated through fair elections, BIH will not be able to consolidate itself as a state. This multi-ethnic state would also let the geopolitical opportunity to make substantial progress in European integration slip away. The separatist ambitions of the current RS leadership are openly supported in this respect by Putin's Russia, which generally appears as a "partner" of anti-Western actors in south-east Europe and beyond.

For Austria and the EU, accepting a separatist policy of the RS is not a political and, most importantly, not a security policy option. Aside from the clear provisions of the Dayton Peace Agreement, which stipulates the autonomy rights of the entities and the ethnic rights of the Serbian population, there are several reasons for this. Most importantly, this does not jeopardise the autonomy rights of the RS within BIH. Furthermore, the acceptance of a secession of the RS would run counter to European values in view of its history during the war, which includes the genocide in Srebrenica and a large number of war crimes. This would also meet with resistance from Muslim Bosnians (Bosniaks), who according to the 2013 census formed the majority of the population at 50 per cent. This would increase the risk of a new armed conflict. The disintegration of the multi-ethnic and multi-religious state of BIH would very likely result in the Bosniaks turning their backs on the EU.

Key Messages

- The separatist policy of the RS continues to be the greatest obstacle to the consolidation of BIH as a multi-ethnic state. Executive mandates of the HR and EUFOR must therefore be maintained at all costs.
- Civil society in the RS (especially independent media), which is under great pressure from the authoritarian regime, needs financial and political support from the EU.
- The EU should respond to the continuation of the separatist policy with financial and political sanctions against those responsible in the RS.
- A phase of non-interference by Belgrade and Zagreb in the internal affairs of BIH would be helpful for its consolidation.

Kosovo conflict

Marie-Janine Calic

Influenced by the Russian war of aggression against Ukraine, tensions in Kosovo have gradually escalated. In September 2023, riots broke out, resulting in several deaths. Despite numerous international mediation attempts, no rapprochement between Serbia and Kosovo is expected any time soon. Localised outbreaks of violence are still likely, but a major interstate armed conflict is not.

On 24 September 2023, there was an armed incident in Banjska that left several people dead. After a gunfight with the Kosovan police, a group of gunmen took hostages in the local monastery. As a result, Serbia deployed army and police units to the border, but denied that it was planning to intervene militarily. Kosovan Serb militias took responsibility for the riots. Whether and what support they received from Serbia remained a matter of dispute.

Increasing tensions

Tensions had been gradually mounting in the preceding months. The war in Ukraine and the disputed local elections in northern Kosovo resulted in violent unrest in April 2023, in which dozens of protesters and NATO/KFOR soldiers were injured. The cause was the dispute over what rights the Serbian population in Kosovo should be allowed to claim. Serbs make up around 120,000 of the approximately 1.8 million inhabitants. The background to this is the decades-long unresolved conflict over Kosovo's status. In 2008, Kosovo unilaterally declared its independence, which Serbia, Russia, China and many other countries, including five EU members, do not recognise. Since then, there have been regular incidents, particularly in the north of Kosovo, which is predominantly populated by Serbs.

In April 2023, nationalist Serbs called for a boycott of institutions and local elections in Kosovo. They complain that the government in Prishtina is refusing to authorise an association of Serbian municipalities, which was promised to them back in 2013 at the insistence of the EU and the USA. Instead, it added fuel to the fire by first imposing new identity papers and car licence plates on the Serbian population and later installing Albanian mayors in Serbian-majority municipalities.

The government in Prishtina fears that the Serbs could misuse the association of municipalities to secede from Kosovo. Serbia could also use it to interfere in Kosovo's internal affairs. This would enable the emergence of a scenario like that in Bosnia and Herzegovina, where the Republika Srpska, one of two entities, wants to break away from the state as a whole. This risk cannot be completely dismissed. Serbia has admittedly committed itself to normalising relations with Kosovo. However, there are nationalist forces that are striving for the unification of all Serbs in one state, which is now being referred to as the "Serbian world"—analogous to the "Russian world".

The political process to normalise relations between the two sides, which began in 2013 with the Brussels Agreement brokered by the EU, has been stagnating for years. According to a new Franco-German proposal, this should lead to the de facto recognition of Kosovo by Serbia (in the sense of constitutional law, not international law). Although Serbian President Aleksandar Vučić and Kosovo's Prime Minister Albin Kurti

agreed on this in principle in February 2023, they did not sign a corresponding agreement. Negotiations on the rights of Kosovo Serbs also ended without result in autumn 2023.

Increasing geopolitical significance

As a result of the war in Ukraine, the geostrategic importance of the Balkan region has increased considerably. The EU is still the most important trade and investment partner of the Western Balkan countries and also offers them the prospect of membership. Serbia was given the green light to begin accession negotiations in 2014; Kosovo signed a stabilisation and association agreement the following year. However, due to its only partial recognition, Kosovo remained merely a potential candidate country. It is not merely the conditionality of the enlargement process, but also the risk of importing conflicts that currently militates the admission of the two countries. The EU is working with the USA to find a political solution. For the United States of America, however, Kosovo is significant most notably from a security policy perspective. For example, the USA maintains a large military base in Camp Bondsteel and is supporting the establishment of Kosovo's own army.

The West's inability to act is creating a vacuum that China, Russia, Türkiye, Saudi Arabia and other powers are using to gain influence in Europe's "inner courtyard". Although Russia's share of trade and direct investment is far lower than that of the EU, it demonstrates its power by acting as a "spoiler" of Western policy. The Kremlin views NATO's intervention and Kosovo's unilateral declaration of independence as both a breach of international law and a humiliation. It consequently supports Serbia within the framework of the United Nations in order to block the recognition of Kosovo. Russia's President Putin perceived the south-east expansion of NATO to include Croatia, Albania, Montenegro and North Macedonia, which began in 2008, as a serious security threat. His aim is to prevent Serbia from joining the alliance as well. Serbia is not only dependent on Russia for its Kosovo policy, but also for its oil and gas. It has therefore not joined the EU sanctions against Russia. Nevertheless, Vučić repeatedly asserts that Serbia's EU membership is a priority.

Meanwhile, China is investing billions as part of its Belt and Road Initiative (also known as the "New Silk Road") to expand transport routes

and other infrastructure projects. Beijing has become one of the most important creditors, ranking just behind the EU in 2022 with a total of 1.46 billion Euros in investments in the Western Balkans region, thereby also creating political dependencies. It has also bought a lot of sympathy by supplying vaccines during the COVID-19 pandemic. A declared strategic partnership has existed with Serbia since 2009.

In light of this, people tend to overlook the fact that the influence of Türkiye, Saudi Arabia and other predominantly Islamic states is also important in terms of security policy. Re-Islamisation has made considerable progress in Kosovo, Albania, North Macedonia and Bosnia-Herzegovina—as well as in Western Europe—and serves as a lever for exercising soft power.

Outlook

Following interventions by representatives of the USA and the EU, the situation in Kosovo calmed down somewhat in autumn 2023. However, a political solution is still not in sight. Governments in power in both countries are using the conflict to mobilise populist voters, meaning a rapprochement in the near future seems unlikely. Tensions and even violent clashes are therefore likely to continue. A major armed conflict between Serbia and Kosovo, on the other hand, seems unlikely. Neither side would have any interest in this, let alone the military assets necessary for it. Furthermore, there is the NATO peacekeeping force on the ground who would prevent an escalation of violence.

Key Messages

- In recent months, tensions between Serbia and Kosovo have increased and gradually escalated.
- Against the backdrop of the Russian war of aggression against Ukraine, the geostrategic significance of the Western Balkans has become even greater.
- The current escalation of the conflict between Serbia and Kosovo has largely calmed down. A political solution is still not on the horizon.
- Both the Serbian and Kosovan governments are using the conflict to mobilise populism. Tensions and riots can therefore be expected in the future, but both sides lack the military assets for a major armed conflict.

The war against Ukraine: a major escalation in Russia's aggressive policy

Laure Delcour

Russia's war of aggression against Ukraine is the climax of its long-standing efforts to countervail Western policies in Eastern Europe and the Caucasus. Russia's war has the potential to cause massive disorder across the region. However, it has not been able to derail European integration of Eastern European states, since Russia cannot offer an alternative, more attractive project to that of the EU.

Russia's instruments for dealing with its neighbourhood

Russia's war of aggression against Ukraine marks the climax of long-standing efforts to countervail Western policies in what Russia sees as its "backyard". In order to retain influence in the regions it considers

as pivotal for its own security, Russia has combined three sets of instruments. First, it has used regional interdependences inherited from the Soviet past as leverage either to support or pressure post-Soviet countries, depending upon their perceived (dis-)loyalty. This is perhaps best illustrated by Russia's threats over energy contracts, prices and supply, as well as the introduction of trade embargoes vis-à-vis those countries seeking closer ties with the EU, primarily Moldova and Ukraine.

Second, in the early 2010s, Russia sought to counter the EU's growing influence in Eastern Europe and the South Caucasus by launching its own regional trade integration project, the Eurasian Customs Union (ECU), which was upgraded to a Eurasian Economic Union (EAEU) in 2015. By offering a higher degree of integration than the EU under the Eastern Partnership (EaP), Russia rendered both offers incompatible. It also pressured EaP countries into full membership of the ECU/EAEU, as was blatantly exposed in the case of Armenia, which backtracked from signing an Association Agreement with the EU after Russia signed a massive arms deal with Azerbaijan, Armenia's adversary over Nagorno-Karabakh.

Third, Russia resorted to military force and aggression to prevent further integration of EaP countries with Western organisations. The 2008 war against Georgia—Russia's first military intervention in a country of the former Soviet Union—marked a major turning point, as it exposed Russia's intention to reach its goals by undermining the territorial integrity of a sovereign country. Russia's aggressive actions against Ukraine in 2014 and the full-scale invasion of 2022 confirmed this.

A mixed balance sheet

Overall, Russia's initiatives have had mixed effects. By employing a broad array of tools, in particular its massive security leverage over Eastern European and South Caucasus countries, Russia has been able to undermine EU-demanded reforms and thereby postpone associated countries' integration with the EU. In addition to hindering domestic change, Russia has also influenced public opinion by conducting targeted disinformation campaigns aimed at discrediting the EU and, more broadly, the West. To take just one example, the dissemination of the Russian narrative on the defence of traditional values, as opposed to the EU's emphasis on the

rights of minorities, has resonated in all EaP countries. This particularly applied to Moldova, whose public opinion remains highly polarised over the country's geopolitical orientation, and to Georgia.

However, these Russian policies have also had effects counterproductive to their original intent. Russia's threats and use of force have resulted in decreasing interdependences. It thus pushed local elites and societies towards democratisation and forging closer links with the West, which in turn weakened Russia's leverage over the region. Crucially, while it has acted as a spoiler, Russia has not been able to derail EaP countries' integration with the EU. The reason for this is Russia's limited attractiveness for Eastern European and South Caucasus countries, as it has no alternative project to offer.

Destabilising effects across Eastern Europe and the South Caucasus

Russia's war of aggression reverberates well beyond Ukraine, even if to a varying extent across Eastern Europe and the South Caucasus. Russia's full-scale invasion of Ukraine has potentially destabilising effects on the two other EU-associated countries, Moldova and Georgia. Military developments in Ukraine are particularly crucial for its neighbour Moldova, a tiny country which has welcomed some 800,000 Ukrainian refugees and whose economy has been severely affected by the war. Despite a sharp reduction in gas supply from Russia since 2022, Moldova remains vulnerable to Russia's disinformation, cyberattacks, political manipulation and use of the breakaway region of Transnistria as a pressure point. In Georgia, Russia's aggression has exacerbated the rift between the government, which has refrained from sanctioning or even criticising Russia, and an overwhelmingly pro-Ukrainian and pro-EU population.

However, Russia's aggression against Ukraine had perhaps the most important implications for the conflict between Armenia and Azerbaijan. As Russia was no longer able or willing to act as a putative guarantor of peace, an emboldened Azerbaijan repeatedly encroached upon Armenia's internationally recognised territory. After a nine-month blockade of the Lachin corridor, which connects Nagorno-Karabakh to Armenia, Azerbaijan attacked the part of the enclave still controlled by Armenians. This led to the forced exodus of Karabakh Armenians.

Overall, by legitimising war as a means to reach a state's goals and thereby striking a severe blow to the rules-based multilateral order, Russia's war against Ukraine has paved the way for this modus operandi in Eastern Europe and the South Caucasus. In addition, it has indirectly consolidated authoritarian governments in Azerbaijan and Belarus, where the repression of the opposition has intensified since early 2022. By contrast, Russia's policies have the potential to cause further destabilisation of those countries that have engaged in political transformations and seek closer links with the EU. The reason for this is not only that Russia retains a multifaceted influence over Moldova, Georgia and Armenia, but its policies also exacerbate political polarisation in these countries, which remain extremely fragile, in light of the daunting domestic and regional challenges with which they are confronted.

Key Messages

- Russia's war of aggression against Ukraine marks the climax of long-standing efforts to countervail Western policies in what Russia sees as its "backyard".
- By using a broad array of tools (including military) and relying on interdependencies inherited from the Soviet past, Russia undermines political reforms and closer links with the West in the region.
- While acting as a spoiler, Russia has not been able to derail Eastern European countries' integration with the EU. This is because Russia has limited attractiveness, as it has no alternative project to offer.
- However, Russia's war and policies have the potential to cause massive disorder across Eastern Europe and the South Caucasus. This disorder is caused either regionally by paving the way for a similar modus operandi by other countries, or domestically by further destabilising fragile states.

Security situation in the Middle East

De- and re-escalation, state fragility, and geopolitical rivalries

Derek Lutterbeck

The security situation in the Middle East represents a complex picture of both reduced tensions and escalating long-standing conflict. Some states, such as Libya, Syria and Yemen, have seen a decline in armed violence and have settled into unstable stalemates in recent years. Meanwhile, the long-standing conflict between Israel and the Palestinians is witnessing levels of violence not seen in decades. This conflict has the potential of turning into a wider regional war. All of this is unfolding against the backdrop of growing state fragility and even "state failure" in the region. Furthermore, geopolitical rivalries are also growing, involving both "traditional" major powers and "emerging" powers, both from within the region and beyond.

Unstable stalemates

Throughout most of 2023, the security situation in the Middle East appeared to be more stable and less violent than in recent years, even leading some commentators to speak of a "New Middle East". The hoped-for democratisation processes have all but come to a halt, and the countries of the region have either relapsed into authoritarian rule or descended into internal turmoil and civil war. However, those falling into the latter category have witnessed at least a certain extent of de-escalation. While underlying political conflicts in countries such as Libya, Syria, and Yemen remain unresolved, there have been ceasefires or at least a reduction in armed violence in these countries.

Other factors at a broader diplomatic level seemed to herald more cooperation and stability across the region. These include the "normalisation" of Israel's relations with some Arab states, Syria's reinstatement as member of the Arab League after a 12-year suspension, and the Chinese-brokered rapprochement between Iran and Saudi Arabia. The long-standing rivalry between Iran and Saudi Arabia has been an important exacerbating factor in the conflicts in Syria and Yemen, in addition to fuelling instability in countries such as Lebanon and Iraq. Therefore, the Saudi-Iranian détente is certainly a significant development, although its practical implications remain to be seen.

Escalation of the Israeli-Palestinian conflict

This relatively stable picture has, however, been thrown into complete disarray with the dramatic escalation of the long-standing conflict between Israel and the Palestinians. In early October 2023, the Palestinian militant group Hamas, which controls the Gaza strip, launched a large-scale invasion of southern Israel. Its militants killed more than 1,300 people, many of whom were civilians, and abducted an estimated 150 hostages to Gaza. In response, the Israeli government declared war on Hamas and began a massive bombing campaign against Gaza, which in the first few days alone killed more than 1,000 Palestinians. It also called up 300,000 military reservists, the likely next step being a ground invasion of Gaza, from which Israel had withdrawn in 2005.

The USA expressed its clear support for Israel in this conflict, warned other countries or groups hostile to Israel not to intervene, and dispatched two aircraft carriers to the region. While it is difficult to predict how this escalating war will unfold, what is certain is that it will not only put a severe strain on the recent Arab-Israeli rapprochement, but also has the potential of turning into a wider regional conflagration. One possible response to Israel's likely ground invasion of Gaza is that members of the so-called Axis of Resistance could intervene in the conflict. In addition to Hamas, this includes the Lebanese militant group Hezbollah, the Iranian and Syrian governments, and other armed groups supported by Iran. In turn, this could trigger a military response by pro-Israeli states, especially the USA.

State fragmentation and failure

Besides stalemated or escalating conflicts, territorial fragmentation and growing fragility are exacerbating the security situation in the Middle East. In Libya, Syria, Yemen, and Iraq, internationally recognised governments often only control parts of the national territory. Other areas are under the control of local militias, opposition factions or separatist groups. This territorial fragmentation represents a further obstacle to achieving not only temporary truces, but lasting political settlements. Moreover, many Arab states are suffering from economic stagnation and decline, a lack of state legitimacy, high levels of corruption, and an absence of the rule of law. Furthermore, demographic pressures have greatly increased the fragility of these countries.

Indeed, many Middle Eastern states, including Libya, Syria, Yemen, Iraq, and Lebanon, can be considered "failed states". These states have become increasingly unable to cope not only with political, economic and social challenges, but also with—increasingly frequent—natural disasters, as shown by the devastating floods and earthquakes in Libya and Morocco. Moreover, even seemingly stable countries, such as Egypt or Tunisia, have been suffering from severe economic crises in recent years. In the case of Tunisia, this has also been an important factor driving increased irregular migration from Tunisia across the Mediterranean towards Europe.

Geopolitical rivalries

Increasingly intense geopolitical rivalries and external interventions in the Middle East are another factor further complicating the security situation in the region. While the USA remains the most important external actor in the Middle East, other great powers have also come to play a more significant role in the region. These include both external and regional powers. External powers include China, Russia, India, and to some extent the EU. Regional powers, such as Egypt, Iran, Israel, Saudi Arabia, Türkiye, and the UAE, pursue their own agendas by working at times with or against external powers. The conflicts in Libya, Syria and Yemen have clearly been exacerbated by both direct and indirect interventions by several of these powers on different sides, thereby turning them into proxy wars.

The emergence of China as a major external power in the Middle East in recent years is one of the most noteworthy developments in this regard. China has become the most important commercial partner of several states in the region and the Chinese-brokered Saudi-Iranian rapprochement signals China's move beyond purely economic issues in the Middle East. However, it remains unlikely that China will both be willing and able to play a major strategic role in the region, at least in the foreseeable future.

These intense geopolitical rivalries will also be a key factor in the deteriorating conflict between Israel and the Palestinians. Great powers within and outside the Middle East might opt to play a stabilising role by calling for restraint in the conflict. Others might contribute to its further escalation and might seek to drive it towards a wider regional war.

Key messages

- The security situation in the Middle East is characterised by both unstable stalemates and the escalation of long-standing conflicts.
- The escalating conflict between Israel and the Palestinians has thrown the relatively stable security situation into complete disarray.
- Territorial fragmentation and the growing fragility of various states in the region further exacerbate the security situation.
- The emergence of China as a great power in the region is one of the most noteworthy developments in recent years.
- Geopolitical rivalries in the region will also be a major factor in the escalation or stabilisation of the Israeli-Palestinian conflict.

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The (new) realignment of Turkish regional policy

Cengiz Günay

Turkish regional policy has changed several times over the course of the last two decades. Whereas it was still characterised by the use of soft power at the beginning of the 2000s, it became increasingly militaristic and confrontational, under the impression of complete isolation. However, a new realignment has taken place since the beginning of the Russian war of aggression against Ukraine. President Erdoğan is now attempting to present himself as more of a mediator.

Review and contextualisation

Turkish foreign and regional policy has changed direction several times over the course of the last few years. In the early 2000s, Türkiye turned to its eastern neighbours on an increasing number of occasions. The new neighbourhood policy was based on soft power, such as the inten-

sification of trade relationships, cultural exports and political exchanges. This marked a departure from the confrontational politics which had characterised relations with neighbouring countries such as Syria, Greece and Armenia during the 1990s. Because of its new regional policy, Türkiye has often been praised as an important ally of the European Neighbourhood Policy and a model for the reconciliation of democracy, market economy and Islam in the region.

Turkish regional policy changed abruptly as a result of the Arab Spring. Under the moderate Islamist AKP (Justice and Development Party), the Turkish government saw the upheavals as an opportunity for gaining more regional influence. It bet all of its cards on the emerging Islamist parties in the region. Ankara's main goal was to position Türkiye as the historical, cultural, economic and political centre of the neighbourhood. Autocratisation was also increasing in Türkiye at the same time. This led to an increasingly partisan foreign policy which was centred on the interests of the ruling party and the personal interests of President Erdoğan.

The one-sided positioning on the side of Islamist parties such as the Muslim Brotherhood in Egypt and Syria or the Ennahda Party in Tunisia destroyed the successes of the soft power politics of the early 2000s, and led to widespread regional isolation of Türkiye. Türkiye was confronted with a veritable broad front consisting of regional countries. This was particularly evident in the conflict concerning gas exploration in the Eastern Mediterranean. For quite some time, Türkiye was excluded from the Eastern Mediterranean Gas Forum, which is supported by Israel, Egypt, Greece and Cyprus and also the EU. Ankara responded to the increasing isolation in the region and alienation from the USA and the European allies by creating its own military industry. Between 2016 and 2022, Türkiye reverted to having a militaristic and confrontational regional policy, which was often characterised by the conviction of being completely isolated.

(New) realignment

Since February 2022 at the latest, as a result of Russia's large-scale invasion of Ukraine and the escalation of the Russian war of aggression since 2014, there has been a new reorientation with regard to foreign and regional policy. President Erdoğan has positioned himself as a mediator between the warring parties, and an anchor of stability in

the region. Ankara attempted to mediate between the Taliban and the West back in 2021, but was largely overshadowed by Qatar. President Erdoğan also offered to act as a mediator in connection with the escalation of the Middle East conflict at the end of 2023.

There have been several foreign, regional and domestic policy reasons for the (new) reorientation and search for a new foreign policy identity. On the one hand, Türkiye is surrounded by several sources of conflict. The country is now home to more than four million refugees, which is having an effect on the social fabric and exacerbating social tensions, also in view of the severe economic crisis. On the other hand, the extensive withdrawal of the USA from the region and the absence of the EU have created a vacuum that Türkiye is unable to fill on its own. Because of this, competitors for regional supremacy, i.e. countries such as Russia, Iran, Saudi Arabia and China, have been able to take advantage of this vacuum. The Turkish government needs good relationships with Western partners in order to solve the refugee issue, the economic crisis and to play a regional political part within the current context. This is also intended to reduce Türkiye's financial dependence on other players such as Qatar.

The role of mediator gives President Erdoğan a certain amount of prestige in domestic, foreign and regional policy. In his third and possibly final term as president, he can portray himself domestically as an expert on world politics and the guarantor of stability and peace. In terms of foreign policy, this would help to eradicate his tarnished image as an autocratic demagogue in the West. This is very important in view of the Western investment that is desired and the goodwill of Western-dominated financial institutions. In this respect, it is mainly about balancing dependencies and keeping the regime in power.

2024 trends

An election campaign is still under way in Türkiye. The regional elections in March 2024 are extremely important for the further re-consolidation of the power of President Erdoğan and his ruling party. The major cities such as Istanbul, Ankara, Bursa and Antalya are particularly hotly contested. The control of Istanbul, the country's largest metropolis by far, is important for the operation of the clientelistic networks. The opposition has been weakened since the election victory in 2023, but the governing

party is also struggling because of the poor economic situation. Domestic political tensions and polarisation surrounding local elections in March may affect the nature and direction of Turkish foreign policy. The escalation of the Middle East conflict and the unresolved issue of maritime borders in both the Aegean and the Eastern Mediterranean particularly continue to have potential for rhetorical escalation, the mobilisation of supporters and even military tensions. In the event of a further escalation of the conflict with the militant Kurdish group PKK, cross-border operations and deployments in Syria and Iraq can also be expected.

However, a less confrontational foreign and regional policy can basically be expected for 2024, building on the developments of the last few months. Türkiye is attempting to overcome the isolation which has taken place in recent years, and will therefore probably adopt a more constructive policy in the region during the course of the year. Signs of this include attempts to mend relations with Egypt, Saudi Arabia and the United Arab Emirates after years of tensions over differing attitudes toward the Muslim Brotherhood. There are also signs of a rapprochement with the regime of Bashar al Assad in Syria. Türkiye has largely withdrawn from the conflict and, above all, has stopped calling for a change of regime.

Türkiye's role as a mediator in Russia's war of aggression against Ukraine continues to be extremely important. This is particularly because there are few other international actors who carry a certain weight and are able to communicate with both parties. However, the success of the mediations is only dependent on the commitment of Türkiye to a limited extent. A breakthrough can only be achieved by a change in the behaviour of Russian President Vladimir Putin. The annexation of Nagoya-Karabakh by Azerbaijan would not have been possible without a deal between Russia, Azerbaijan and Türkiye. This is an indication of the growing importance of Türkiye for Putin's regime. Ironically, the extensive isolation of Armenia may play a part in a rapprochement with Türkiye and subsequent opening of the border.

Relations with the EU and Austria have also improved in recent months. Here too, a change of course is not expected in the short term. In view of the increasing number of refugees, Türkiye and the Turkish government are becoming increasingly important from a European point of view. Further cooperations can also be expected here. The rising numbers of refugees are now also a problem that is becoming increasingly

worse in Türkiye. Several opposition parties are calling for stricter action.

Key Messages

- Turkish foreign and regional policy has changed direction several times in the past decades.
- A new reorientation of Türkiye's regional policy has been evident since February 2022 at the latest. Turkish President Erdoğan is positioning himself as a mediator between the warring parties.
- Türkiye is trying to overcome its isolation over the past few years, and will therefore probably focus on a less confrontational policy in the region.
- In view of the increasing number of refugees, Türkiye is becoming increasingly important from a European and Austrian point of view.

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Israel's security policy

National crisis, regional challenges and the turning point of October 7th

Peter Lint

2023 turned out to be a dramatic year for Israel. Initially, the Israeli government had put forward plans to de facto abolish judicial control of the government and parliament, which led to massive protests. Due to the massive increase in the amount of settlement construction, there was also a tremendous increase in the tensions between the Israeli armed forces and the Palestinian population of the West Bank. Regionally, the renewed axis between Hamas, Hezbollah, Syria and Iran and particularly the rapprochement between Saudi Arabia and Iran were presenting Israel with security challenges. These developments were overshadowed by the brutal Hamas terrorist attack on 7 October 2023, a turning point in many respects. Parallel to these developments is Israel's role as one of the world's leading development locations for spyware—which is also freely exported to countries that use it against members of the opposition or journalists.

Security policy consequences of the judicial reform and the counter-protests

When the so-called judicial reform was announced in Israel, numerous counter-demonstrations began. In particular, reservists demonstrated against this reform under the label of "Brothers in Arms". Their argument: The basis of their voluntary military service is a social contract, according to which they will only serve the country provided that it remains democratic. Judicial reform was generally understood by the protest movement as being undemocratic, in that all democratic control functions were to be abolished. Some reservists did not just threaten to end their military service, but had already ended it. This is a particularly sensitive issue for the Israeli Air Force.

The Hamas terrorist attacks on 7 October 2023 abruptly ended these protests. Not only did all reservists report for duty again, but it seems hardly conceivable that the extremely polarizing judicial reform will continue. Nevertheless, the temporary refusal of the reservists has politicized the Israeli armed forces in the medium to long term. Reservists threatening to end their voluntary service in order to achieve political goals now appears to be a possibility in the future. If an Israeli government evacuated settlements, it would be expected that politically right-wing reservists would also threaten to end their voluntary service.

The role of settlements in Israeli security policy and the conflict with the Palestinians

Settlements played a certain role in Israel's security policy after the Six-Day War of 1967, but it was also restricted. Some of these settlements were established as front-line settlements in the Jordan Valley and the Golan Heights to defend against possible attacks from Jordan and Syria. However, the more dominant ideology has always been one which regards the West Bank as a "biblical heartland", and advocates the construction of settlements to support Israel's sole claim. Additional settlements were created strategically in order to break up a contiguous Palestinian territory for potentially creating a state.

The argument that the settlements are for security purposes is hardly relevant any more nowadays. As far as the centre-left camp is con-

cerned, the settlements, at least the ones which are away from the large settlement areas, represent a security risk which perpetuates the conflict with the Palestinian population. For the political right, however, the main focus is on the claim to the land. For example, the first sentence in the coalition agreement between right-wing and right-wing extremist parties in the Netanyahu government emphasises that only Israel has a right to the land that stretches between the Mediterranean and the river Jordan.

However, these developments led to a tense security situation in the West Bank. New Palestinian militias were formed, radical settlers increased the number of attacks on Palestinians, and the Autonomous Authority lost more and more security policy control over the areas under Palestinian responsibility.

Turning point 7 October

The atrocious terrorist attacks by Hamas and "Islamic Jihad" on 7 October 2023 represent a turning point in the Israeli-Palestinian conflict. During the course of a meticulously planned attack, fighters from these two organizations crossed the border fence and indiscriminately killed almost 1,500 people, torturing some of them beforehand. In Israel, this is unanimously regarded as a failure of the secret services, the military, and also politics, and must be dealt with later.

Israel has stated that its war objective is to destroy the rule of Hamas in the Gaza Strip. The previous policy of containment has failed, and Israel wants to ensure that such a traumatic attack cannot be repeated. At the time of writing this article, Israel has taken control of northern Gaza, but has not yet found the leaders of Hamas. They appear to be in hiding—either in the south of the Gaza Strip or in the suspected 500 kilometre long tunnel system beneath Gaza. At the same time, a catastrophic humanitarian situation has emerged in the Gaza Strip. More than a million people have been forced to flee, and probably more than 10,000 Palestinians have died. An escalation in the West Bank or the conflict with Hezbollah can also not be ruled out.

It seems particularly relevant to find scenarios for a post-war solution. The USA in particular is pushing for an interim solution based on a Unit-

ed Nations peacekeeping mission, reintegration of the Palestinian Authority (PA), and the pursuit of a political vision such as the two-state solution. The Israeli government, on the other hand, is critical of this. On the contrary, it emphasises that the capacity for military incursions should be maintained over the long term. The Israeli government also rejects an international military presence and the reintegration of the PA. The far-right Israeli government also rejects any calls for Palestinian self-determination. However, it has also not articulated its exact ideas regarding a post-war order. Tensions already exist between Israel and its Western allies regarding a future conflict settlement.

Regional dynamics

Before the Hamas terrorist attack on 7 October 2023, Israel viewed rapprochement with several Arab states as positive, particularly by means of the "Abraham Accords", which are also aimed at containing Iran. However, particularly for the Gulf states, containing Iran has proven to have limited effects in the face of multiple, costly proxy wars such as the one in Yemen. In view of the perceived withdrawal of the USA from the Middle East, these countries have realised that a rapprochement with Iran could have security policy advantages. This détente policy, which also extended to other areas, reinforced the reconfiguration of the region. An example of this has been the readmission of Syria, which is allied with Iran, into the Arab League. One result of this was the final end of the tensions between Iran and Hamas, who were on opposite sides in the civil war in Syria.

At the same time, however, there have also been serious talks about normalising relations between Israel and Saudi Arabia, with the latter demanding a military alliance and a non-military nuclear programme from the USA during the course of these talks. Against the background of the Israeli military operation against Hamas, this development has been stopped for the time being. This war is generally revealing the difficulty of Israel's possible integration into the region. Hamas' terrorist attack was celebrated in many states in the Arab world, which indicates the increased distance between the populations of the Arab states and the Israeli population.

Israel's cyber espionage tool "Pegasus"

During the course of the "Pegasus Project", spyware was discovered on more than 50,000 phones worldwide. The Israeli "Pegasus" spyware was not only used within the context of combating terrorism or organized crime, but also against journalists, human rights activists, lawyers and representatives of political opposition. The Israeli Ministry of Defence played a key role in the distribution of this software by approving all foreign sales. Although licenses are issued under the Wassenaar Arrangement concerning the regulation of dual-use goods, it is argued that Israel's foreign policy interests are often given priority over human rights concerns.

Media reports showed correlations between visits by Prime Minister Netanyahu and the use of "Pegasus" in autocratic states. For example, states which signed the "Abraham Accords" were given access to espionage software, including "Pegasus". It appears that there are few effective controls or a lack of political willingness to prevent or stop the export of espionage software to autocratic regimes. "Pegasus" has also been used against journalists and members of the opposition in various EU Member States such as Poland and Hungary. The EU responded to these incidents by setting up an inquiry commission. It also recommended setting up a facility similar to the Canadian Citizen Lab for professionalising the infection of devices with this kind of spyware.

Key Messages

- The terrorist attacks on 7 October 2023 represent a turning point in security policy for Israel. Among other things, this is because the containment strategy against Hamas has failed. The war against Hamas also affects Israel's integration into the region.
- The refusal of service by reservists which began following the judicial reform has come to an end because of the war. Nevertheless, this can politicize the armed forces in the medium term.
- The massive expansion of settlement construction in the West Bank contributed to the destabilisation of the conflict situation, even though this cannot justify the terror which occurred on 7 October 2023.
- Israel has become one of the most important countries for the proliferation of espionage tools. Although the Israeli government has to authorize the export of these tools, it does so on the basis of foreign policy interests. Autocratic countries which use such tools against journalists, human rights activists and the opposition are also supplied.

The Middle East strategy of the Islamic Republic of Iran

Walter Posch

The Islamic Republic of Iran pursues a foreign and security policy which applies four ideological approaches to three world regions. However, a mixture of revolutionary and conservative approaches is less important than the goal of survival of the regime. At the same time, this ideological approach often reaches its limits, which contributes to a certain pragmatism in Tehran.

The Islamic Republic of Iran pursues a mixture of ideological and geographical approaches in its foreign and security policy and strategy development. These can be simplified into the "4×3" formula: four ideological approaches are applied to three regions. These are two revolutionary ideologies, i.e. directed against the status quo, and two conservative ideologies which preserve the status quo. On the side of the revolutionary ideologies there is revolutionary Islam in the sense of Supreme Leader Ruhollah Khomeini ("Khomeinism") and a Third-World ide-

ology which is primarily aimed at the Global South. On the conservative side are Iranian nationalism and traditional Shia.

These approaches are applied to Iran's immediate neighbourhood, the Middle East and the so-called Global South (also sometimes referred to as the "Third World" or "developing countries"). The application of these ideological concepts to the respective regions cannot always be clearly defined. On the contrary, sometimes several of these ideologies are applied, which also means that different Iranian institutions are entrusted with the implementation of the policy or policies of the Islamic Republic.

The inherent tension between ideological and pragmatic or revolutionary and conservative approaches was resolved from 1984 onwards by adapting the principle of expediency (Maslahat-e Nezam). This means that, in practice, the survival of the regime and the prevention of an attack on Iran take precedence over all other interests. Although Articles 152 to 154 of the Iranian constitution prescribe neutrality in the sense of freedom of alliance and support for liberation movements around the world as foreign policy and strategic maxims, in reality Tehran uses its ideological-revolutionary elements to project power or contain identified and suspected threats.

Ideology and foreign policy in practice

This essentially also applies to relations with Israel. Whereas the existence of Israel is rejected in principle, Iran did cooperate with Israel during the Iran-Iraq War (1980 to 1988). Israel, on the other hand, regarded Saddam Hussein's heavily armed Iraq as a greater threat than the "chaotic revolutionaries" in Tehran. However, Israel's pragmatism quickly ended when Israeli weapons emerged in the possession of Hezbollah in Lebanon by means of Iranian conveyance.

Hezbollah is the most important of the militias which were founded by Iran in the early 1980s as an instrument for exporting revolution. This also includes the Badr militia, which consists of Iraqi Shiite volunteers. Inspired by the Islamic Revolution, the Palestinians founded the "Palestinian Islamic Jihad" in Gaza, which has maintained the closest ties to Tehran since then. Hamas, which was founded in 1987, originates from the Palestinian wing of the Sunni Muslim Brotherhood. As far as Iran

was concerned, the relationship with Hamas only became relevant after the Iran-Iraq War, when Tehran reorganized its relationships with its allies. An alliance was to be forged from various politically and ideologically motivated players: the "Axis of Resistance" (Mehvar-e Moqâvemat), which was directed against the existence of Israel and the interests of the USA in the region.

By means of this realignment, Tehran managed to paper over the major internal differences between the secularist and Arab nationalist regime in Damascus, the Sunni fundamentalist Hamas and the Shiite revolutionary Hezbollah, and gave this alliance of convenience an ideological meaning. Externally directed against Israel, however, it was primarily an alliance against Saudi Arabia and its support for the Israeli-Palestinian peace process. The Saudis ignored the interests of Hamas and rejected the involvement of Iran—Saudi Arabia spoke of a "Shiite Crescent" whose influence was to be pushed back.

More active role in the region

Various political developments allowed Tehran to play a more active part in the region. These included the failure of the Oslo peace process at the end of the 1990s, the overthrow of the Taliban in Afghanistan in 2001 and Saddam Hussein in Iraq in 2003, but also Israel's war against Hezbollah in southern Lebanon in 2006. The overthrow of Saddam Hussein, for example, allowed important allies of Tehran such as the Badr Brigade to takeover important functions in the Iraqi security apparatus. Iran interpreted the so-called "Arab Spring" at the beginning of the 2010s as an "Islamic awakening" that would result in the overthrow of all pro-Western regimes.

However, Iran's success was short-lived. Tehran managed to keep the regime in Damascus in power by using Shiite militias from Iraq, Afghanistan and India, as well as deploying regular units and having a strong intelligence service presence. However, the civil war, which has now been raging for over a decade, is sapping the strength of the internationally isolated Syrian regime. Tehran was only successful in the fight against so-called Islamic State because its Iraqi allies cooperated with the USA and European countries, which culminated in the liberation of Mosul in 2017.

The half-hearted support for the Houthis in Yemen turned out to be a major mistake. Tehran has no special relations with Yemen or the Shiite Houthis, but the Yemeni situation has a direct impact on Saudi Arabia's internal security. It is still unclear which role Iran played in the Yemeni missile attacks on Saudi Arabia in 2018 and 2019. In the following year, the two sides realised that they were in a strategic stalemate. Tehran also had to accept the humiliating killing of its prominent General Soleimani by the USA, and suffered a major loss of reputation among its own population when it accidentally shot down a Ukrainian airliner in the same year.

Outlook

The new Iranian President Ebrahim Raisi attempted to improve relations with his Arab neighbours and Afghanistan. The amount of anti-Saudi propaganda was reduced, and the normalisation of relations between Israel and initially the United Arab Emirates (UAE) and subsequently Saudi Arabia were only very reservedly criticised. After the surprise withdrawal of the USA from Afghanistan, the Taliban regained power again, with whom Iran normalised its relations.

Tehran noted with satisfaction that not a single Muslim country attempted to exploit the situation during the unrest in Iran in 2022/23. This also brought an end to the disastrous policy of manipulating the Shiite population of Saudi Arabia by Iran and, conversely, the Sunni population of Iran by Saudi Arabia, which had been going on for decades. With Chinese mediation, these two countries decided to normalise their bilateral relations in March 2023. This step was made easier by a change of tack by the Saudis. Riyadh now came to terms with Syrian dictator Bashar al Assad remaining in power. Saudi-Iranian relations have developed positively since then, without affecting Saudi-Israeli relations.

The Hamas terrorist attack on 7 October 2023 also came as a surprise to Iran. In addition to paying lip service to solidarity with the Palestinian population, Tehran expressed anger at not having been informed of the attack plans in advance. Since then, Iran has been attempting to prevent the conflict from spreading. Among other things, Tehran is ensuring that the skirmishes between the Lebanese Hezbollah and Israel which have taken place do not spiral out of control. In Tehran, the con-

cern about uncontrollable escalation outweighs Iran's gloating about Israel's security problems.

It can be assumed that Iran's economic interests will become the focus of Iranian politics once again in the medium term. The prerequisite for this is good relations with its neighbours UAE and Saudi Arabia, who are powerful in the financial sector. At the same time, the Iranian regime is aware that the concept of the "Axis of Resistance" is no longer suitable as a framework for strategic action because of the civil war in Syria and the escalation of the Middle East conflict. It can therefore be expected that Tehran will—or will have to—also rely on de-escalation with Riyadh in other areas.

Key Messages

- Four ideological approaches are applied to three regions in Iranian foreign and security policy. These are two revolutionary (Khomeinism, third world ideology) and two conservative (Iranian nationalism, traditional Shia) ideologies.
- The inherent tension between ideological and pragmatic or revolutionary and conservative approaches has been resolved by making these approaches subordinate to the survival of the regime as the primary maxim.
- In reality, Tehran uses its ideological-revolutionary elements to project power or to contain identified and suspected threats.
- The new Iranian President Raisi is trying to improve relations with his Arab neighbours and Afghanistan. The prerequisite for promoting Iran's economic interests are good relations with its neighbours UAE and Saudi Arabia.
- The "Axis of Resistance" is no longer suitable as a framework for strategic action. It can therefore be expected that Tehran will—or will have to—also rely on de-escalation with Riyadh in other areas.

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The Islamic Republic of Iran and its “Axis of Resistance”

Ali Fathollah-Nejad

The attack launched by Hamas on Israel on 7 October 2023 exposed a long-standing blind spot within Western foreign and security policy: the destabilising expansive if not even offensive regional policy of the Islamic Republic of Iran.

The Iran Nuclear Deal (Joint Comprehensive Plan of Action, JCPOA) concluded in July 2015 was premised on Western hopes of a moderation of Iranian regional policy and a resulting cooling of regional geopolitical tensions. This expectation was only set out in the preamble and thus not in the text of the agreement. Western diplomats insisted in this regard that it would not be expedient to focus negotiations on Iran’s regional policy—including its ballistic missile programme—alongside the interest of preventing the development of an Iranian nuclear weapon.

This exclusion was closely scrutinised by many of Iran’s Arabic-speaking neighbours, especially when Tehran intervened shortly afterwards

on a massive scale in Syria with its transnational brigades in order to save the Assad regime from the "Arab Spring". Whilst Iran considerably scaled back its nuclear programme, it took advantage of a significant share of the economic dividends associated with the relaxation of sanctions for military purposes: expanding its ballistic missile and drone programmes as well as strengthening the "Axis of Resistance".

Coordination of the "Axis"

The "Axis of Resistance" (Mehvar-e Moqâvemat) is a network spread throughout the Near and Middle East comprised of quasi-state paramilitary units and Assad's Syria. It is largely led and financed by the Islamic Republic, which also provides most of its military equipment and ideological support. It thus represents the manifestation of the claim to power of projecting the "Islamic revolution" on a regional scale. It is directed in particular against the two major enemies of the Islamic Ummah (community), namely Israel and the USA, which are respectively known as the "Great Satan" and the "Little Satan" in the jargon of the Iranian regime.

The "Axis of Resistance" is largely coordinated in Tehran from Supreme Leader Ali Khamenei's "court" (Beyt), a form of parallel government in Iran. Its initiatives are implemented by the foreign branch of the Islamic Revolutionary Guards, the so-called "Quds Force" or "Jerusalem Force". For decades, its charismatic leader was the infamous General Ghassem Soleimani, who was killed in 2020 by a US drone strike at Baghdad Airport. The current Iranian Interior Minister (since 2021) also served as Brigadier General in the Revolutionary Guards, and was the first commander of the Quds Force.

Iran's regional partners

Alongside the Assad regime in Syria, the "Axis" also includes in particular the Lebanese Hezbollah, by far the most professional organisation in military terms within the "Axis". Hezbollah has recently been able to build up important combat experience in Syria during fighting in support of the Assad Government. It is also the organisation that provides military training to other parts of the "Axis" such as the Houthis or Hamas. Other Shiite militias supported by Iran in Iraq, which are organ-

ised in particular within the People's Mobilization Forces, the Ansarallah movement in Yemen (also known as the Houthis) as well as the Palestinian "Islamic Jihad" and Hamas are also part of this network.

Supreme Leader Ali Khamenei regards this "Axis" as Iran's "strategic depth" within the context of its security policy doctrine. He sees it as a form of forward defence, regarding an offensive presence by Iran and pro-Iranian forces as being essential for the country's national defence, but in particular for the state's Islamic identity and claim to power. The "Axis" reaches across the so-called "Shiite crescent", a concept popularised during the 2003 Iraq War. As far as the (Sunni) Palestinian organisations are concerned, the key foundation is provided above all by Islamic fundamentalism as well as radical enmity towards Israel, going so far as the eradication of the Jewish state. However, there have been periods of diplomatic tension in the past, for instance when Hamas and Iran supported different parties in the revolt against Assad.

Destabilisation, sabotage and provocations

Despite the belligerent rhetoric directed against Israel and the USA, the Islamic Republic is keenly aware of the fact that it cannot risk a direct military confrontation. This would seriously jeopardise the regime's security and even its survival—a red line for Tehran. Against this backdrop, Iran prefers to engage with its enemies not directly but rather indirectly. By acting through regional proxies it is able to outsource its own responsibility, thereby creating a kind of strategic ambiguity. Drone or missile attacks committed by Houthis against the Saudi or UAE energy infrastructure, by Hezbollah against Israel or by pro-Iranian militias in Iraq and Syria against US military bases are not directly attributable to Iran.

However, this policy of regional destabilisation, sabotage and provocations promoted by Iran can only be pursued offensively if the leadership in Tehran presumes that there will not be any robust response, in particular from the USA. Due to the reality and perception of a security policy withdrawal by the USA from the region, some Gulf monarchies saw themselves forced to reach an accommodation with Tehran in order to avoid direct attacks by Iran in future. One example of this is the Saudi-Iranian détente from March 2023.

Vacuum created by US policy

The role of Western and especially US policy is a matter of heated debate in this regard. On the one hand, the illegal war of aggression waged by the USA against Iraq in 2003 played a key role in the expansion of Iranian power throughout the region as well as the qualitative expansion of the "Axis" in the fight against US policy, which is perceived as imperialist. On the other hand, the Obama Doctrine, which was initially conceived as a lesson learned from the foreign policy disaster in Iraq and still predominates within the Biden administration, has led to a perception of US weakness. However, the non-interventionist strategy pursued by the Obama Doctrine, which superseded the Neo-Conservative interventionist approach, soon degenerated into a reactionary policy. Then US President Barack Obama ignored his own red line in Syria of chemical weapons usage by Damascus, failed to provide sufficient support to the Syrian opposition and created a vacuum as a result, which Russia and Iran then successfully exploited to their benefit.

This lack of a robust US policy, especially under Obama and now under Joe Biden, and in parallel the exclusive focus on the nuclear dispute resulted in the strengthening of Tehran's offensive regional policy. This facilitated engagement beyond the region, such as for instance the military assistance provided by Iran for Russia's war of aggression against Ukraine. As such, for a number of years Iranian regional strategy has hardly had to deal with the necessary policy of deterrence and containment. Israel is thus threatened by a war on multiple fronts, known as the "unification of fronts" in Tehran's war jargon—representing an unprecedented threat for Israel, but also further afield.

Key Messages

- The so-called “Axis of Resistance” consists of Iran’s regional partners—Assad’s Syria, Hezbollah, Palestinian organisations and various other militias.
- This network serves to create “strategic depth” for Iranian national defence, although also constitutes an expression of the Iranian state’s claim to power and the promotion of Islamic identity.
- The “Axis” enables Iran to maintain strategic ambiguity. Attacks are not directly attributable to Iran.
- Iranian regional strategy has been strengthened by the absence of a robust US policy coupled with the lack of a corresponding policy of deterrence and containment. This represents an unprecedented danger not only for Israel but also further afield.

Security situation in West Africa and the Sahel

Yvan Guichaoua

The Sahel region, and more specifically Mali, Burkina Faso and Niger, form the epicentre of intertwined crises with regional and international ramifications. These crises will not end any time soon and will have dramatic humanitarian consequences. Furthermore, they will have a lasting impact on the regional political landscape and the role of the region in global security.

The year 2023 marks the dramatic end to two essential pillars of the Western-backed stabilisation complex established ten years earlier in the Sahel. Firstly, on 16 June 2023, the representative of the transition government of Mali at the United Nations Security Council requested the "withdrawal, without delay" of the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA). Secondly, after being pushed by juntas in power to exit from Mali and Burkina Faso, the French military, still present in Niger, was asked to leave the country

following a military coup perpetrated against the elected President Mohamed Bazoum on 26 July 2023.

Since 2020, five coups have taken place in the Central Sahel: two in Mali, two in Burkina Faso, and one in Niger. This contagion of coups is the culmination of security dynamics triggered by the collapse of Mali in 2012, when jihadist insurgents occupied and governed two-thirds of the Malian territory. The ensuing French intervention, accompanied by MINUSMA and other military and non-military international efforts, was supposed to bring much-needed stabilisation to the region. However, despite tactical victories, it did not stop the jihadist expansion, which now extends to the northern regions of Bénin, Togo, Ghana, and Côte d'Ivoire. The ongoing security crisis eventually rocked domestic political arenas in the Sahel. Elected presidents backed by the West faced contestation, manifesting in a combination of social unrest and discontent among the military, and were eventually deposed.

Once in power, the military broke ties with France, tightened their control of the media, silenced dissonant political voices through imprisonment or intimidation, and secured long transitions despite international condemnations and sanctions. The change in the political climate toward greater autocratisation was built on pervasive democratic fatigue but was also accompanied by a heavy disinformation machine generously financed by Russia.

Crucially, the new Sahelian authorities reconsidered their security strategy and promoted the use of force against jihadist insurgents at a time when local dialogues were increasingly enjoying official recognition and endorsement. Mali opened the door to a Wagner Group deployment, consisting of over 1,000 mercenaries, to conduct counterterrorism operations. The Russian mercenaries were instrumental in the recapture of the rebel stronghold Kidal in November 2023.

While firmly pro-Russian, Captain Ibrahim Traore, Burkina Faso's strongman since September 2022, did not opt for a large Wagner deployment. Instead, he amplified an initiative launched under President Kabore, consisting of arming self-defence groups called the "Volunteers for the Defence of the Homeland". At least 35,000 of them are now operating on the ground. Nigerien authorities have not yet found an alternative to their partnership with the French. Niger is host to a major US airbase

in Agadez, which continues to operate even though some economic sanctions have been taken against the putschist regime. Niger's hesitancy around the de facto security vacuum left by the French forced withdrawal has caused the deaths of hundreds of Nigerien soldiers in clashes with the Islamic State in the Sahel. In order to compensate at least partially for the loss of Western military support, Mali, Burkina Faso and Niger have reinforced their security cooperation by signing a mutual defence pact.

This new security architecture is unlikely to bring about peace in the short term. Firstly, the military capabilities mobilised remain stretched thin. The recapture of Kidal may just be the beginning of exacerbated asymmetrical warfare. Furthermore, while efforts were concentrated on Kidal, the Islamic State in the Sahel multiplied deadly attacks at the border between Mali and Niger. Secondly, the ongoing war embroils civilians and makes them extremely vulnerable to the eruption of communal violence or atrocities perpetrated by jihadists or the regular forces. In 2022 and 2023, the armed forces slaughtered entire communities, for instance, Moura in Mali and Karma in Burkina Faso, after they had been accused of cooperating with jihadists. Humanitarian consequences are dire. In late August 2023, the UN Office for the Coordination of Humanitarian Affairs (OCHA) counted 3 million internally displaced persons and about 400,000 refugees in Mali, Burkina Faso and Niger.

Regional and international responses to the latest developments in the Sahel have been confusing. ECOWAS originally adopted a firm stance against the coup in Niger, threatening the junta with a military intervention. This option gradually became dislocated due to weak cohesion among Member States. In particular, Nigerian authorities seem to have been persuaded not to intervene militarily against Niger by intense lobbying from its northern political and economic elites. However, economic sanctions by ECOWAS against Niger seem to have a significant impact on public finances as authorities campaign heavily to support the regime financially. Politically, the survival of weak democratic systems among ECOWAS states, some of which are directly threatened by the jihadist expansion, is at stake. ECOWAS has not yet managed to credibly counter the increasingly popular "strong man" regional model.

In the immediate aftermath of the coup in Niger, a major diplomatic rift appeared between France and the USA on the one hand, and a milder

one arose between France and other EU members on the other. It took several months before the USA referred to the coup in Niger as a coup, yet this recognition did not effect a US military withdrawal from Niger. At EU level, the radical French attitude against this putsch contrasted with low-key stances from states such as Germany or Italy.

While France's diplomacy is heavily contested in the region, the EU retains some leverage, but must recognise that realistically not much can be achieved in the short term. Sahelian military regimes have initiated a historical sequence, which fundamentally reorganises their way of maintaining relations with international actors around a sovereignist agenda and a declared intention to "diversify their partners". These choices drastically affect bilateral, multilateral, military, and humanitarian relationships. At the very least, the EU should avoid reflexive, emotional reactions, preserve some dialogue with the threatened Sahelian civil societies, and, crucially, make sure that its sanctions do not obstruct the delivery of essential humanitarian assistance to the populations.

Key Messages

- The crisis in the Sahel is multifaceted and has no end in sight.
- The military powers in charge since 2020 have drastically reconfigured the regional security architecture around a sovereignist agenda and are promoting the use of force to resolve the crisis.
- The continuing jihadist expansion and the security choices made by Sahelian authorities are provoking a dramatic humanitarian situation.
- This new climate reduces the EU's capacity to influence the course of events. Mitigating the humanitarian crisis should be considered a short-term priority.

The new “scramble for Africa”

Pádraig Carmody

Africa has risen in geopolitical importance in recent decades, both as a site of competition for influence and as a source of key minerals. However, such competition distracts from the existential threats of climate disruption and biodiversity loss, which necessitate greater international cooperation.

Introduction

Africa has risen in “great power” geopolitical agendas in the last two decades, allowing for greater bargaining and influence by African political elites.[15] For China, this is largely because the African continent is rich in natural resources, which China needs to fuel its still rapidly growing economy, and because it is a substantial market for Chinese

15 Rita Kiki Edozie, Moses Khisa (2022): Africa’s new global politics. Regionalism in international relations. Boulder, Colorado, USA, Lynne Rienner Publishers

products and infrastructure providers. For Western powers, parts of the continent have become sites of perceived threats. They are keen to avoid "spillovers", such as increased irregular migration and terrorism in their own territories. Furthermore, they also perceive Africa as a "battleground" in the contest for influence with China and Russia.

Economic competition

There are also geoeconomic elements to this competition between "East" and "West". For instance, parts of the continent have become sites of intense competition over metals, which are required for fuelling the green transition. Almost 40 per cent of all new cars sold in China, the world's largest car market, are electric.[16] The production of lithium-ion batteries that power these cars requires cobalt, 70 per cent of which is supplied by the Democratic Republic of Congo (DRC). In 2022, the USA agreed with the DRC and Zambia, another major cobalt producer, to produce electric vehicle batteries in those countries,[17] thereby contrasting its approach to that of China.

The green transition poses risks while also offering opportunities for different African countries. Major oil producers such as Nigeria and Angola may lose income and end up with "stranded assets", such as oil production platforms that are no longer needed. On the other hand, Africa is the continent most affected by climate disruption by virtue of its location and dependence of much of its population on rain-fed agriculture.[18] This is a form of climate injustice as most African economies produce low levels of carbon dioxide (CO_2) emissions and are already sustainable in this dimension at least. Some people are also displaced by "carbon forestry" where plantations are set up by international agencies and companies to capture CO_2.[19] The opportunity of the transition for Africa is to leverage benefits in exchange for critical minerals

16 Autovista24 (2023): EVs make up 38% of Chinese new-car registrations in July. Autovista, 25 September 2023, https://autovista24.autovistagroup.com/news/electric-vehicles-chinese-new-car-registrations-july/

17 Folashadé Soulé (2023): What a U.S.-DRC-Zambia Electric Vehicle Batteries Deal Reveals About the New U.S. Approach Toward Africa. Carnegie Endowment for International Peace, 21. August 2023, https://carnegieendowment.org/2023/08/21/what-u.s.-drc-zambia-electric-vehicle-batteries-deal-reveals-about-new-u.s.-approach-toward-africa-pub-90383

18 Camilla Toulmin (2009): Climate Change in Africa. London, New York, Zed Books.

19 Pádraig Carmody, David Taylor (2016): Globalisation, Land Grabbing and the Present Day Colonial State in Uganda. Ecolonisation and its impacts. In: Journal of Environment and Development, Vol. 25, No. 1, pp. 100–126

and "leapfrog" to next generation technologies, avoiding older polluting ones altogether.[20]

In their competition, China and the USA are also trying to bolster their international positions through new alliances. Beijing opted for an expansion of the BRICS (Brazil, Russia, India, China, and South Africa) to include six additional members, including the African states Egypt and Ethiopia. Some other additions such as the United Arab Emirates have been increasingly active players on the continent, as has Saudi Arabia.[21] The inclusion of these major oil producers in the BRICS may lead indirectly to partial de-dollarisation of the global oil market as they engage in deals to trade in their own national currencies.[22]

The role of Europe and cooperation

Europe faces challenges in competing with other actors on the continent, partly because of its colonial legacy and the way in which this has been exploited by Russian sponsored disinformation campaigns.[23] Such disinformation campaigns occur particularly online in the so-called "Russosphere". Authoritarianism and military coups are resurgent in parts of the continent, perhaps bespeaking the (partial) failure of the liberal project ther. The Chinese Communist Party's support for autocracy through the setting up of a "governance school" in Tanzania with regional ruling parties will potentially further marginalize European interests, exerting pressure to tolerate authoritarianism.[24]

However, rising geopolitical competition on the continent and globally, to use a mixed metaphor, is like moving chess pieces on the Titanic given the existential threat posed by climate change. Reinvigorating and reforming the UN to make it more effective, inclusive and representative should be a top priority for all parties to this competition. The war in

20 African Development Bank (2023): African Economic Outlook 2023. Mobilising Private Sector Financing for Climate and Green Growth in Africa. https://www.afdb.org/en/knowledge/publications/african-economic-outlook

21 Robert Mason, Simon Mabon (2022): The Gulf States and the Horn of Africa. Interests, influences and instability. Manchester, Manchester University Press

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Ukraine makes this particularly difficult, as it has led to a polarisation of positions. A successful resolution of this war might open up space for more—and badly needed—international cooperation, of which Europe provides a successful model.

Key Messages

- Africa has risen in geopolitical importance.
- Leaders on the continent now exercise more international influence.
- The green transition offers opportunities for win-win outcomes if properly manged.
- More international cooperation is needed to ward off the worst effects of climate change.

Afghanistan: the Taliban consolidate their grip on power

Markus Kaim

Since the Taliban seized power in August 2021, they have been successfully suppressing opposition voices. Afghanistan's Central Asian neighbours have reacted differently to this. The international community is faced with the dilemma that de facto recognition of the regime could further exacerbate the Taliban's repressive policy against women and girls. Meanwhile, the humanitarian situation in Afghanistan is becoming increasingly critical.

Consolidation of Taliban rule

Expectations and hopes that a civilian opposition would organise itself or even that a form of military resistance could emerge after the Taliban seized power in August 2021 have not come to pass. Although parts of

Afghan society view the Taliban sceptically to downright hostile, the new rulers have so far been successfully able to stamp out opposition voices.

The local offshoot of the Islamic State (Islamic State—Khorasan Province, ISIS-K) most likely represents the strongest military threat for the Taliban. ISIS-K has been fighting the Taliban since it was founded in 2015, regarding the Taliban's nationalist project focused on Afghanistan as a betrayal of the Islamic State's universalist vision of a global caliphate. ISIS-K has committed various attacks, killing a number of high-ranking Taliban officials.

The regional security situation

Many observers considered the Taliban's seizure of power as a triumph for Pakistan, referring to statements by Pakistani politicians who publicly supported the power takeover. However, there are some indications that the Taliban's return to power also represents a challenge for Islamabad. Specifically, the Taliban victory has provided a significant boost for Islamic terrorist groups operating in Pakistan. One indication of this is that attacks by these groups against Pakistani security forces have increased significantly since August 2021.

Afghanistan's central Asian neighbours (Tajikistan, Turkmenistan and Uzbekistan) have reacted differently to the Taliban's power takeover. Governments in Turkmenistan and Uzbekistan appeared to prioritise stable bilateral relations and trade, including the planned natural gas pipeline connecting Turkmenistan, Afghanistan, Pakistan and India (TAPI). Tajikistan on the other hand adopted a stance of opposition to the Taliban, regarding itself as the protector of Afghan Tajiks, the country's second-largest ethnic group.

China, which until 2021 played a limited role in Afghanistan, has been making some investments in Afghanistan since the Taliban seized power (in particular for the purpose of exploiting Afghan mineral resources). However, due to instability and inadequate infrastructure no major projects have been delivered. Despite Beijing's concerns about Islamic terror groups in central Asia, China has accepted the Taliban regime. In May 2023, Afghanistan, Pakistan and China agreed to expand China's

Belt and Road Initiative (BRI) across the China-Pakistan economic corridor to Afghanistan.

Human rights, humanitarian situation, migration

Since August 2021, the Taliban have curtailed the rights of women and girls with a slew of decrees, systemically excluding them from public life. Amongst other restrictions, girls are prohibited from attending secondary schools and women are not allowed to study at university. In addition, women are prohibited from working for non-governmental organisations, from travelling without a male chaperone, and from using public spaces such as parks. This has had a disproportionately heavy impact on women and girls, as they were already encountering major difficulties in gaining access to food, medical care and housing.

In addition to this, the situation in Afghanistan has deteriorated into one of the worst humanitarian crises in the world. More than 28 million people—two thirds of the population—urgently require humanitarian aid. According to the United Nations, around four million people are acutely malnourished, including 3.2 million children under the age of 5. Afghanistan has been suffering for more than 40 years from conflicts, natural disasters, chronic poverty and food insecurity. There are 2.6 million registered Afghan refugees around the world, including 2.2 million in Iran and Pakistan alone. A further 3.5 million people are internally displaced, seeking refuge inside the country's borders. It is also expected that migration from the country to Europe will continue.

Financial support could improve the situation of the Afghan economy, although entails a risk that funds may be diverted and used to benefit the Taliban. This presents the international community with a dilemma: donor countries need to find a way of alleviating the ongoing humanitarian crisis, whilst at the same time taking care not to reinforce even further the Taliban's repressive policies against women and girls through de facto recognition of the regime.

As such, there is still no international consensus on how the Taliban should be dealt with. Although the effect on the Afghan people of the travel bans, financial sanctions and arms embargoes to which the Taliban have been subject since 1999 is disputed, neither the United Nations

nor the European Union see any good reason to suspend or end them due to the political signals this would send out.

Security policy effects

The Taliban continue to offer refuge and sanctuary to various terrorist groups, and also provide access to weapons and munition alongside other forms of material support. However, this support is subject to various conditions. For instance, the Taliban has apparently called on Al Qaida to refrain from any attacks against the USA and its allies.

The current terrorist activities that can be traced back to Afghanistan are not giving Western governments any cause for concern. Neither Al Qaida nor ISIS-K has opened any large training camps in the country and neither group has committed any major attack on a Western city since 2021. The operational and geographic reach of the terrorist groups active in Afghanistan does not currently extend beyond South-East Asia.

Key Messages

- Expectations that a civilian or military opposition to the Taliban regime could emerge have not been vindicated so far. The Taliban have largely been able to consolidate their rule.
- The Taliban victory has provided a significant boost to Islamic terror groups operating in Pakistan.
- The dilemma for the international community is whether it is possible to alleviate the ongoing humanitarian crisis whilst at the same time taking care not to reinforce even further the Taliban's repressive policies against women and girls through de facto recognition of the regime.
- The reach of the terrorist groups active in Afghanistan does not currently extend beyond South-East Asia.

The growing importance of India

Kate Sullivan de Estrada

India's global importance is rising along several key axes of state power. Yet India's contemporary significance in the foreign policy calculations of other states pivots on the country's potential as a military counterweight to China, as an alternative economic partner, and a supporter of the rules-based international order. India has its own priorities, however. It seeks to enhance its national power, to avoid a direct confrontation with China, to maintain its strategic autonomy through continued, positive relations with Russia, and to emerge as an independent pole in a multipolar order.

In 2023, India overtook China to become the world's most populous nation. It rose to become the world's fifth largest economy in 2022, and the country's consumer market is projected to be the third largest by 2027. Militarily speaking, India imported more arms than any other nation between 2018 and 2022, and was also the world's fourth highest military spender.

These statistics speak unambiguously of India's importance. However, India's significance is also a feature of today's geopolitical context. As concerns grow in North America, Europe and parts of Asia about China's perceived belligerence in its external economic relations and in the South and East China Seas, India's appeal as a major Asian democracy stands in sharper relief. Indeed, the significance of India is included in the nomenclature of the Indo-Pacific, a new theatre of strategic competition marked by USA-China rivalry. As European capitals focus on this geopolitical arena, their interest turns to India's potential as a military counterweight to China and an alternative economic partner. However, there are also hopes that New Delhi will support the rules-based international order, currently under challenge from China, but also Russia.

India's pivot towards the West

The growing influence of China is a central driver of India's closer defence and economic ties with Western partners such as the USA. India became a "Major Defense Partner" of the United States in 2016. The two countries envisage a strategic partnership centred on defence cooperation, closer economic engagement, and shared ambitions around global health, pandemic preparedness, critical and emerging technologies, and climate change. They also work through the Quad grouping, an Indo-Pacific security initiative with Australia and Japan.

India's proximity to the USA positions it in an uncomfortable security dilemma. Washington sees China as a systemic competitor, whereas New Delhi's concerns centre on the region. India is primarily concerned about the fractious Sino-Indian land border and China's expanding presence in the Indian Ocean. New Delhi takes care not to overtly cast a more powerful China as a threat or order challenger, and it has not pursued an explicit strategy of Chinese containment through the Quad. In the short to medium term, India will continue to leverage varying levels of polarisation between China and Western countries to build out its economic and military national power. In the longer term, productive bilateral relations with China may be inevitable as they are foundational to the future of Asia.

India and the rules-based international order

India seeks to promote a rules-based order in the Indo-Pacific, and it has pledged to work with others to keep the seas, space and airways free and open. However, India's longer-term vision is to emerge as a "leading power", which means to become an independent pole in a multipolar world. Nowhere has India's commitment to its strategic autonomy been more conspicuous than in its response of studied neutrality to Russia's 2022 invasion of Ukraine. India abstained from successive UN votes that condemned Russia's aggression, failed to identify Russia openly as the instigator of the crisis, and increased its purchases of Russian oil.

India is unlikely to wind down its decades-old strategic partnership with Russia. Russia remains the largest supplier of arms to India, despite not reliably supplying weapons. However, Russia's closer ties with China are also a concern for New Delhi. Beyond these dependencies, New Delhi's relationship with Moscow is proof of India's strategic autonomy and conveys a signal that growing USA-India ties do not spell unqualified Indian support for US strategic aims or conceptions of order. India and Russia share a vision for a future multipolar order, in which no single hegemon holds sway and where great powers maintain their own spheres of influence.

India and weapons of mass destruction

In 1998, India breached one of the nuclear Non-Proliferation Treaty (NPT)'s foundational norms by testing nuclear weapons. Widespread international condemnation followed, but Indian officials laboured to develop a positive working relationship with the NPT regime. Despite remaining an NPT non-signatory, India gained access to civil nuclear trade in 2008, in large part thanks to a game-changing nuclear agreement with the United States.

India has also worked to modernize its nuclear arsenals and delivery systems, raising concerns over an arms race with China. Yet the China–India nuclear dyad is just one level of a "nuclear cascade" between the United States, China, India, and Pakistan. The dynamics between China and the United States spur a modernizing reaction from China, which in turn places pressure on India to modernize, with Pakistan following suite. While the cascade exhibits elements of an arms race, this is not

the same as Sino-Indian reciprocity. Both China and India have a policy of no-first-use of nuclear weapons and are vulnerable to one another's second-strike forces. Given this logic of "assured retaliation", their deterrence requirements towards one another are limited.

The situation between India and Pakistan is more troubling. Pakistan reciprocated with nuclear tests of its own in 1998, bringing a decades' old conflict under the shadow of nuclear weapons. India's vulnerability to alleged cross-border terror incidents emanating from Pakistan has increased, leading India to develop a strategy of limited conventional war to respond to such attacks below the nuclear threshold. Pakistan then inducted several short-range, lower-yield nuclear-capable weapon systems designed to counter this strategy. Since India's nuclear doctrine foresees "massive retaliation" in response to a nuclear attack "on Indian territory or on Indian forces anywhere", the overall risks of escalation are concerning. The Balakot crisis between India and Pakistan in early 2019 saw the highest levels of escalation in decades. Another terrorist incident on Indian soil could precipitate an even worse escalation.

Key Messages

- India's demographic size and national power make it an important country in its own right, but the context of China's rise and Western hopes that India can balance China are fuelling outside interest in India.
- A central driver of India's appetite for closer defence and economic ties with Western partners, especially the United States, is the expanding influence of China at their shared land border and in the Indian Ocean.
- While India seeks to promote a rules-based order in the Indo-Pacific, it has remained neutral on Russia's invasion of Ukraine. Furthermore, it has increased purchases of Russian oil.
- Russia is India's largest supplier of arms. The relationship is symbolic of India's strategic autonomy and vision to emerge as an independent power in a multipolar world.
- Since 1998, India has developed a positive working relationship with the NPT-regime and its nuclear relationship with China is largely stable.
- India's nuclear relations with Pakistan are more unstable, with the interplay of the two countries' military and nuclear strategies producing risks of escalation.

4
Risks and challenges for the EU

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Risks and challenges for the EU

Ronald Vartok

The Russian military aggression against Ukraine took the European Union completely by surprise at the worst possible time. Although the Union has shown remarkable resolve in its support for Ukraine, there is no end in sight to the war. Russia continues to pose major challenges for the EU. A considerable amount of work remains to be undertaken by the Union and its Member States.

European response

With the Versailles Declaration of 11 March 2022, the 27 European heads of state and government demonstrated the EU's determination to significantly shift its previous focus on soft power. This led to enormous steps being taken at considerable speed. For example, the "European Peace Facility" (EFF) was utilised to provide military support to Ukraine and the EU Support Mission for Ukraine (EUMAM) was established to train Ukraini-

an soldiers. Innovative armaments initiatives were also launched for the procurement of equipment, devices and ammunition, which benefit both Ukraine and the European defence industry in general.

Russian calculation

Despite this, it is clear that the current situation on the battlefield is pushing Ukraine's hoped-for success into the distant future. The dramatic losses suffered by the Russian aggressor illustrate the cold-blooded price Russia's President Vladimir Putin is prepared to pay in "human resources". The now largely completed switch of Russia's economy to the parameters of a wartime economy, reflects similar assessments. Russia does not consider the "degenerated" Western societies to be as capable of suffering as its own population, thus, the West's willingness to support Ukraine anything but unshakeable. On the other hand, the EU is prepared to support Ukraine "for as long as it takes". In view of the growing influence of euro-critical parties, it remains to be seen whether this proclaimed unity can be maintained to the necessary extent.

Institutional and practical challenges

The timing of the Russian war of aggression against Ukraine came unexpectedly and at the worst possible time for the EU. The Union was still dealing with the effects of the COVID-19 pandemic, economic recession, the fight against inflation and the renewed rise in irregular migration. At the same time, the implementation of the EU Global Strategy (EUGS) was hit hard. The Strategic Compass (SC), the implementation strategy of the EUGS in the area of security and defence, had to be adapted quickly in order to take account of the changed political realities resulting from Russian aggression. It also remains to be seen whether the SC will be able to fulfil the EU's ambition to "act as a credible, recognised, global security actor".

All the more so as the EU's Common Security and Defence Policy (CSDP) is governed by the principle of unanimity. Within the EU Member States themselves this legal basis is being increasingly tainted with the stigma of institutional weakness when it comes to the EU's capacity to act in crises and conflicts. This development will be further fuelled by the

possible future accession of additional Member States. The fact remains that Member States cannot place their trust solely in a union that may only develop into a functioning, effective and resilient defence union at some unspecified point in the future. The current threats are too virulent and existential.

Consequently, Finland and Sweden made a paradigm shift from a neutral or non-aligned security and defence policy to joining NATO. Denmark, on the other hand, announced that it now wanted to actively participate in the CSDP instead of relying exclusively on NATO as before. The significance of this change in strategy towards the EU is sometimes underestimated. Meanwhile, the remaining four neutrals in the EU—Austria, Ireland, Malta and Cyprus—are struggling to adopt a clear strategic position. This would, on the one hand, have to justify the legitimate insistence on the decades-old status of neutrality and, on the other hand, ensure the protection of the territory and the population as well as the sovereign and constitutional capacity to act.

At the same time, the Union's defence capability against external actors willing to act aggressively will need to be strengthened. The success of this depends on the willingness of all Member States to make their respective contributions. This also hinges on the respective, legitimate national interests. While the vast majority of EU Member States are also NATO members, the four neutrals continue to rely on the "neutrality" model. Their specific interpretation of this model will depend in each case on the interests of the other EU Member States. While, in principle, the possibility of constructive abstention leaves the Union room for manoeuvre, this proves difficult in the context of participation in the Rapid Deployment Capacity (RDC). This concerns, in particular, Member states who officially declared their willingness to participate in the RDC, which is fixed for a specific year in advance.

Cooperation between NATO and the EU

With NATO's "Strategic Concept", which was adopted at the Madrid Summit in 2022, the Alliance has clearly defined its focus on the "Deterrence and Defence" field of action. Due to the revisionist, aggressive power politics of Russia under Putin, Moscow has transformed from a former partner into an explicit threat. NATO therefore not only officially

confirmed its protective role for Europe, but also underpinned this with the rapid reinforcement of NATO troops in the countries bordering Russia (the "Eastern flank").

While the EU is making enormous efforts to support the Ukrainian armed forces, the measures taken by NATO are simultaneously reinforcing the protection of the European treaty area. To a large extent, Europe is dependent on the USA and the UK in the area of nuclear deterrence. This manifests itself in the provision of military forces and in the unequivocal statement that the nuclear arsenal will be used as a last resort, if required. Nuclear deterrence is, thus, experiencing a renaissance, despite its early 2000s perceptions as previously vital, but overcome security mechanism. Nevertheless, NATO's deterrence and defence must ultimately be measured by the durability of its guarantee.

The increasing great power rivalry between the USA and China and the associated shift of US interests to the Indo-Pacific region has been temporarily weakened by the Russian war of aggression against Ukraine. The fundamental focus has by no means been abandoned, however. It remains to be seen to what extent a future US administration will be able to muster the strategic will to maintain the current focus on Europe. After all, the USA believes that Europe should invest more in its capacity to ensure its own security.

Between resilience and vulnerability

The Russian war of aggression against Ukraine is, of course, not limited to Europe. Economic interdependence also means that crises and conflicts have a compelling globalisation factor. This makes strategic communication one of the determining factors, both in terms of public opinion domestically and also in regions that are unable to effectively counter hybrid threats. The deliberate use of disinformation is one of the decisive factors in exerting influence.

These developments apply not only to the European, but also to the African continent, which, even without the effects of the Russian war of aggression against Ukraine, must be seen as a region of immense importance for Europe's security. The threats are diverse and range from irregular migration to drug and human trafficking through to terrorism.

This puts the question of consolidated, sustainable resilience within the EU and its Member States at the centre of the security and defence policy analysis. A sober risk assessment has to conclude that the EU is directly affected by all types of threats and will remain so for the foreseeable future.

Setting the course

Whilst the EU has set a decisive course for its future security and defence policy positioning with its Global Strategy, the chances of success in implementing this key ambition cannot be predicted with any certainty at this point in time. Its success depends not least on all 27 Member States. In the CSDP, the EU is merely a guardian, facilitator and at times a driving force. It is the Member States that call the shots and on whose commitment, seriousness and willingness to cooperate the success of the Union depends. It can, therefore, be stated with absolute certainty: There is a lot of work ahead of us.

Key Messages

- The outcome of the Russian war of aggression against Ukraine cannot be predicted at present. The West is focussing on the delivery of state-of-the-art weapons systems, Russia is pursuing a "war of attrition".
- It is the task of the EU to control this war in all its consequences. This includes what happens on the battlefield, but also its effects in other regions and on the resilience of the EU.
- The success of the Strategic Compass and the strengthening of the EU's defence policy and resilience depends on the contributions of each individual Member State.
- NATO is underpinning its position as the guarantor of security for Europe with its rapid reinforcement of Europe's eastern flank.
- Both the elections to the European Parliament and the presidential elections in the USA in 2024 will have far-reaching consequences for Europe.

EU defence policy in light of the Russian war of aggression against Ukraine

Ulrike Franke

The Russian war of aggression has shaken Europe and the European Union to the core. Following the decades-long conviction that war had been banished to the past on the European continent, that military capability had become less relevant and that the world would develop along a positive trajectory for Europe, the awakening on 24 February 2022 was an extremely rude one. However, the EU responded: billions of euros in aid were provided to assist in the defence of Ukraine. Research and development into weapons and the procurement of arms are no longer taboo issues and are being financed in part with EU funds. However, are the EU and its Member States really ready for the changes on the horizon?

According to Josep Borrell, the High Representative of the European Union for Foreign Affairs and Security Policy, Russia's war of aggres-

sion against Ukraine has "awakened a slumbering giant". The "security siesta", the somewhat flippant term used by Borrell for the "peace dividend" (i.e. the period following the end of the Cold War during which European countries massively reduced their defence spending), is now definitively over. In a very short timespan, the EU has made more progress along the road to becoming a global security policy actor than it had over the whole of the previous decade.

Steps towards a "defence union"

The European Union and defence policy has always been a complex issue. On the one hand, the EU has always considered itself as a "peace project", and generally rejects anything to do with the military when interpreting this project. For instance, the Treaty on European Union expressly provides that the EU budget may not be used for "expenditure arising from operations having military or defence implications". On the other hand, European cooperation has also been characterised since the outset by efforts at military cooperation. The possibility of a "European army" was being discussed as early as the 1950s, an idea which since then has returned to the agenda at regular intervals.

Over the last few years, efforts to create a "defence union" have been stepped up. The Lisbon Treaty of 2009 introduced the European mutual defence clause in Article 42(7). This Article provides that: "If a Member State is the victim of armed aggression on its territory, the other Member States shall have towards it an obligation of aid and assistance by all the means in their power […]". In addition, the "Permanent Structured Cooperation" (PESCO) was created in 2017 to support common defence projects. Finally, 2021 saw the creation of the European Defence Fund to promote common research and development along with the European Peace Facility (EPF). This off-budget initiative to enhance international security has now grown to 12 billion euros and is playing a key role in providing assistance to Ukraine. In addition, for several years there has been ongoing debate on "European sovereignty" or even "strategic autonomy".

In this regard, it would be right to say that, until 24 February 2022, the EU was focused purely on soft power and saw itself as an economic and trading powerhouse inhabiting a Kantian world. However, it is clear that the Russian war of aggression against Ukraine called some of the EU's

core convictions into question—and the EU reacted. Alongside sanctions packages and non-military aid, since the start of the Russian war of aggression the EU has:

- provided military aid to Ukraine worth 5.6 billion euros;[25]
- launched a two-year Military Assistance Mission in support of Ukraine (EUMAM) under which 40,000 Ukrainian soldiers are receiving training (Croatia, Hungary and Austria are not participating actively in the EUMAM); and
- supported European industrial production of artillery ammunition with the goal of producing a million artillery shells per year—partially funded by EU money.

These measures were taken in addition to common aid from EU Member States, such as for instance EPF support for the procurement of 155-millimetre artillery shells for Ukraine worth one billion euros. The bilateral aid provided to Ukraine has also been extensive. In the meantime, Europe has clearly overtaken the USA in terms of aid commitments to Ukraine. As another consequence of the war, the EU takes the issue of defence more seriously, expanding existing processes and creating new processes. Alongside the measures mentioned above, this has resulted in the adoption of the Proposal for a Regulation on establishing the European defence industry Reinforcement through common Procurement Act (EDIRPA) as well as the Proposal for a Regulation on establishing the Act in Support of Ammunition Production (ASAP). Thanks to additional funding of respectively 300 and 500 million euros paid directly out of the EU budget, the two measures aim to enhance European ammunition production.

Changing Member State perspectives

The perspectives of Member States have also shifted in some respects. For instance, Denmark has changed its stance and adhered to the EU's Common Security and Defence Policy (CSDP) following a referendum held in June 2022. Sweden and Finland, which until recently were officially non-aligned, both decided to join NATO. All European countries have increased their defence budgets, and according to NATO calcula-

25 Figures from the Kiel Institute for the World Economy covering the period between 24 January 2022 and 31 July 2023. EU institutions only, not including individual Member States.

tions Poland's budget has increased from below two per cent of GDP to more than four per cent.

The Russian war of aggression came as a particularly rude awakening for Germany. This is not only due to the fact that the loss of cheap Russian gas has left its business model in tatters. In addition, Germany's self-image, which was not entirely dissimilar to that of the EU in rejecting all things military, now needs to be completely revisited. Three days after the outbreak of the war German Chancellor Olaf Scholz proclaimed a "Zeitenwende", announcing far-reaching changes, including a special 100 billion euro fund for the Bundeswehr along with supplies of weapons to Ukraine. As the war has progressed, these supplies of weapons have become increasingly larger, and now also include heavy equipment. Recently, the German Government has announced its plans to double military aid to Ukraine.

The role of neutral countries

For neutral EU Member States both the war as well as the changes within the Union described above have posed a particular challenge. Austria, Ireland, Malta and Cyprus also support Ukraine, albeit subject to reservations. Whilst discussions on neutral status are ongoing in these countries, they are not being pursued with any particular vigour in Austria. However, none of these countries is expected to change its position—except Finland and Sweden, which have given up their status as neutral states. It is nonetheless clear that the nature of neutrality and participation in the EU's strengthening defence arrangements will remain an important, live issue.

Country	Aid to Ukraine (end of 2023)	Neutrality status
Austria	€0.75 billion in medical aid, humanitarian equipment and non-lethal military equipment	Discussion through open letters. International criticism of perceived closeness to Russia. Fundamental change of foreign policy approach unlikely.
Cyprus	€0.003 billion in humanitarian aid and technical training	
Finland	€1.39 billion comprised of 17 packages of military aid, including heavy weapons	Accession to NATO in April 2023, marking a departure from more than 75 years of non-aligned status.
Ireland	€0.10 billion in humanitarian aid and EUMAM training (non-lethal areas)	Creation of an "advisory forum", increase in commitment within the CSDP. Change of neutral status unlikely.
Malta	€0.00207 billion in medical equipment and humanitarian aid	Change of neutral status unlikely.
Sweden	€2.35 billion in humanitarian aid and military equipment in significant quantities, including heavy weapons	Application for accession to NATO presented in 2022, marking a departure from more than 200 years of non-aligned status. Accession protocols need to be ratified, announcement of significant increase in the defence budget.

Table 1: Overview over the status of aid for Ukraine and of the neutrality status of the neutral EU Member States

Conclusion

The impression that the EU and many of its Member States have started to fundamentally change their defence policies since the Russian war of aggression against Ukraine only partially reflects the actual reality. First of all, some of these changes and proposed reforms are not as far-reaching as they might appear. In addition, it is not certain whether these reforms are suited to the challenges that need to be faced.

The first point can be illustrated with reference to the example of Germany. Although the German government announced a variety of measures as a result of the "Zeitenwende", it is still unclear whether financing for the German defence budget will be sustained into the future. Despite government assurances that the NATO two-percent target will be maintained once the special fund will have expired, it is not clear how this will be guaranteed. In addition, the last year and a half has shown that Germany's confidence in the EU's defence policies is rather low. Where in doubt, the country prefers to rely on NATO, as is also restated

in the German security strategy. Germany tends to procure arms from the USA or from other non-European countries. The F35 as well as the Arrow 3 system show that the special fund's largest purchases will not be made in the EU.

Moreover, one is left with the impression that only lip service is paid to European cooperation, specifically with other EU Member States. For instance, the French think tank IRIS has calculated that a total of 78 per cent of defence procurement in 2022/23 did not involve purchases from other European countries. This is to some extent due to the fact that some of the items purchased are not produced in Europe or are not quickly available, a shortcoming that dates back to pre-war times.

Ultimately, the question as to whether these efforts will be sufficient is more relevant than whether they have been stepped up. Russia's war of aggression against Ukraine and the subsequent supplies of weapons to Ukraine have shown that European military capabilities do not measure up to existing and anticipated future challenges. Armed forces in Europe have turned out to be less well equipped than had been thought. Much of Europe's military materiel is only available on paper and cannot be deployed in practice. Europe's arsenal lacks depth: there is a shortage of both munitions as well as the industrial capacity to produce them. Both the EU and the individual Member States have recognised these problems, triggering a refocus. The approach being pursued by the EU and its Member States is fundamentally correct, although the steps being taken are in many cases too small. Most of the EU seems to continue to rely on the fact that the USA will step in should Europe ever need to be defended. However, it is important to ask for how long this will still be the case.

Key Messages

- After years in which plans for European cooperation in the field of defence came across more as rhetoric than as practical action, the EU has made significant steps in the last one and a half years. European funding instruments have been created or relaunched.
- There have also been significant changes within the EU Member States. For instance, Poland has doubled its defence budget, Germany has set up a 100 billion euro special fund, and Denmark has adhered to the Common Security and Defence Policy.
- This refocus has created new challenges for the neutral countries within the EU. Finland and Sweden have both given up their neutral status and applied to join NATO.
- Increased defence cooperation efforts might require the recalibration of Austria's, Ireland's, Malta's and Cyprus' positions.
- However, although Europe is significantly more active than it was before the Russian war of aggression against Ukraine, challenges still remain. The lack of a unified European foreign policy, which has been more apparent within the context of the escalating Israeli-Palestinian conflict than it has in relation to support for Ukraine, remains an ongoing challenge.
- Most countries assume that, despite all indications to the contrary, the United States of America will continue to support Europe.
- Therefore, Europe does not appear to be prepared for the further major challenges anticipated, in particular in terms of global disorder and the "Zeitenwende".

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Targeted attacks and coercion undermining European integration

Patrick Müller

EU foreign policy is having to adapt to far-reaching changes in international relations that are incrementally challenging important achievements on European integration. Moreover, the EU is also subject to targeted attacks and outside coercion. To meet these challenges, the EU needs to make itself more resilient to the influence of both state and non-state actors abroad. Doing so will itself give rise to new challenges for European integration, particularly as far as defence and security policy are concerned.

The global environment in which the EU operates is being shaped by shifting balances of power, heightened geopolitical tensions and conflicts, threats to the existing liberal order, and economic upheaval. In light of this, the EU is increasingly being forced to contend with the ef-

fects of external events on European integration, as well as itself being subjected to targeted attacks and coercion by external actors.

Global challenges in a changing world

Not at least because of the growing great power rivalry between the USA and China, international politics is being shaped to an ever greater extent by strategic competition. The United States now views China and its authoritarian political system as the biggest long-term threat to key US interests and values. Beijing's broad expansion of its military, combined with its aggressive pursuit of its foreign policy interests, the systematic theft of intellectual property and breaches of human rights in China undermined Western hopes of "change through trade." For its part, Washington is increasingly emphasising its efforts to "de-couple" the US and its Western allies from China, with far-reaching repercussions for international trade policy, global supply chains and technological cooperation.

As geopolitical tensions have increased, hybrid threats from authoritarian and non-democratic regimes determined to attack the core values of liberal democracy and the rule of law around the world have also moved to the centre-stage. Assailants use a variety of tools to execute these attacks on liberal values and democratic processes, including leveraging economy dependency, spreading disinformation in the traditional media and on social networks, and co-opting elites, national diasporas, universities, think tanks and cultural institutions. In a highly-connected and interdependent world, great power rivalry and tensions also increase the risk posed by targeted attacks on critical infrastructure. Cyber attacks on crucial nodes in highly-connected supply chains, for instance, can cause major damage.

The EU needs to respond by making itself more resilient to the influence of external state and non-state actors on elections, the public discourse, political decision-makers and the population more generally. Its efforts to protect and reorganise critical infrastructure will also have to take account of the different geopolitical and security factors at play. At the same time, the EU must also position itself within the increasingly fierce strategic competition that is shaping international geopolitics. As far as its relations with China are concerned, it is looking to do so by adopting a strategy aimed at mitigating risk; it wants

to protect significant security interests without de-coupling itself from China across the board. Achieving that aim in practice is expected to involve measures such as re-evaluating investments, conducting stress tests to assess the EU's resilience and dependence on China, and taking action to improve the bloc's competitiveness in key sectors such as micro-electronics, semi-conductor technology and renewable energy. In parallel, the EU is also looking to diversify its supply chains and to strengthen cooperation with like-minded countries as part of an initiative known as "friend-shoring."

War in Ukraine and instability in the European neighbourhood

In light of its war of aggression against Ukraine (among other factors), Russia constitutes a security policy threat to the EU, its Member States and its eastern neighbourhood. The war has underscored the importance of the defence policy dimension to European integration, which is about much more than imposing joint sanctions as a tool of trade and economic policy. Armed forces across Europe must be capable of defending their national territories and the EU more generally, as well as of deploying externally in order to stabilise volatile situations abroad. To ensure this defence policy effort is economically sustainable (particularly given the NATO obligations of individual EU Member States), there will need to be greater cooperation and integration at the EU level.

At the same time, the EU has also attempted to inject new momentum into its stagnating enlargement policy, as evidenced by the official start of accession negotiations with Albania and North Macedonia in July 2022. In June of 2023 the EU also granted Ukraine and Moldova the status of candidate countries, thus demonstrating the increased role of security policy considerations in its enlargement policy. Against that, Russia and other authoritarian regimes are continuing to pursue a policy that aims to destabilise the EU's southern and eastern neighbourhood.

The Western Balkans, where China, Russia and Türkiye are all playing important political and economic roles, is also increasingly serving as a theatre for geopolitical rivalries. In their attempts to secure their influence, actors like China and Russia are also specifically targeting public opinion in the countries of the Western Balkans, including using social media and

their partnerships with local players to disseminate targeted disinformation. This is exacerbating an already fraught situation in the Western Balkans, with tensions between Serbia and Kosovo having threatened to ignite multiple times in recent months. With this in mind, the EU will have to pay more attention to the risk posed by outside influences as it continues its efforts to promote democracy and good governance in the region.

Key messages

- The growing strategic rivalry between the US and China has far-reaching consequences for international trade policy, global supply chains and technology cooperation.
- Hybrid threats from authoritarian and non-democratic regimes determined to attack the core values of liberal democracy and the rule of law around the world are becoming more significant.
- Russia's war of aggression against Ukraine has increased the importance of the defence policy dimension associated with European integration.
- Russia and other authoritarian regimes are pursuing a policy that aims to destabilise the EU's southern and eastern neighbourhood.

Military attacks and the European Union

Daniel Fiott

The EU's "Mutual Assistance Clause" is designed to ensure an EU-wide response in case of an act of armed aggression against any member state. Yet, the treaties are unclear about what a response should look like in practice, given the unique character of the security defence policies of individual Member States remains unaffected. As the risk of armed aggression has increased globally, there is a need to ensure that the Union's response mechanisms can adapt to unique and grave circumstances.

The idea that any of the European Union's Member States could face a direct military attack has not traditionally been at the forefront of strategic thinking on EU security and defence. For example, the 2003 European Security Strategy boldly proclaimed, "Europe has never been so prosperous, so secure nor so free". While the Balkans were cast as a "reminder that war has not disappeared from our continent", the strate-

gy did not assume that any existing EU member state could be a victim of military aggression.

Increased need to protect Europe and Europeans

This assumption had changed by the time the EU Global Strategy was published in 2016. It made clear that EU Member States had an obligation to each other for mutual assistance and solidarity in case of a major crisis or conflict. France's invocation of the "Mutual Assistance Clause" following the 2015 terrorist attacks on Paris led to a greater focus on what it would mean to be the victim of armed aggression within the EU. In combination with Russia's illegal seizure of Crimea in 2014, the heightened prospect that an EU Member State could be subject to a terror or hybrid campaign highlighted the need to "protect Europe and Europeans".

While the EU Global Strategy underlined NATO as the "primary framework" for collective defence, it also recognised that NATO might not be able to respond to all forms of aggression. The Article 5 security guarantee embedded in the Washington Treaty, whereby each ally has an obligation to defend the other from military aggression, could not entirely respond to attacks below the threshold of military force. In any case, the EU had to consider the possibility of a response in case of armed aggression against those EU Member States that are not part of the NATO alliance including Austria, Cyprus, Ireland and Malta.

The Strategic Compass of the European Union

In 2022, against the backdrop of Russia's full-scale invasion of Ukraine, the EU's Strategic Compass for Security and Defence raised the threat level still further. The Compass—the Union's first-ever defence strategy—mourned the return of power politics and the erosion of multilateralism, identifying the growing strategic competition as a "direct attack on the European security order". The Compass, released as Russia had already invaded Ukraine, called for a quantum leap forward in how Member States collectively respond in cases of armed aggression.

The Compass was based on a threat analysis conducted in November 2021 that already foresaw the challenge posed by direct threats to

the EU. This analysis—while confidential—referred to the threats posed by state and non-state actors, but it did not stress the risks from direct military aggression towards the Union. By the time the threat analysis was updated in December 2022, this assumption was made more forcefully in the context of Russia's invasion of Ukraine.

However, the Compass is relatively ambiguous on what response could be expected in case any member state invoked Article 42(7) of the Treaty on European Union (TEU), save for a call for unity among EU Member States and the need for more frequent exercises. In fact, even before Russia's invasion of Ukraine, the EU had already conducted such exercises, most notably under the French Presidency of the Council of the EU, with a focus on hybrid, space and cyber threats.

Mutual assistance in practice

Undoubtedly, the risk from a direct military attack on the EU is higher today than it has been in the past, and Article 42(7) TEU is designed to ensure a collective response to such a threat. Specifically, the TEU makes clear that Article 42(7) can be triggered in case of an act of armed aggression against an EU member state, but on condition that the attack originates from outside the EU. In case an EU member state invokes the mutual assistance clause, all other members would have "a legally binding obligation […] to provide assistance". This would apply to neutral states such as Austria as well.

It is unclear, however, what the precise response would be as no particular response has been prescribed in case of an act of armed aggression, and any response would have to be tailored to the specific case. The first obvious form of implementing Article 42(7) TEU would be political solidarity with the victim of an armed aggression, but it should be assumed that the full range of responses would be required including military and humanitarian aid. Of course, each state would have to decide on their own response level within an EU context.

Indeed, the treaties make clear that the obligation of aid to any member state should occur within "the means in their power" and should not "prejudice the specific character of" their security and defence policies. This means that each state must act in accordance with their own

means and national perspectives. Of course, this would also apply to other Member States in case a neutral or non-NATO state is attacked. In this sense, there is a clear need to work on common EU approaches to incidents to which Article 42(7) TEU refers through exercises, a common threat analysis and the strengthening of relevant EU bodies.

Key Messages

- The EU is experiencing a heightened risk from armed aggression, especially given war and conflict on its direct borders.
- Politically and legally, the EU has sought to develop its potential response to armed aggression but it has been ambiguous about what such a response could look like in practice.
- Each member state has a legal obligation to assist other EU Member States in case of armed aggression, but the Treaties are clear that each member state should respond within their means and on their own terms.
- Although the EU has started to conduct mutual assistance-type exercises with more frequency, the Union is today still largely unprepared to respond to an act of armed aggression.

Recession in Europe and economic protectionism

Katrin Auel

Rampant inflation and restrictive monetary policy have resulted in a clear slowdown in economic growth in parts of the EU, just as the green transition is demanding an enormous effort on their part. The EU's response should not be to amplify the growing trend towards protectionism, particularly given the developing economic and technological confrontation between the USA and China. Rather, it should focus on opening up new avenues for international cooperation, especially in areas relevant to climate change and the environment. It should use the advantages of specialisation across the board to ensure climate goals are met, and to provide targeted support to promote the competitiveness of the EU economy. At the same time, it must also ensure that the transitions to clean energy and transport are affordable for the general public.

Despite the fact that fears of a major recession have so far failed to materialise, and although forecasts for 2024 are cautiously optimistic, it is

clear that some EU economies are still limping along. Following ten successive interest rate increases by the European Central Bank, rates are now expected to remain stable for a time. However, there is likely to be some delay before the full impact of restrictive monetary policy makes itself felt. Germany's economic slowdown is expected to have a knock-on effect for the entire EU, while flagging demand for exports because of the weakness of world markets is further weighing down the European economy. On top of that, the COVID-19 pandemic and Russia's war of aggression against Ukraine have brought both the risk of disruption to global supply chains and the problems associated with being economically dependent on autocratic regimes into sharp relief, exposing the EU's geo-strategic and geo-economic vulnerabilities in the process.

In this context, the way the trade relationship between China and the USA (two of the EU's biggest trading partners) develops will be very important in determining economic performance. From an economic policy standpoint, the USA shocked Europe when it signed the Inflation Reduction Act (IRA) into law in 2022, as Europeans had been expecting Joe Biden to move away from the protectionism of his predecessor Donald Trump. In fact, the protectionist direction of travel in US policy has been evident for some time, and there is no sign of it changing in the short term. In the developing economic and technological confrontation between the USA and China, Europe risks suffering collateral economic damage.

The protectionist siren song?

Protectionist measures can seem particularly tempting in a recession, as they promise to protect domestic production from foreign competition. However, a ruinous subsidies arms race with the USA or China would make little sense. It would also be virtually unsustainable, since punitive measures tend to push up production costs for domestic processors and consumers. To underline this point, it is worth remembering that the people who suffered most from the imposition of US customs charges on Chinese goods under the Trump administration were US consumers, to whom US firms passed increased import costs. This was good news for alternative trading partners, such as Mexico, Taiwan and Europe.

The EU is planning an ambitious response to the IRA in the shape of the Net Zero Industry Act (NZIA). The new law is intended to be an important pillar of the Green Deal industrial plan, and aims to strengthen the EU's competitiveness in the clean technology (or "clean tech") sector, reduce its dependence on imports, and accelerate the transition to green energy. As far as funding the investment necessary to meet the EU's clean tech targets is concerned, the onus thus far has been placed primarily on state subsidies provided by Member States. This approach risks fuelling a subsidies arms race within the EU, one in which smaller, weaker countries could find themselves being left behind. It is not yet clear to what extent the introduction of the Carbon Border Adjustment Mechanism (CBAM) for reducing the phenomenon known as "carbon leakage" (the transfer of industrial emitters of greenhouse gasses across borders) will be able to create incentives to accelerate decarbonisation internationally, or whether the EU's trading partners are inclined to view the scheme primarily as a protectionist measure.

As soon as the European Commission announced it would be launching an investigation into the use of subsidies in the Chinese electric car market, China immediately responded with the threat of countermeasures. Anti-dumping measures would both hit European car manufacturers producing in China and make a speedy transition to clean transport based on cheap electric cars more difficult. Back in 2013, EU anti-dumping measures against Chinese solar technology almost triggered a trade war. In 2018, the European Commission allowed the measures to lapse, not least because of the key role of cheap Chinese solar technology in the energy transition.

Can we protect the environment in a recession?

The strained economic environment has also given rise to a backlash against policies designed to combat climate change in some parts of Europe, and it is making itself felt at EU level, too. In some EU Member States, as well as in the European Parliament, a resistance is forming against the EU's ambitious Green Deal climate legislation and its "Fit for 55" initiative. The economic burden on industry and on private households has led to calls to pause the introduction of the regulations. As exercises such as the ECB's 2023 climate stress test have highlighted, a policy formulated on the basis of "enough is enough" would represent

a fatal error as far as the response to climate change is concerned, and would not make economic sense for businesses or households. The quicker progress can be made on the green transition, the quicker the initial investment and higher energy costs can be recouped, and the easier it will be to preserve both profits and purchasing power.

Multilateral (trade) cooperation and the green transition

Given the manifold challenges it is currently facing, an increasingly protectionist course would achieve little for the European Union. Instead, it should continue to work to establish a stable regulatory environment and transparency in international trade, as well as swiftly concluding more free trade agreements with economies like the USA or MERCOSUR. In the end, the urgently required green transition can only be delivered through multilateral (or, better yet, global) cooperation. Trade disputes will be anything but helpful in this regard. Particularly in the clean tech sector, it is crucial to open up new avenues for international cooperation and to reshape international trading relationships to benefit the environment. For the EU, there is fine balance to be struck here. On the one hand, it needs to promote the competitiveness of the European Union in key, future-focused sectors, using a risk-aware trade policy to keep the internal market open for the advantages of specialisation associated with imports on the global market and securing export markets for European manufacturers. At the same time, it must also ensure that the transitions to clean energy and transport are affordable for the general public.

Key Messages

- Protectionism is tempting in a recession, but protectionist measures generally come at a major cost to the economy and reduce overall living standards.
- A ruinous subsidies arms race with the US or even China would be all but unsustainable, and any relaxation of the EU's policy on state aid would also pose risks for smaller, weaker EU economies.
- Climate change can only be tackled in the context of multilateral (or, even better, global) trade cooperation.
- The use of (Chinese) subsidies to hold down the price of clean technology from abroad is a danger to EU manufacturers, but has the potential to accelerate the transition to clean energy and transport.

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Strategic weakness of the EU?

Gustav Gressel

The European Union performs well in those areas where it can draw on the requisite organisational and legal tools. Expectations of its competence in the area of Common Foreign and Security Policy (CFSP), however, are exaggerated. Unless appropriate structural mechanisms are created and enhanced, the Union's Security and Defence Policy will amount to nothing more than coordination of the European arms trade.

With every fresh foreign policy crisis, the issue of the European Union's lack of strategic decision-making capacity raises its head. Most recently, the ongoing Russian war of aggression against Ukraine, which began in 2014, but also the 1991 to 1999 wars in the former Yugoslavia, the post-2001 Global War on Terror, and the aftermath of the Arab Spring in 2011 before it, have proved to be such occasions. However, the main reason this topic comes up for discussion is the exaggerated expecta-

tions of the European Union's capabilities, which it cannot fulfil. These inflated expectations are often encouraged by grandiose EU strategy papers. The detail that the EU performs well in those areas for which it actually has the requisite organisational and legal tools to hand usually gets lost in such discussions.

The European Economic Community (EEC), and later the European Union, has always existed for the express function of steering the continuing development of the internal European market. The added foreign policy dimension came out of the fact that the single market's external relationships can also be enlisted to serve foreign policy goals, provided member states are able to agree on common policy objectives. Accordingly, the tool set of available policy instruments allows for freer, more permissive (Free Trade and Association Agreements) and more restrictive ways (sanctions) of configuring economic relations ranges. There is scope, moreover, to promote stronger ties in areas such as youth and cultural programmes, research and development, and so on. These are all important mechanisms, capable of binding the EU's neighbourhood to Brussels, but none of them is especially well suited to dealing with acute crises.

Sitting outside the institutional framework

The CFSP also sits apart from the standard institutional framework. In the area of CFSP, decisions require unanimity, and Member States are obliged to implement such decisions, without the European Court of Justice (ECJ) having any legal oversight. The Council of the European Union monitors compliance, and also decides matters on a unanimous basis. Abiding by sanctions and advocating jointly adopted positions is, in effect, a matter of voluntary cooperation. It would scarcely make any difference, if majority decision-making were to be introduced in matters of Foreign and Security policy, as for instance Germany has long advocated.

Austria, which drove through softer banking-sector sanctions against Russia in 2014, or Hungary, which delayed and watered down energy-sector sanctions against Russia in 2022, could have been outvoted in the event majority decision-making had applied. Yet, by the same token, they might just as easily have declined to implement joint deci-

sions. Even Germany has failed to sanction the "Rossotrudnichestvo"[26] organisation, which runs the "Russian House" outlet in Berlin, which it has still not closed down. Therefore, majority decisions would only become enforceable if the CFSP were brought under the legal remit of the ECJ, and the European Public Prosecutor's Office, created in 2019.

The USA has a particularly significant role to play, with respect to safeguarding the integrity of EU sanctions. US and EU sanctions often resemble one another in key areas, and the extraterritorial nature of many US sanctions discourages European companies from violating them, even if their own national government would likely turn a blind eye. Such companies do not want to risk being brought before a US court capable of imposing far higher financial penalties under the US legal framework. This division of labour could become problematic, however, if the respective objectives of the USA and the EU diverged from one another in a significant way. In the event of Donald Trump's re-election as US president, this would become an acute problem in the relative near-term.

Institutional problems in foreign policy

It is little wonder that an organisation which lacks executive powers and structures in the field of foreign policy does not act in a swift and direct manner. If the Union is to increase its capacity in this regard, the appropriate institutions must be created, and existing ones strengthened. The existing field missions launched under the framework of the Common Security and Defence Policy (CSDP) are largely symbolic in nature. Conceived of as "civilian" advisory and monitoring missions, they rely on the feedback-effects of favourable or punitive reactions from the Union lending weight to their advisory and monitoring operations. However, this only works to a limited extent.

First of all, the Foreign Affairs Council's decision-making processes move too slowly either to sanction specific misconduct, or conversely, to promote particular forms of behaviour by other states. Secondly, authoritarian rivals like Russia or China, offering military expertise and training and economic tie-ups and investments respectively, without

26 Heinemann, Patrick (2022) "Kreml-Propaganda im Herzen der Hauptstadt"/"The Kremlin's Propaganda at the Heart of the Capital", Legal Tribune Online (LTO), 14 December 2022, https://www.lto.de/recht/hintergruende/h/russisches-haus-keine-sanktionen-berlin-untaetig/ (Exclusively German)

conditions attached, undermine the EU's conditionality principles. EU missions only have a real impact in cases where the recipient country is actively seeking to obtain a closer relationship to, or even membership of the Union, as in the European Union Advisory Mission (EUAM) in Ukraine and the European Union Partnership Mission (EUPM) in Moldova. The EU's only major military mission, EUFOR ALTHEA in Bosnia and Herzegovina, has been massively scaled back over time.

Overall conditions in the European defence market

For all its design flaws and weak executive powers, the EU plays an enormously important role in establishing the prevailing industrial, economic and defence-industry conditions that give European states any level of access to the market. This has become evident in the European response to the Russian war of aggression against Ukraine. The European Peace Facility—a joint financial instrument created in 2020 to fund programmes to strengthen the military capabilities of the Union's friendly neighbouring states—has become a significant mechanism to finance arms supplies. 5.6 billion Euros in funds were allocated up until the end of 2023. Many of the weapons systems individual European governments have boasted about donating, were actually funded by the European Commission.

For the first time, the Union has acted as a direct buyer in the joint procurement of artillery supplies for Ukraine, by not only paying for ammunition directly, but also serving as the defence agent negotiating the relevant contracts with suppliers. The Commission is, moreover, supporting the expansion of manufacturing capabilities within the Union. In the next phase, the production of drones and other important systems is also set to ramp up thanks to procurement and development investment measures.

With these steps, the Union is addressing a hugely important problem in European security policy—namely, the small, fragmented nature of the European defence market. EU Member States had long considered the defence sector an economic tool and the primary preserve of certain national firms, regardless of whether these firms could manufacture acceptable products at the required scale and quality levels. The begin-

ning of the Russian war of aggression against Ukraine in 2022 exposed the low resilience levels in European armaments procurement structures. Of course, the goal of achieving a common European defence industry remains a long way off, but the groundwork has been done.

Key Messages

- The primary reason for the debate of the European Union's capacity to act strategically is often-inflated expectations.
- The Common Foreign and Security Policy (CFSP) sits outside the standard institutional framework. Decisions are taken unanimously, but the European Court of Justice has no legal remit to enforce compliance.
- If the Union is to become capable of acting in a swift and direct fashion, appropriate institutions must be created, and the existing ones strengthened.
- The EU plays an enormously important role in establishing the industrial, economic and defence-industry market conditions for its Member States.

Raw materials as key to Europe's future

Challenges and strategies

Karin Küblböck and Bernhard Tröster

Mineral raw materials are of huge importance for the future of both the EU and Austria in economic, technological and defence policy terms. Yet, securing raw material supplies has only become a strategic EU priority in the wake of recent crises and geopolitical tensions. Inherent risks relate to the fact that these raw materials are extracted in a limited number of countries, and then processed in China. In order to secure greater strategic autonomy, activities to exploit and process raw materials are being stepped up within the EU. However, this can also give rise to new conflicts in the EU. Initiatives such as the Resource Efficiency and Circular Economy measures are, therefore, all the more important.

The properties of certain mineral raw materials are essential for the functioning of numerous everyday products. Many of these raw materials play a crucial role in industrial goods and high-tech products, including those produced by highly specialised Austrian firms. Others are indispensable in manufacturing new green technologies, or in the aviation and automotive industries and the defence sector.

Up until the 2000s, sourcing mineral supplies was of little concern in the EU as these could be imported in sufficient volumes. Meanwhile, onward processing was increasingly outsourced to third countries with lower wages and environmental standards, all of which was underpinned by the global liberalisation of trade and the capital investment environment. While possible supply risks were soon discussed at an EU level, raw materials policy has only become a strategic EU policy field amidst the crises and conflicts of recent years.

The security challenges of raw materials access

The supply risk associated with mineral raw materials arises from the geographic distribution of extraction sites and onward processing locations. Currently, around 70 % of cobalt ore comes from the Democratic Republic of the Congo, while 70 % of platinum originates in South Africa, and 60 % of graphite in China. Since the 2000s, the downstream processing of ores into metals or semi-finished materials has predominantly taken place in China. Indeed, China has a virtual global monopoly on processing a number of metals, including graphite, rare earths, gallium, magnesium and tungsten. In tandem with this, Chinese companies, backed by the government in Beijing, have invested internationally in the mining sector, in order to gain access to raw material supplies for their own infrastructure and production of goods for export.

This strategic dependency came into sharp political focus in 2010, when China introduced export restrictions for certain rare earths. The EU's Raw Materials Initiative, first published in 2008, was expanded in 2011 with a list of "critical raw materials", which are considered high supply risks, and of special significance to the EU. Access to raw materials within the EU is to be secured primarily through trade policy. To this end, all EU Free Trade Agreements have contained a mandatory special raw materials chapter since 2011.

Much-needed new solutions

Many developments in recent years have considerably accentuated the security concerns and supply risks associated with raw materials. The accelerating climate emergency has underscored the urgency of the green energy transition, and led to ambitious political goals being set in the framework of the European Green Deal. In this regard, the EU also intends to grow its manufacturing capacity in solar panels, wind turbines and batteries inside the EU. The International Energy Association (IEA) estimates that meeting the global climate commitments adopted in the Paris Climate Agreement by 2050, will mean an almost doubling of the demand for metals used in green technologies, compared to current levels.

The disruptions to supply chains caused by the COVID-19 pandemic and Russia's war of aggression in Ukraine have also highlighted the fragility of global production networks. Rapidly rising geopolitical tensions and the possible emergence of a multipolar world order have further exacerbated these risks. Both the USA and the EU have stepped up their efforts to achieve strategic autonomy, and the pursuit of substantial independence in the production of critical goods like semi-conductors and armaments. They are bolstering these efforts with generous subsidy packages and commensurate industrial policies. The fact that many Russian raw material imports are exempt from EU sanctions is one example that proves the singular importance of access to mineral raw materials.

In response to these geopolitical challenges, the EU presented its first draft of a binding regulatory instrument, the Critical Raw Materials Act, in 2023. The Act is designed to strengthen all stages of the value-creation chain for critical raw materials in the EU—i.e. extraction, processing and recycling. It provides for the improved monitoring and mitigation of supply risks in future. This applies particularly to a select list of 16 raw materials deemed strategically essential for digitalisation, energy transition and defence.

A change of strategy with the potential for conflict

Strategically important raw materials are present in many EU Member States, such as lithium in Germany, Portugal and Austria, and rare earths

in Sweden. The regeneration of the European mining sector, however, is a long-term undertaking. For example, it will be another 15 years before the rare earth deposits discovered in Sweden in 2023 can be extracted. Moreover, the mining, processing and even recycling of minerals are both energy-intensive and environmentally consequential activities, which, just as in many other parts of the world, will elicit opposition and conflicts, as has been seen, for example, in Portugal and Serbia. Precisely for this reason, efforts to reduce societal consumption of resources, for example through resource-efficient product design, the circular economy and changes in consumer behaviour, are of the utmost importance.

Key Messages

- Mineral raw materials are crucial for Europe's economic, technological and defence policy interests. Current dependencies and geopolitical tensions demand new strategies.
- The concentration of raw material mining in a limited number of countries, and China's dominant processing role, represent a considerable supply risk.
- The EU seeks to achieve strategic autonomy, and will bolster this goal by handling the extraction and processing of minerals on European continent.
- Establishing new mining facilities in the EU, however, runs into drawn-out processes and environmental concerns, which can lead to conflicts.
- Promoting resource-efficiency and the circular economy is vitally important, to reduce our dependence on raw materials and, as far as possible, keep domestic mining to a minimum.

War and social polarisation

On the weakening of democracy with Ukraine and Gaza as examples

Stephanie Fenkart

Apart from causing countless deaths, dire humanitarian consequences, waves of refugees, the destruction of infrastructure and traumatising millions of people, wars also lead to increasing polarisation. This contributes to a loss of credibility in what is known as the "rules-based world order". In a globalised world, however, wars do not stop at borders, they cannot be restricted to regions and they influence societies outside of the disputed regions too. In an increasingly multipolar world that faces multiple crises, international law and international humanitarian law must be protected and revitalised. This affects democracies, including Austria.

Russia's war of aggression against Ukraine in contravention of international law

Russia's war of aggression against Ukraine in contravention of international law woke Europe from its proverbial hibernation on 24 February 2024. The rapid consensus achieved in the EU and the organisation of a wide-reaching package of sanctions, coupled with Western arms supplies to Ukraine, astonished many experts, but was also essentially supported by European citizens. The effects of the Russian war of aggression against Ukraine—for example, the energy crisis, high inflation and rising food prices—highlight the fact that the consequences of a war in a globalised world cannot always be restricted to a particular region.

The Resolution of the UN General Assembly on March 2022, which condemned the Russian war of aggression against Ukraine, was adopted with 141 votes in favour and 5 votes against. While the votes against by Russia, Belarus, Syria, North Korea and Eritrea were not surprising, a total of 35 states abstained, the majority of which from Africa, together with China and India. This abstention is less an expression of support for Russia, however, and more a dissatisfaction with what is perceived as the one-sided, Western-dominated world order that only refers to international law when Western interests seem to be at risk.

Israel's war of self-defence against Hamas

The Islamic terrorist organisation Hamas attacked Israel on 7 October 2023. Missile attacks, the cruel murder of 1,200 Israeli civilians and the abduction of 240 people to Gaza left Israel and the West in a state of shock. Israel's inherent right of self-defence, supported by Article 51 of the United Nations Charter, is undisputed. As a result, Israel called on around 1.7 million Palestinians to flee to the south of Gaza. This was followed by a blockade of food supplies, water, electricity and telecommunications. In the course of the ensuing bombardment and ground offensive, a total of 16,000 people, including around 6,000 children, were killed. Numerous international organisations have since appealed for full compliance with international humanitarian law and access for humanitarian aid for Gaza.

This conflict is not limited to this particular region either. On the one hand, the fear is that the war will extend to the entire region. On the other, a rise in antisemitic and Islamophobic campaigns and rhetoric, as well as increasing polarisation, has since been observed in all European states. Alongside this, discourse has narrowed to the extent that it no longer distinguishes between criticism of misguided policy or commitment to international law and justice on the one hand and antisemitism on the other.

A resolution introduced by Lebanon, aiming to protect the civilian population and uphold international humanitarian law, was adopted by a majority vote by the UN General Assembly, with 120 votes in favour, 14 votes against and 45 abstentions. Nearly all African states and China supported this resolution, but Europe's voting behaviour was ambivalent. Spain, Portugal, France, Belgium and Ireland supported the resolution, for example, but Germany and the United Kingdom abstained. Alongside Israel and the USA, Hungary, the Czech Republic, Croatia and Austria voted against. The reason for this was that Hamas was not described as a terrorist organisation and Israel's inherent right of self-defence was not stated in the text. For this reason, many experts, but also diplomats, consider western credibility to be in crisis: what applies to Ukraine must also apply to Gaza.

Western democracy in the crisis of credibility

After the horror of the Second World War, around 65 million deaths, two nuclear weapons dropped on Japan and the unprecedented destruction of infrastructure, the international community, following the motto "Never Again!", founded the United Nations in 1945 and adopted the Universal Declaration of Human Rights in 1948. In the same year, the Geneva Conventions and their Additional Protocols were adopted to protect the civilian population in armed conflict. With the founding of the Council of Europe and the European Union, other institutions designed to protect human rights were established on the European continent.

This post-war consensus no longer exists, however. The rivalry between the USA and China, the strengthening of India, South Africa, Brazil and the rising influence of other regional powers, such as Iran, demonstrate that the world has been multipolar for some time. However, around 75 per cent of the world's population live in non-democratic states. If the

West speaks of a "battle between democracy and autocracy", it should be aware that this dichotomisation can lead to further polarisation, given internal European developments and policy based on European interests. Furthermore, this is interpreted by many states of the Global South as a continuation of Western politics based on Western interests.

Added to this is the fact that multiple crises, such as the COVID-19 pandemic, climate change, migration and a lack of integration as well as inflation, contribute to a loss in confidence in democratic systems by the population. According to the Democracy Index 2022, this also affects Austria. Even if democracy is still regarded as the best form of government, there has been a rise in autocratic ideas of democracy – for example, following the model of illiberal democracies like Hungary. The desire for a "strong leader" is also no longer rejected by the majority.

New approaches to conflict resolution

New strategies are needed for conflict resolution. At present, the primary response to conflicts is polarisation and division. However, this process is not inevitable. Countering it decisively at all levels would strengthen not only the credibility of institutions, but also the political system and with it liberal democracy in Austria and Europe. The same applies to international institutions. If international law is not defended everywhere at all times, it loses credibility and, increasingly, relevance. For this reason, fervent commitment to strengthening international organisations and international law is also required. It must be clear that a consensus like the one achieved after 1945 would no longer be possible in today's environment due to all the imperfections of the existing system, among other things. Therefore, these institutions and their credibility need to be strengthened so that they are once again able to help shape political solutions to various conflicts and prevent violent escalations to wars. European democracies can only have a credible impact externally, however, if they are also resilient internally and society trusts the political system.

Key Messages

- In a globalised world, the effects of wars and conflicts cannot be restricted to conflict regions. These affect societies far beyond the bounds of the disputed area.
- Wars and conflicts do not take place in a historical or socio-political vacuum. Simplifications and dichotomisations support the increasing polarisation.
- The loss of credibility of international organisations and international law is a long-term obstacle to peace and security. Absolute respect for international law and international humanitarian law is required to strengthen this credibility.
- Only around 20 per cent of all wars end in military victories. Political solutions that are considered fair are usually more lasting than military campaigns.
- At present, the primary response to conflicts is polarisation and division. However, this process is not inevitable. Countering it decisively at all levels would strengthen not only the credibility of institutions, but also the political system and with it liberal democracy in Austria and Europe.

The North Atlantic Alliance's capability to act

Ulrich Schlie

In 2024, the North Atlantic Alliance's capacity to act will continue to be tested by the insecurities and power-shifts unleashed by Putin's illegal invasion of Ukraine. The capacity to provide deterrence and continued support for Ukraine without a further escalation of the situation, while also avoiding a direct confrontation with Russia, requires the Alliance to proceed in a coordinated and strategically optimised fashion. Defence expenditure must continue to grow, and the surest way to enhance transatlantic ties lies in Europe taking on greater responsibility.

Adapting the alliance's strategy and operations since Vilnius

Russia's war of aggression against Ukraine has brought armed conflict to Europe once more. This has also produced a further increase in great

power rivalries. For this reason, NATO Secretary-General Jens Stoltenberg rightly described the war in Ukraine as a "turning point in history". The geopolitical ramifications of Russia's aggression have been both to bolster the North Atlantic Alliance's internal cohesion and reinforce a collective recognition of the absolute need for steadfast deterrence and a wider expansion of defence capabilities. At its summit in Vilnius in June 2023, NATO concluded a raft of strategic and operational adaptations intended to further strengthen its capacity to act. Thus, the principles of the Strategic Concept adopted by Heads of State and Government at the Madrid summit in June 2022, are being put into practice.

The relevance of the Alliance has been writ large through its unprecedented economic and military support for Ukraine and Ukrainian armed forces in the course of their near two-year-long war of resistance. The NATO-Ukraine Council, which was inaugurated in Vilnius in the presence of Ukrainian President Volodymyr Zelensky, is the main forum for co-operation between NATO Member States and Ukraine's political leadership. Wide-ranging consultations regarding support measures and crisis mechanisms are held in this forum.

In Vilnius, the Alliance re-structured its defence planning along Atlantic, European Arctic, Baltic Sea and Central European, Mediterranean and Black Sea regional-geographic lines. To this end, 300,000 troops are to be made available and ready for deployment within a timeframe of 30 days. In addition, it adopted a "Defence Production Action Plan", and achieved an 8.3% increase in defence spending, with ambitious requirements for the European Allies and Canada to meet their two per cent funding targets. The capacity for defence at both nation-state and alliance-wide levels, including that of fulfilling the collective commitments defined in Article 5 of NATO's founding treaty, is the precondition for credible deterrence. This is set to remain the Alliance's focus for the foreseeable future.

It is testament to this steadfast resolve that NATO territory has so far remained almost entirely unscathed by Russian military operations, and that maritime traffic and transit into NATO states continue unhindered. In respect of its capacity to act in the context of the Russian war of aggression against Ukraine, the Alliance must continue to practice solidarity with Ukraine, while also remaining vigilant against being drawn into military confrontations in the event of an escalation. This balancing act will also necessarily determine the Alliance's position on the crucial

question of Ukraine's prospective NATO membership. Such a membership would, of course, include the provisions of Article 5 of the Washington Treaty. However, such a step must not be allowed to contribute to the prolongation of the war.

Strategic lessons from the alliance's geographic boundaries

Sweden and Finland's fundamental decisions to change their stance on neutrality, and Finland's subsequent successfully concluded NATO accession, will significantly strengthen the Alliance on its strategically important northern flank and in its neighbourhood with Russia. Since the Turkish President Recep Tayyip Erdoğan declared his agreement in principle to Sweden joining NATO at the summit in Vilnius, the door has opened to Sweden following Finland's example. Since his re-election as Turkish president in 2023, Erdoğan can be expected to continue prioritising Türkiye's national objectives in his political dealings with the Alliance.

In the Western Balkans, the Alliance's defence and crisis management capabilities continue to come under considerable pressure, owing to Serbia's increasing attempts to influence and destabilise its neighbouring countries. At the same time, the declaration issued by European Heads of State and Government at the EU-Western Balkans summit in Tirana on 6 December 2022 indicates the Western Balkan states' prospects of moving closer to Euro-Atlantic institutions. This will create a qualitative impetus for security policy cooperation between NATO members and non-members, and, thereby further enhance the North Atlantic Alliance's capabilities. It can be assumed that tensions in Kosovo and Bosnia-Herzegovina will continue to rise, and that the Alliance will therefore remain committed to crisis prevention operations in the Balkans for the foreseeable future.

The pursuit of new political partnerships

This ever-closer cooperation with the European Union is also strengthening NATO. On the basis of the joint declaration adopted in 2016, both organisations now work together on numerous projects, which also provides for a continuous exchange at the level of senior officials and mili-

tary staff. Among those areas in which non-military cooperation between NATO and the EU can contribute to enhancing capabilities, are initiatives to coordinate practice in securing energy, transport, digital and space infrastructure. These were among the recommendations proposed in the Final Assessment Report of the NATO-EU Task Force on Resilience of Critical Infrastructure. However, it will be essential for NATO and the EU to move beyond complementarity towards genuine collaboration.

The trend of NATO's transformation from a purely military-defensive organisation into an internationally active alliance, having been evident for years, will only continue to advance against the backdrop of growing strategic insecurities. NATO's partnership policy will be obliged to develop individualised programmes to enable in-depth consultations. Moreover, the growing security threat from China will see NATO increasingly focus on developing its presence in the Asia-Pacific region. As the most recent discussions regarding the opening of a NATO office in Tokyo have shown, much rides on European partners' ability to reach a consensus.

Is this Europe's hour?

Various factors will pose considerable challenges to the North Atlantic Alliance's capacity to act effectively for the foreseeable future. These not only include uncertainties relating to the continuing war of aggression against Ukraine, the need for reliable security guarantees for Ukraine, and the unresolved strategic task of containing Russia. The unknown character of any future relationship with a possible post-Putin Russia, together with uncertainties about US global-strategic orientation after the autumn 2024 presidential election, and many other growing strategic uncertainties, are affecting NATO's capacity to act. To a greater extent than in the past, European NATO partners will be required to scale up their defence efforts and make a substantively larger and more effective contribution to their own defence than ever.

Key Messages

- In 2024, NATO's capacity to act will hinge considerably on its capabilities with regard to deterrence and transatlantic cooperation.
- NATO must find a solution to Ukraine's security needs, which neither prolongs the war, nor gives rise to zones of varying levels of security within Europe.
- NATO will continue to face challenges in the Balkans due to the unstable regional situation and Serbia's increasing interference in the security affairs of Kosovo and Bosnia-Herzegovina.
- NATO and the European Union must enter into genuine cooperation, beyond complementarity, with a view to enabling Europeans to take even greater charge of solving their own security problems than before.
- In the interest of assuring its capacity to act, the North Atlantic Alliance must develop an individualised partnership policy and strengthen its presence in the Asia-Pacific region.

Failure of climate policy, decarbonisation and energy transition in Europe

Eva Widhalm

Climate change is one of the megatrends that is radically transforming states, economies and societies. The European Union has already taken considerable political and legal steps along the path towards a green transition. However, a number of concurrent processes need to be reconciled within the framework of climate policy, in order to win over the public. Moreover, climate policy must always also be viewed through the lens of security, defence and geopolitical developments.

Stress testing European climate policy

The European Green Deal has set out to achieve climate neutrality by 2050. Since Russia's full-scale invasion of Ukraine in February 2022, the

resulting energy shock and supply bottlenecks seen during the COVID-19 pandemic, efforts to accelerate the energy transition have been massively scaled up. According to the International Energy Agency (IEA), the recent escalation of the Middle East conflict is also exerting increasing pressure on oil and gas prices. The exposure to blackmail resulting from the large-scale reliance on fossil fuels has brought about a change of mindset in broad sectors of the economy, industry and politics.

In this regard, the EU's stated objective was to reduce Russian gas imports by two thirds by the end of 2022. Various EU Member States, however, have so far not significantly reduced their dependence on Russian gas, Austria being among them. As such, there are currently no plans to withdraw from the gas supply contract signed by the Austrian Mineral Oil Administration Stock Company (OMV) and Gazprom in 2018, which remains in effect until 2040. In order to reduce their dependence on fossil fuels, many EU Member States are harnessing nuclear power alongside renewable energy sources to ensure security of supply. However, this is a source of disagreement among EU Member States. A further consequence has been the emergence of new dependencies upon the USA, as the most important supplier of liquefied natural gas (LNG).

The EU is alive to the risk of new, geopolitically consequential dependencies arising in the course of decarbonisation (increasingly termed "defossilisation") steps. There are also concerns about possible repercussions, whereby a too sudden drop in demand for fossil fuels could precipitate falling prices, which, in turn, might stimulate demand for these very same fossil fuels in other countries. Apart from which, China dominates the entire green technology supply chain, and this is not expected to change for some time to come. Control over these supply chains is, therefore, becoming a crucial geopolitical factor, since it is obvious that vulnerable supply chains can threaten security of supply. Developments in Taiwan, the current global leader in the development and manufacture of state-of-the-art semi-conductors, should also be viewed from this perspective. Further relevant developments relate to China's exploitation of the Congolese Copper-Cobalt Belt for the green mobility industry, and the closer cooperation among BRICS countries in the field of energy products and services.

With ambitious initiatives—like the European Green Deal Industrial Plan and the Net-Zero Industry Act (NZIA)—the EU intends to meet at least

40 per cent of its own annual demand for clean energy technologies by itself, by 2030. The Critical Raw Materials Act (CRMA), which provides for the diversification of supplies, should also be seen in this light. At the same time, uncertainty abounds owing to high inflation, steep rises in energy costs and debt interest rates. The re-purposing of vast swathes of the countryside as photovoltaic (PV) and wind energy farms, together with the development of new mines, to reinforce the EU's strategic autonomy, is encountering some resistance.

Consequences of climate policy failure in Europe and Austria

According to the Intergovernmental Panel on Climate Change (IPCC), current global efforts to protect the climate are far from adequate. Limiting climate change to 1.5°C or a maximum of 2°C above pre-industrial temperature levels, as required by the Paris Agreement, is now scarcely achievable. NATO expects to see a temperature rise of at least 3°C by the end of the century. This means that the security policy consequences of climate change in Europe and Austria will become more severe in the next five to ten years, regardless of whether the energy transition is successful or not. Climate change is a megatrend, which adversely affects and amplifies all risks, whether they concern crises or conflicts, rising levels of migration, natural disasters, eco-systemic emergencies or conflicts over resources.

The climate crisis is expensive. The annual cost of economic damages incurred within the EU alone, due to more frequent and increasingly intense climate and extreme weather events, currently exceeds 12 billion Euros. A recent EU study highlights the massive climate-related risks to critical infrastructure for civilian energy production, as well as military assets, capabilities and operations. This has major implications for the operational effectiveness and mission-readiness of armed forces. In Austria, critical infrastructure and supply security for essential-for-life goods are particularly vulnerable. According to a study financed by the Climate and Energy Fund (Klima- und Energiefonds), the Austrian economy will suffer annual losses of up to 8.8 billion Euros by 2050, due to climate change. In addition, Europe's geostrategic environment is set to deteriorate, owing to intensifying crises, conflicts, mounting pressure from migration and terrorism, and more pandemics.

To this end, a new EU Climate Adaptation Strategy was adopted in 2021, to launch measures preparing for the impacts of climate change. Armed forces are key players in the adaptation process. In order to take the climate-security-defence nexus into account, the EU's Strategic Compass envisages the need to draft national climate strategies to prepare armed forces to deal with climate change impacts by the end of 2023. Austria, together with France and Sweden, is in the vanguard, having already drawn up a Policy on Climate Change and Defence in December 2022.

The status quo and prospects for a successful energy transition

According to IEA analyses, the beginning of the end of the fossil-fuel age has dawned. Under the current political circumstances, demand for each of the three fossil fuel sources will no longer continue to rise, thanks to the extraordinary growth in renewable energy capabilities. In 2024, the equivalent of the entire electricity requirements of China and the USA could be supplied by renewable energy sources. Yet the burning of fossil fuels remains at a high level, while global energy consumption also climbs, owing to increasing electrification of the energy sector and the tremendous push for digitalisation.

Developments and advances in the respective fields of security and climate policy within Europe are closely associated with the EU's strategic autonomy, and the involvement of like-minded states. Europe has the potential to inspire technological developments and innovations, which could, in turn, drive forward the transformation in other countries, within the framework of international cooperation, and with financial investment. Another aspect is the economic case for the shift to renewable energy sources, which many countries have already recognised. If planned strategically, decarbonisation can reduce dependencies, underpin the development of resilience, and foster decentralised structures.

Yet the energy transition stands and falls by popular levels of goodwill and awareness, since it is populations that must be brought on board with these measures. In addition, political decision-makers will need to be brave enough to take the long-term, at first seemingly unpopular decisions, which cannot be avoided at the beginning of a process of soci-

etal and economic transformation on this scale. Only with the necessary engagement among EU Member States, can the EU achieve its ambitious goals. The next five to ten years will tell whether the critical junctures have been crossed in time to accomplish the energy transition.

Key Messages

- The implications of the impacts of the climate crisis are already huge in terms of security policy and economic losses.
- A strategically planned European energy transition can reduce dependencies, underpin the development of resilience, and foster decentralised structures.
- An ill-conceived decarbonisation strategy risks engendering new dependencies and geopolitical rivalries, and also threatens supply security with vulnerable supply chains.
- Climate policy must be thought through in a manner that cuts across sectors and drives societal transformation forward in a socially just way, enabling a "just transition".
- A failure of climate policy in Europe is not yet in prospect. Large sectors of the economy and industry have already recognised the inherent economic advantages, the imperative need and opportunities on offer.

The European Space Strategy and its implications for Austria

Wolfgang Manzl and Camila Rauchwerger

The strategic importance of the space domain as an arena for the assertion of geopolitical power interests is now undisputed. As a global actor in the space arena, the EU seeks to strengthen its sovereignty in the space domain by integrating security and defence into its strategic space programme, the EU Space Strategy for Security and Defence (EUSSSD). The Austrian Ministry of Defence has also recognised the increasing significance of the space domain for security and defence. It has accordingly developed a comprehensive, future-oriented military space strategy, which is designed to complement its civilian space strategy, and offer synergies with the EUSSSD.

The importance of space for security and defence

Space has acquired a critical role for Security and Defence in the light of the growing and unpredictable security challenges of the 21st century. The global security landscape is changing rapidly, as it reflects rising geopolitical tensions, ever more intense competition for resources and the proliferation of advanced technologies. The increasingly intense rivalry between the USA, China, India and Russia also plays out in the space domain, where ever more reckless and hostile behaviour can be observed.

This has led to a near unfathomable arms race in surveillance and defence capabilities to ensure security in space. Dominance in the space arena is crucial for securing supremacy in the air, land and maritime domains, as well as in the electromagnetic field, in order to directly influence the outcome of conflicts. Space infrastructure and space-based services provide critical support for military operations and missions.

Attacks on critical space infrastructure are tactics of hybrid warfare, as demonstrated, for example, by Russia's cyber attack on the satellite KA-SAT network used by Ukraine before the start of Russia's war of aggression on 24 February 2022. Of course, satellites are not only vulnerable to cyber attacks, but are also exposed to other risks and threats including from collisions with other satellites and space debris, natural and artificial interference in the electromagnetic spectrum and a growing number of espionage attacks.

With its space programme, the EU is one of the global players in space. The EU has its own satellite infrastructure for positioning, navigation and timing (GALILEO), as well as for earth observation (COPERNICUS), and a third constellation for secure connectivity—Infrastructure for Resilience, Interconnectivity and Security by Satellite (IRIS²)—due in 2025. In addition, many Member States and private companies in the EU have their own space capabilities, which serve both civilian and defence and security purposes. The EU developed its Space Strategy for Security and Defence (EUSSSD) as a blueprint for the safety and protection of these critical space infrastructural assets and space-based services.

The EU Space Strategy for Security and Defence

The EUSSSD addresses the context of a congested, contested and intensely competitive space environment, in which the EU encounters increasingly hostile behaviour from strategic competitors. The Strategy itself forms part of the EU's broader security and defence agenda, chiming with the objectives set out in its Strategic Compass, which identifies space as a strategic domain. Building on the political momentum of the Strategic Compass, development of the EUSSSD concluded in 2023. The EU High Representative, the European Commission and Member States are coordinating its implementation in accordance with the relevant European Council resolutions.

The EUSSSD seeks to optimise the contribution of space to the EU's security and defence, and to establish the EU as a responsible actor in space. The resilience and protection of existing and future European space infrastructure and space-based services must be ensured commensurate with their critical role for the EU's strategic autonomy. The development of dual-use space infrastructure and space-based services is intended to create synergies between the EU's space-related capabilities and those of individual Member States, as well as supporting integration of the defence and security dimension into the EU Space Programme. The EU is planning two pilot projects: one to test initial Space Domain Awareness Services (SDA), and another for a new Earth observation governmental service, which will take the requirements of the security and defence sector into account from the outset.

It is envisaged that the planned Information Sharing and Analysis Centre (ISAC) will serve as a hub for informal collaboration between commercial organisations and relevant public and academic bodies, by facilitating an exchange of practice on resilience measures for space capabilities. In order to promote a better common understanding of threats in space, the High Representative will conduct an annual space threat landscape analysis at EU-level through the Single Intelligence Analysis Capacity (SIAC). The identified threats will serve as a basis for planning further EU space projects, including the development and establishment of joint capabilities for the protection and security of European space infrastructure and space-based services.

An essential strand of the EUSSSD's implementation relates to the strengthening and forging of external partnerships. The EU and its Member States will continue to work within the framework of the United Nations to promote and assert common standards for the sustainable use of outer space. With regard to practical cooperation, the USA and NATO remain the EU's most important partners.

Austria in space

At a national level, Austria recognises the need to become more deeply engaged in space, and is actively working at all levels to secure its own access to outer space, as well as that of the EU. Considering the increasing significance of space for national security, the Austrian Ministry of Defence has developed a comprehensive and future-oriented military strategy for space, which complements the national civilian space strategy, and offers synergies with the EUSSSD.

The Austrian Military Strategy for Space 2035+ is founded in the principles of international law, neutrality, and the promotion of peace and cooperation. The strategy's vision is to bring about a paradigm shift by transforming the Austrian Armed Forces from the status of purely utilising, to one of operating and providing the space infrastructure and services which are developed and managed in cooperation with partners.

At a European level, the Austrian Defence Ministry and Armed Forces are planning to participate in the EU's pilot projects in Space Domain Awareness and the earth observation governmental service. The Austrian Armed Forces' integration in the EU's defence offensive for space will be enhanced further by participation in EU exercises on political and operational levels. Moreover, the momentum of EU and NATO cooperation in the space domain is expected to generate valuable opportunities for Austria within the framework of NATO's Partnership for Peace. This includes the exchange of information relating to space activities, participation in joint exercises and training, and involvement in political dialogue concerning space security issues.

Key messages

- The space domain is crucial for the assertion of geopolitical power interests.
- Space infrastructure and space-based services provide critical support for military operations and missions.
- The EUSSSD offers a blueprint for bolstering the resilience and protection of existing and future European space infrastructure and space-based services.
- The Austrian Defence Ministry's Military Strategy for Space (ÖMWS) 2035+ will bring about a paradigm shift whereby it no longer purely uses, but in fact manages space infrastructure and services.

5 Risks and challenges for Austria

Risks and challenges for Austria

Silvia Angerbauer

The risk monitor 2024 points to growing confrontational tendencies in the geopolitical situation, a progressive weakening of the rules-based, values-based international order, together with a negative dynamic in respect of regional conflicts and mounting hybrid threat scenarios. Both Russia's war of aggression against Ukraine and the escalation of the Middle East conflict, together with their associated regional and global ramifications, will continue to define the security policy environment. In summary, Austria's security situation will continue to be challenged by a myriad of risks for the foreseeable future.

As was the case in previous years, the risk monitor 2024 continues to forecast an inauspicious security environment ahead. This makes pro-actively shaping this environment more pertinent than ever. Austria must not assume a passive role, but make the best possible, most effective use of the resources available to it. In tandem with continuously

developing Austria's response capacity on a national, government-wide level, including its military national defence capability, Austria must move forward with efforts to boost its strategic competence and to implement the current strategy processes. The continuing further development of the Austrian Security Strategy will be particularly significant in this regard.

Strategic competence and the strategy process

The term strategy refers to an overarching concept or approach that is geared towards reaching a long-term, overarching objective. Originally, strategies were employed primarily in a military context, as in a defence strategy. In this publication and in current academic discourse, however, strategy is usually understood in a more general, action-theoretical sense, along the lines of "a plan through which an actor attempts to coordinate goals, means and methods" (see the article by Martin Senn). Both the articles in this publication and the Austrian risk assessment conclude that Austria lacks capacity in the area of strategic competence.

On the other hand, the development path for the Austrian Security Strategy aims to counter this finding. According to the resolution adopted by the Federal Government[27], its new Security Strategy conforms to a broad concept of security. It sets out to be open and transparent in naming risks, to provide direction regarding Austria's stance on key issues, and outline the sets of measures it will employ to leverage opportunities and minimise risks in broadly defined operational areas. Moreover, the need to monitor, and thereby assure the strategy's sustainable implementation, must also be considered.

The other processes discussed in this publication for drawing up national, government-wide strategies at sectoral and/or departmental levels are also of heuristic value for developing strategic expertise. The Austrian Cyber Security Strategy, which was last updated in 2021, takes a government-wide approach to cyber security (see the article by Daniel Hikes-Wurm and David Song-Pehamberger). The Austrian Federal Defence Ministry has devised a policy entitled "Climate Change and the

27 Austrian Federal Chancellery (2023) "Vortrag an den Ministerrat 54/5. Weiterentwicklung der Österreichischen Sicherheitsstrategie"/"Submission to the Council of Ministers 54/5. Evolution of the Austrian Security Strategy", https://www.bundeskanzleramt.gv.at/dam/jcr:74c7f160-5ee4-49d6-9f2f-c23f8b76aa90/54_5_mrv.pdf (Exclusively German)

Role of the Armed Forces", which aims to promote the Austrian Armed Forces' operational capacity, with particular regard to the security-related challenges of climate change, while also contributing to meeting Austria's climate targets (see the article by Eva Widhalm). The recently drafted Austrian Military Strategy for Space 2035+ is intended to develop the Austrian Armed Forces into a contributor and provider of space infrastructure and services in the longer term, thereby also contributing to the unrestricted and safe use of space-based technology on a national level (see the article by Wolfgang Manzl and Camila Rauchwerger).

The Federal Crisis Security Law was also finalised in 2023. This legislation provides for the creation of an organisational framework and interdepartmental bodies for crisis management, and also ensures information will be shared in a comprehensive and continuous fashion. To ensure the crisis management measures taken gain acceptance among the public, it also sets out comprehensive obligations around reporting and record-keeping. Other key security actors, such as regional state governments and emergency service organisations will also be brought on board. Thus, the state's crisis management systems will, for the first time, be legally defined and sufficiently structurally advanced to be capable of responding to real-time threat scenarios in a coordinated manner.

All these Strategies, together with the follow-up measures born out of strategic considerations, are intended to follow a government-wide approach to security. They are the products of a process of strategic co-operation which brings together stakeholders from all fields, strata of society, and politics, and enlists all available ways and means in pursuit of security policy goals.

A broad-based approach to national defence and security

In the light of the growing military threat level in Europe, a broad-based approach to comprehensive national defence is gaining prominence again. Numerous articles in this publication address this broad-based operational security framework, either implicitly or explicitly, such as those by Klaudia Tanner or Johannes Kopf and Mathieu Völker. The foundations for considering security in a holistic manner were already laid decades ago. Following the end of the Cold War, when military

conflict in Europe seemed unlikely, the concept of broad-based security preparedness was introduced alongside the existing broad-based approach to comprehensive national defence. Even at that time, this new thinking anticipated the need to proactively review security-related developments, even in areas that went beyond the traditional concept of comprehensive national defence.

Today, this broad-based national security approach, as a core function of the state, should not be deemed outdated, but must be reinterpreted and understood in the context of the European Union's Common Security and Defence Policy (CSDP). The sub-domain sectoral areas of broad-based national security, i.e. military, intellectual , civil and economic national security, must be strengthened, and important new dimensions such as ecology and health given due attention. In the case of intellectual national security, for example, the strengthening of democratic values must remain in focus as an overarching priority. Against a background of increasing societal polarisation, disinformation campaigns and weakened trust in democratic systems, this sub-domain sector of the broad-based national security approach appears increasingly relevant. At stake here is not only the fundamental consensus on human rights and individual freedoms, but also the preservation of an open and democratic society. So-called "fake news" and "alternative facts"—or the act of calling the truth and facts into question—pose an intrinsic threat to the basic democratic order (see the contributions by Camillo Nemec or Günther Ogris).

National economic security is understood here as referring to preventing excessive foreign influence, ensuring companies have adequate levels of crisis-resistance and resilience, reducing or managing resource dependencies and protecting critical goods and infrastructures. While this requires a certain degree of autarky, it must be realised on a European level. For technological and digital security, for example, the production of certain critical goods must be secured within the EU. Supply chains must be reassessed and dependencies on quasi-monopolistic states and large corporations reduced. Effectively managing foreign trade and monetary policy, maintaining stability in financial markets and diversifying production bases and trading routes are at least as important. Targeted economic policy, which focuses on Austria's strategic interests within the European context, must take better account of strategic dependencies and be conducted in a sustainable and manageable

way, in order to become more resilient overall (see, for example, the contributions by Peter Klimek, Karin Küblböck and Bernhard Tröster, and also Johannes Kopf and Mathieu Völker).

There is also a need for further development in the area of civilian national security. This includes preparations and regulations for civil defence in the event of an attack that endangers sovereignty, and for measures to protect the population from natural disasters and existential threats to life. In particular, this also requires an operational state crisis and disaster management system, which leverages regular risk studies, and a network of delegated authorities functioning as a crisis warning system. In this regard, measures within the framework of the latest Austrian Security Strategy should be consciously revisited. It will be particularly incumbent on the relevant bodies cooperating under the Federal Crisis Security Law to introduce broad-based implementation steps.

The ecological dimension of security deserves just as much attention. The impacts of climate change pose growing challenges to Austria's resilience posture. These range from climate change as a trigger for displaced populations, to the vulnerability of supply chains and the resilience of critical infrastructure. It is essential to keep the public informed about the necessary preparatory measures, without inducing undue alarm or fatalistic resignation in the face of overwhelming challenges.

From a conceptual perspective, re-imagining the broad-based national security approach mentioned above will need to be handled in tandem with the Austrian Security Strategy. Further necessary steps to increase overall levels of national resilience and defence capability will naturally emerge in the course of implementation. These should be set out in a corresponding planning and implementation document in the form of a national security plan[28]. To this end, all available measures in the sub-domain sectors of civil, military, intellectual and economic national security, in the European sense, should be given due attention, including measures for ecology and health, as appropriate.

28 Landesverteidigungsplan 85 (LVP 85)/National Defence Plan 85 (Exclusively German)

Challenges for the military dimension of national security

Military national security—or "defence of the nation", as it is known in Austria—is the Austrian Armed Forces' designated primary function according to the Federal Constitution. This function has acquired heightened significance since the return of war in and around Europe. In other European countries, defence of the nation is a core function of—and one which has its organisational basis in—the state. For NATO member states, these defence structures operate on both Alliance and national levels. All other functions are subordinate to this.[29] The objective of military national security is to preserve Austria's territorial integrity and sovereignty, and to protect and defend Austria's constitutional institutions and their operational capacity, together with the democratic freedoms of the population, from violent attacks. The Austrian Armed Forces must therefore be in a position to defend Austria, and sustain the foreign policy capacity of the federal government and the EU, by committing high-level troop contingents to international operations (see the article by Bruno Günther Hofbauer).

Neutral states have a very particular need for credible military deterrence, as they do not share in the collective security benefits afforded by a military alliance (see the article by Andreas Stupka). In any case, this increases the need for modern and efficient defence capabilities to combat both conventional and sub-conventional threats. These range from disinformation and economic threats, to the use of military force in the final phase of hybrid warfare. The modernisation demands on the Austrian Armed Forces are high, owing in part to substantial requirements to make up for lost ground, and partly also due to the scale of technological advances. For example, hostile attacks by opponents using artificial intelligence for military ends can only be held off or countered by deploying artificial intelligence means in return (see the article by Florian Goiser).

The National Security Funding Act, and the resulting Austrian Armed Forces 2032+ Development Plan, have already enabled the initiation of planning and implementation steps designed to restore and expand existing capabilities, as well as to develop new military capabilities. In view of the high costs and limitations associated with modernising its national

29 Cf. Bundeswehr (2023): "Verteidigungspolitische Richtlinien"/"Defence Policy Guidelines", https://www.bmvg.de/resource/blob/5701724/5ba8d8c460d931164c7b00f49994d41d/verteidigungspolitische-richtlinien-2023-data.pdf (Exclusively German)

armed forces, Austria cannot viably forgo opportunities to participate in European defence initiatives and armaments cooperation. The Europeanisation of procurement and defence research programmes remains a security policy imperative for Austria (see the articles by Mark Dokic and Christian Thuller, and by Florentin Schlager and Andrea Marjanovic).

The underlying principle of modern security thinking must be to assemble all the state's means and instruments to achieve the optimal, coordinated effect. In the 21st century, security is much more than an exclusively military function—it is about defence of the nation within a national and European framework, but also about civil defence and civil protection, international crisis management and development policy. We need to protect technologies and critical infrastructure, safeguard cyber-, space, raw material, energy and food security, deal with the climate crisis and pandemics, and become better equipped to counter disinformation and other forms of foreign influence. The scale of the challenges pervades all aspects of our lives. Security therefore cannot be a function reserved only for the federal government, but is an area that requires the collective engagement of society at large.

Key Messages

- In tandem with implementing ongoing strategy processes, Austria must move forward with efforts to bolster its strategic competence.
- Processes to devise national, government-wide core and sector-level strategies support strategic competence building gains. A further developed Austrian Security Strategy , and its sustainable implementation, assume particular significance in this regard.
- The concept of broad-based national security as a core objective of Austrian Defence and Security policy must be developed further within the European framework. Steps to boost government-wide resilience and defence capability must be set out in a corresponding planning and implementation document.
- Military national security has acquired heightened significance since war returned to Europe and its neighbourhood. The Austrian Armed Forces must be in a position to defend Austria in the centre of Europe.
- The commitment of high-level troop contingents for international operations must continue, in order to bolster the foreign policy capacity of the Federal Government and the EU.

Strategy development in Austria's foreign and security policy

Martin Senn

This article examines the factors that influence the development of overall strategies in Austria's foreign and security policy. Using a comparative representation of strategy development in small European states as a basis, the article comes to the conclusion that strategy development in Austria is hesitant, fragmented and non-institutionalised. As an explanation for this finding, the author cites a perceived detachment from world politics, the Europeanisation of Austrian foreign and security policy and a lack of political leadership and strategic culture.

A strategy is essentially a plan through which an actor attempts to coordinate goals, means and methods.[30,31] The term "grand strategy" or overall strategy, which is the subject of intense debate in research, refers to a state's fundamental and comprehensive plan in the area of foreign and security policy.[32] In contrast to divisional or sub-strategies, which deal with specific policy areas or regions, a grand strategy spans and integrates several policy areas. It describes the interests a state has, how it prioritises them, what challenges and opportunities exist for these interests and which resources should be made available to implement them. In short, a grand strategy "is a state's guiding concept of where it wants to go and how it wants to get there".[33] It is the ideational hinge between a state and the (dis)order surrounding it as well as between its past, present and future.

Small states and grand strategies—a comparison

For a long time, academic research on grand strategies was dominated by the view that the formulation of such strategies was reserved for great powers and medium-sized powers, while small states had only limited opportunities and capabilities to formulate independent grand strategies (see Wivel 2021).[34] Recently, however, the view has gained ground that it is precisely the smaller resources and greater vulnerability of small states that are strong imperatives for strategy development. Indeed, a look at small European states in the period since the turn of the millennium (see Fig. 1) shows considerable intensity in the development of grand strategies.[35]

30 Hal Brands (2018): American Grand Strategy in the Age of Trump. Washington, DC, USA. Brookings Institution Press, p. ix

31 Terry L. Deibel (2007): Foreign Affairs Strategy. Logic for American Statecraft. Cambridge, Cambridge University Press, p. 3 et seq.

32 Thierry Balzacq, Ronald R. Krebs (2021): The Enduring Appeal of Grand Strategy, in: Thierry Balzacq, Ronald R. Krebs (publ.): The Oxford Handbook of Grand Strategy. Oxford, Oxford University Press, pp. 1–21

33 Hal Brands (2018): American Grand Strategy in the Age of Trump, p. ix

34 Anders Wivel (2021): The Grand Strategies of Small States, in: Thierry Balzacq, Ronald R. Krebs (publ.): The Oxford Handbook of Grand Strategy. Oxford, Oxford University Press, pp. 489–505

35 How we define and thus delineate small states is still the subject of academic debate. This overview includes i) states in the geographical area of Europe, ii) states that are widely referred to as small states in the literature, and iii) overall strategies on their own (i.e. security strategies/foreign and security policy strategies). The intensity of strategy development is also remarkable when compared with the larger European countries. For example, Italy has not presented any actual grand strategy to date and Germany only one since 2023 (although it did present white papers in 2006 and 2016). The UK and France have each produced four strategies since 2000. For a possible definition of small states, see Baldur Thorhallsson (2015): How Do Little Frogs Fly? Small States in the European Union. Norwegian Institute of International Affairs, Policy Brief, p. 2

Figure 1: Grand strategies of small European states since 2000. The countries have been ranked according to the number of grand strategies and the year of the most recently published strategy (green). In the case of the Netherlands, security strategies from 2007 and 2010 were not included, as these were predominantly domestic in nature. Austria's security policy concept from 2005 was not published, but was included in this overview.

Among these 34 small European states, Austria is one of a group of 15 countries that have formulated three or more overall strategies since 2000. However, it is also clear that Austria is not as up-to-date as it could be in terms of its overall strategy. Only four countries have strategies that are as old as or older than the Austrian security strategy from 2013. In contrast to Finland and Switzerland, for example, the strategy development process has not been formalised. Whether, when and how a new overall strategy is developed is therefore solely at the discretion of the federal government. Lastly, there is also evidence of fragmen-

tation in strategy development in Austria to the effect that strategies for different areas of foreign policy (Security/2013, Foreign Trade/2018, Foreign Culture/2020) are developed at different times, but are not brought together in an overall strategy or coordinated in terms of their objectives and resources.

Strategy development in Austria—explanatory factors

Austria's hesitant, fragmented and non-institutionalised strategy development is the result of a confluence of at least four factors. Firstly, it is likely that a perceived disengagement from global politics following the end of the East-West conflict and the eastward expansion of the EU and NATO has inhibited the development of overall strategies in Austria. Secondly, the Europeanisation of Austrian foreign policy has also played a role in this context. In view of the strategy development at European level (European Security Strategy 2003, EU Global Strategy 2016, Strategic Compass 2022), the need for the ongoing (further) development of national strategies has tended to take a back seat.

Thirdly, the lack of political leadership has also played a not insignificant role. Unlike in Switzerland, where the Federal Council has instructed the Department of Foreign Affairs to present a foreign policy strategy at the beginning of each legislative period, there is no "centre of gravity" for the development of grand strategies in Austria and indeed no part of the federal government that has traditionally been dedicated to this and driving it forward. Parliament is also rather reluctant to do so, although it did call for a revision of the security strategy in a motion for a resolution in April 2023.[36]

Last but not least, the lack of a strategising culture in Austria is also likely to be a stumbling block. On the whole, debates on foreign and security policy as well as academically based educational programmes in these areas exist only in the margins, although this is by no means specific to Austria. An examination of the question of what role strategies play in foreign policy, how (small state) strategies can be structured and

36 While there would be the option of legislation for a strategy process—such as in the case of the Goldwater-Nichols Act of 1986, by means of which the US Congress determines the formulation of security strategies by the respective administration—in realpolitik terms this seems unlikely due to the relationship between parliament and government.

what constitutes strategic thinking is discernible only in a nuanced way in Austria. As such, there is no breeding ground for awareness and skills in the area of strategy development in Austria.

The future of strategy development in Austria

There is no doubt that the revision of the Austrian security strategy from 2013 is necessary in view of the fundamental changes in European and global security architecture. In terms of domestic policy, however, it comes at an inopportune time in view of the upcoming National Council elections in 2024, as electoral considerations (for example with regard to neutrality) can easily obscure foreign policy interests and priorities. One can only hope that the government will strive for an urgently needed, sustainable institutionalisation of the strategy process—after all, to end with Dwight D. Eisenhower's bon mot: "Plans are nothing; planning is everything."

Key Messages

- Grand strategies or overall strategies are the hinge between a state and the (dis)order surrounding it as well as between its foreign and security policy past, present and future.
- On the whole, small European states are showing a high level of intensity in developing overall strategies (even compared to larger states).
- Austria is one of a group of 15 small states that have formulated three or more overall strategies since 2000. However, only four out of a total of 34 small states have strategies that are as old as or older than Austria's security strategy from 2013.
- Overall, Austria's strategy development can be described as hesitant, fragmented and non-institutionalised.
- This development is the result of a perceived disengagement from global politics, the Europeanisation of Austrian foreign and security policy and a lack of political leadership and strategic culture.

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Disinformation as a component of hybrid threats

Camillo Nemec

A global communication contest between political systems and nebulous actors, carried out by means of disinformation campaigns and simplifying narratives, is increasingly dominating political and social discourse. The aim is to divide and polarise democratic, pluralistic societies, undermine trust in politics, the media and state institutions and to raise doubts about democracy. The intention is furthermore to influence democratic processes, such as elections, and to disavow political parties or companies.

When the truth no longer has any meaning

Disinformation is not a new phenomenon. Propaganda and information campaigns, especially before elections or to initiate or legitimise polit-

ical upheaval, have existed since the beginning of human communication. However, rapid advances in digitalisation, social media platforms that allow disinformation to be distributed around the world in near real time and various forms of automated communication have given disinformation a global stage.

The aim is to undermine society's trust in politics, the media and institutions, cast doubt on democracy, increase political tensions and influence democratic processes such as elections. The intention is to discredit individuals, political parties or companies, create social instability, polarise societies and destabilise financial markets. The fuelling of prejudices and hostilities can intensify actual conflicts or trigger crises. Disinformation and/or conspiracy theories can be used to dangerously intensify social, political or economic conflicts caused by extraordinary events. Examples in this context include the 2015 refugee crisis, the COVID-19 pandemic, the Russian war of aggression against Ukraine and Hamas' attack on Israel in 2023.

The perpetrators of such disinformation campaigns often remain hidden. In addition to state actors, proxies, state-controlled media or publicly acting government representatives, these can also be individual politicians, political parties, extremist groups, influencers, private companies or covert state-funded networks. They use various tools such as social bots, trolls, phishing, hacks and leaks to gain control of social media accounts in order to influence public opinion. In some countries, such disinformation campaigns are even part of the foreign policy repertoire.

Manipulation of emotions through images and videos

It is not always text that is used to spread disinformation. Images and videos have also gained in importance as they trigger immediate emotions. There no longer seems to be any room for the truth here: Manipulated images or videos, so-called "deep fakes", which are now being generated with the help of artificial intelligence, convey messages with high political, religious and social explosive power. One example of this is the fake TV speech by Ukrainian President Volodymyr Zelenskyy to the Ukrainian armed forces, in which he supposedly calls on them to lay

down their arms. Another example would be Russian President Vladimir Putin's apparent genuflection before Chinese leader Xi Jinping.

Identifying disinformation as such is a major challenge against this background and in view of the information overload. What is more, disinformation can occur in very different contexts. Sometimes information or statements are simply made up, falsified, deliberately taken out of context or exaggerated. Information can be left out, false information added, figures or quotes distorted or the opinion of minorities presented as the majority opinion. In this way, the real world is played off against the digitally created world and "alternative facts" or fake news become the apparent and simple truth for many people.

Disinformation as a strategic weapon

Wars are not only fought with tanks, drones, aeroplanes or missiles. Media propaganda is extremely important; cyber attacks and disinformation campaigns are used in a targeted manner. This can be seen even as a "virtual battle" in the information space for public opinion—on television, radio, in the print media or on the internet. One-sided reporting and false information about the course of the war are intended to create an alternative reality and legitimise the war. This is used to generate emotions, justify the war to the population and arouse patriotism. Many hard-to-verify reports in the form of images and videos are often disseminated in real time on various internet platforms in order to inform, warn, deceive one or other of the warring parties and/or the global public or to document incidents.

This fusion of hybrid and conventional attack methods has never been as obvious and omnipresent as in the Russian war of aggression against Ukraine. Extensive disinformation campaigns with simple narratives to influence society and targeted cyber attacks on state infrastructure or national institutions were used in preparation for the conventional military attack and continue to influence the war.

Influencing or manipulating elections has long been a reality

Disinformation campaigns are a test for pluralistic societies and democratic systems. Topics are no longer determined by trustworthy politicians or competent media. Anyone can post news and information online with different objectives. Disinformation campaigns are used in a targeted manner, particularly in the run-up to elections. In the upcoming 2024 elections to the Austrian National Council, the European Parliament or the US presidency, it is safe to assume that various players will attempt to intervene in the public opinion-forming process. The aim will be to discredit individuals or parties in order to influence the outcome of elections and destabilise democratic processes.

Countering this threat and strengthening the resilience of democratic societies will require cooperation between politicians, political parties, governments, media and internet platforms as well as society as a whole. Strategic communication, a code of conduct, competent reporting and the adaptation of the education system are essential in dealing with this.

Disinformation war around Europe

The democratic system of the European Union is facing major challenges due to serious geopolitical changes, such as the Russian war of aggression against Ukraine or the escalation of the Middle East conflict, and against the backdrop of the traumatising experiences of the COVID-19 pandemic. Manipulative disinformation campaigns, both in the individual EU member states and in the 2024 European elections, will increase sharply and require coordinated action by the European member states.

The European Union reacted to the threats posed by disinformation very early on and has prioritised them on the political agenda. These include the establishment of the East StratCom Task Force back in 2015, the joint action plan against disinformation, the creation of a rapid alert system as an early warning mechanism and the development of the EUvsDisinfo website. The implementation of the Strategic Compass has also focused increasingly on the threat of information manipulation and the exertion of influence from abroad (FIMI).

With regard to Austria, no broad-based, targeted disinformation campaigns from abroad have been observed to date. However, against the backdrop of serious geopolitical changes and the partial affinity with Russia, disinformation campaigns to influence the Austrian political landscape in the run-up to the upcoming 2024 National Council elections are to be expected.

Key Messages

- Disinformation is still an underestimated threat. Disinformation campaigns are contributing to a massive loss of importance for the truth.
- A web of “alternative facts”, fake news and disinformation is putting increasing pressure on the truth.
- Disinformation is increasingly becoming a strategic weapon in war, used to complement the actual weapons of war. Disinformation is intended to influence public opinion in favour of one of the warring parties.
- A disinformation war around Europe has been under way for a long time. In the run-up to the European elections, National Council elections and US presidential elections, disinformation campaigns can be expected.

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Migration flows to Austria

Judith Kohlenberger

Migration to Austria harbours social risks, but in the face of an emerging demographic crisis it also presents opportunities. Realising the opportunities, potential and resources associated with migration to Austria represents one of the key challenges of the coming years. The aim is to minimise the risks of immigration, integration and coexistence in a pluralist society in order to increase the benefits for both sides.

Separating asylum and migration?

The slogan of separating migration and asylum may be justifiable in political terms, but in reality it falls short. On the one hand, the current system does not make this separation, as the events of autumn and winter 2022/23 made clear when Austria recorded a sharp increase in asylum applications. Among the people arriving—before Serbia changed its nationalistic visa policy—were many Indian and Tunisian nationals who neither belonged in the asylum system nor wanted to be in Austria.

Asylum seekers interviewed at the time openly stated that they were not seeking protection status in Austria (which very few would receive anyway), but were instead looking for gainful employment.

Consequently, most of them merely rested in Austria for a few days from the ordeal of irregular migration along the Western Balkan route before travelling on to Western Europe—for example to Spain and Portugal, where many of them found jobs on large crop farms and/or resumed these again once the pandemic was over. Whether or not this was with legal residence status and the associated regular employment, insurance and taxation of their labour remains unclear. In any case, Europe benefits from the cheap labour of these migrants in the form of cheap fruit and vegetables that are available almost all year round.

Irregular migration westwards from Serbia and, if apprehended by the local border police, application for asylum in Austria only became necessary for many of these Indian and Tunisian nationals, because there are barely any regular immigration alternatives for low-skilled workers. Whilst the Red-White-Red Card has been reformed several times already and the EU has created a generally welcome instrument for managing labour migration in the form of the Blue Card, the associated criteria that those wishing to migrate must meet—from knowledge of the national language to the corresponding income levels—are simply unattainable for many.

Migration as an adaptation strategy in uncertain times

Quite generally, the premise of a clear distinction between voluntary migration and involuntary flight needs to be problematised. For years, experts have been observing an increase in mixed migration: Reasons for flight and migration become fluidly intertwined, are mutually interdependent or can change during the journey, for example during longer stays in transit countries.

In a world characterised by geopolitical upheaval and new bloc formations, climate crisis and rising inequality, migration is a geopolitical consequence. Internal migration to the nearest city can help to open up new sources of income, for example in the service sector rather than

in agriculture, just as transnational migration as a result of drought or rising sea levels is sometimes the only viable alternative. Increasingly scarce resources can also increase a country's potential for conflict, for example along ethnic dividing lines, which in turn can trigger refugee movements. All of this is already happening in countries such as Mali or Somalia, with far-reaching consequences for Austria and Europe.

Drawing a clear distinction between "flight" on the one hand and "migration" on the other is thus virtually impossible, especially as the supposed distinguishing factor of "voluntariness" no longer applies in the case of famine, economic deprivation or natural disasters.

Ensuring social cohesion

In these geopolitically challenging times, democracies around the world are coming under pressure, not least due to the lack of or inadequate solutions for the organised reception of refugees, resilient immigration structures and an effective return system for failed asylum seekers. This creates images of chaos and loss of control, which in turn fuels the rise of populist parties that know how to exploit the unresolved "refugee issue" for their own political ends and thereby gain ground in elections. This creates challenges for social cohesion. The promise of Europe and Austria to guarantee a life of freedom and prosperity is being undermined by the countervailing trends of the strengthening extreme political fringes. Upholding fundamental democratic values as central pillars of coexistence and defending them against attacks from within and without has become increasingly urgent in recent years. This is particularly true in view of the escalation of the Middle East conflict, increasing anti-Semitism in Europe and growing polarisation in European societies.

Against this backdrop, the fallacy of being able to preserve open society by enclosing, sealing off and (symbolically or actually) building walls is something that must be recognised. Political science research, but also practical experience, has repeatedly shown that the adoption of right-wing populist positions by the political centre does not help win votes from the political fringes. Instead, it makes anti-democratic and extremist positions acceptable and shifts the boundaries of what can be said. Ultimately, this strengthens not the centre ground, but rather the polarised fringes.

To maximise the population's sense of security and optimise mixed migration for immigrants and asylum seekers, it is important to create legal immigration channels in order to reduce irregular immigration and increase regular immigration. This includes diversifying access routes in order to relieve the humanitarian route—for those who actually have grounds for asylum, but also for the nation state, as asylum is the most expensive immigration option imaginable. This is because every asylum application has to be processed in accordance with the rule of law, but at the same time the asylum seeker is not able to earn a living and thus not able to contribute. It therefore also makes sense from an economic point of view to expand regular immigration routes to work and employment in Austria.

It also makes sense to create resilient reception facilities at federal and state level, which are not dismantled immediately after a case has arisen, but remain in place in the long term. This could prevent images of chaos and loss of control at the borders, which in turn would strengthen trust in government administration and crisis management and minimise feelings of alienation and powerlessness among the population. Furthermore, innovative concepts such as circular migration, training partnerships in third countries and what are known as "complementary pathways" for admission from humanitarian crisis areas can also be considered.

At European level, Austria can act as a role model, as it offers a functioning asylum system, a strong rule of law and fair procedures. That may sound self-evident, but this has long since ceased to be the case, as the competition to undercut asylum rights at European level shows. This poses a risk to the unity and rule of law of the Union, but also to its security. Austria, which with its decades of experience as an economically successful country of immigration and its geographical location in the heart of Europe boasts a high level of reception expertise and a functioning asylum system, can play a constructive role by exerting influence on defaulting Member States, campaigning for sanctions and standing up for fairness, solidarity and the rule of law in Europe.

Key Messages

- Against the backdrop of demographic change and the threat of loss of prosperity, it is important to promote the opportunities and potential of regular migration to Austria.
- Migration offers both opportunities and risks. The lack of or inadequate solutions for receiving migrants and refugees, resilient immigration structures and an effective repatriation process creates a feeling of chaos and loss of control. This strengthens populist parties.
- The reality of mixed migration, in which reasons for fleeing and migrating are intertwined, should be reflected in public discourse.
- Social cohesion can be promoted through resilient reception structures, the orderly admission of asylum seekers and an effective returning process.
- Innovative concepts such as circular migration, training partnerships in third countries and "complementary pathways" for admission from humanitarian crisis areas can offer alternatives to irregular migration.
- In the long term, irregular migration cannot be reduced by protecting external borders and outsourcing, but rather by creating regular migration channels for work and employment in Europe.

Austria's strategic dependencies in transition

Peter Klimek

The strategic dependencies of Austria and Europe are subject to change; this must be understood and managed. Although strategic dependencies cannot be avoided in general, the opportunity exists to make them smarter and more diversified.

The multiple crises of recent years have shown that we can expect further turbulence in the future. The next major acute crisis is difficult to predict. This article aims, however, to identify some starting points that could be key to the defence capability and robustness of Austrian supply and production, regardless of the next crisis' character.

Risks also arise from a lack of awareness of strategic dependencies. These are dependencies for products that are necessary to achieve Europe's strategic goals, such as ecologically sustainable economic growth. These strategic dependencies include critical raw materials, i.e.

those that are of great economic importance for the EU and Austria and at the same time have a high supply risk, such as cobalt, graphite, lithium, manganese, nickel or rare earth elements. A better understanding and monitoring of raw material supply chains is required in order to minimise supply risks.

Squeezed by the market

Magnesium is a clear example of the risks we are exposed to in this context. This element plays a critical role in many manufacturing processes. Without magnesium there is no solidified aluminium, without aluminium there is no automotive production. European car manufacturers and their Austrian suppliers felt the effects of this in 2021. A local government in China ordered magnesium production to be cut back to save energy, almost causing the European automotive industry to collapse.

Until the 2000s, the global production of magnesium was still dominated by Western companies. Supported by massive government subsidies, Chinese producers scaled up their production and flooded the global markets with magnesium, which, according to industry insiders, was sold well below production costs, forcing competitors out of the market. Since the 2010s, more than 90 per cent of global magnesium has come from China, where the achievement of this market position immediately led to a reduction in production and thus to price increases. European producers have repeatedly responded by attempting to establish new and innovative manufacturing processes—only to be confronted each time by price cuts from China. This immediately made these new projects unprofitable and caused them to disappear again.

Magnesium is not an isolated case. A scientific analysis of Chinese party and government documents, planning documents and company reports recently revealed similar state-enforced practices for no fewer than 65 Chinese companies in the non-ferrous metals industry, for example in the case of aluminium, lead and tungsten. Through energy subsidies in particular, the Chinese government intervenes directly in price setting and distorts the global market by creating overcapacity.

Reducing supply risks

Reducing supply risks requires a better understanding of how such risks affect critical or strategic products for specific countries. It also requires knowledge of the key players or stakeholders in these countries and whether dependencies exist through free markets or (partially) state-controlled channels. These findings should be incorporated into international trade strategies and efforts to diversify suppliers.

However, the challenges are not limited to raw materials. Strategic dependencies in active pharmaceutical ingredients, lithium-ion batteries, clean hydrogen, electric cars, photovoltaic systems, semiconductors and cloud and edge services also require more attention. As knowledge about supply chains is generally limited, there is a lack of knowledge about how to design strategies to better manage these dependencies.

Challenges and opportunities presented by the European Green Deal

Managing these dependencies will, however, become necessary. Europe in general and Austria in particular are poor in natural resources, which are urgently needed for the green transition. With the European Green Deal, the European Commission has committed to a series of policy proposals to reduce net greenhouse gas emissions by at least 55 per cent by 2030 and become the first climate-neutral continent by 2050. The Green Deal is at the same time Europe's growth strategy, which aims to decouple economic growth from resource consumption. These ambitious goals require a massive restructuring of existing value creation and production networks, which poses major challenges for the competitiveness of companies and regions in Austria. The Austrian automotive supply industry in particular will come under pressure, as many companies specialise in components that will no longer be needed for electric vehicles.

To summarise, the European Green Deal presents Austria with a number of challenges, but also opportunities. New strategic dependencies will need to be established, but there is an opportunity to make these "smarter" and more diversified from the outset in order to become more resilient overall. The transformation towards greater sustainability harbours the risk of regions with outdated industries being left behind,

which in turn can have serious social and political consequences. At the same time, the ongoing emergence of new, national champions in the field of future technologies is evident—including in Austria, where there are still highly innovative companies and a well-trained labour force. The Green Deal therefore creates winners and losers. However, a better understanding and management of strategic dependencies will enable there to be more winners than losers.

Key Messages

- It is extremely difficult to reliably predict the next major crisis. This makes it all the more necessary to understand and manage strategic dependencies in order to minimise risks.
- Reducing supply risks requires a better understanding of how such risks are concentrated critical or strategic products for specific countries.
- Europe's ambitious goals with the Green Deal require a massive re-structuring of existing value creation and production networks. This poses major challenges for the competitiveness of Austrian companies and regions.
- New strategic dependencies in terms of raw materials cannot be avoided. However, there is an opportunity to make these "smarter" and more diversified from the outset in order to become more resilient overall.

Critical infrastructure protection

Directorate for State Security and Intelligence

As a result of globalisation and supply chain dependence, crises and catastrophes can have cascade effects throughout any infrastructure system, irrespective of the location of the incident. Protection for critical infrastructure can be guaranteed specifically through preventive measures and appropriate legislation. Inter-ministerial cooperation is also of major significance. In future, the rollout of artificial intelligence (AI) will also raise new security aspects.

From the oil price shock to resilience

The oil price crisis of the 1970s triggered by OPEC's response to the Yom Kippur War caused an oil price shock, reminding the Western world of the vulnerability associated with dependence on imported oil. 50 years later, a similar dynamic has unfolded in relation to Russian natural gas, triggered by the Russian war of aggression against Ukraine and the

resulting Western sanctions. The current situation is also having effects on other prices, such as for instance those of basic foodstuffs. Countermeasures aimed at reducing bottlenecks and the risks of an interruption in supplies include, amongst other things, the procurement of raw materials from alternative sources. These stress and resilience tests have resulted both in enhanced resilience as well as increased security precautions in the field of critical infrastructure.

Here it is important to mention the dual circulation strategy of the People's Republic of China which, following the collapse in exports caused by the COVID-19 pandemic as well as the economic sanctions imposed by the USA, has been placing an enhanced focus on domestic sales markets alongside exports. This strategy reduces China's dependence on exports whilst also promoting economic growth, thanks to the "market competition" between its own domestic market and export markets. This "New China Shock" has had impacts on the international market, and has naturally also affected Western supply chain dependency.

Austria's response to the effects of international crises, pandemics and natural disasters has involved, amongst other things, the development of the "Master Plan Raw Materials 2030", which was issued in 2021 by the Federal Ministry of Agriculture, Regions and Tourism. It sets out Austria's raw materials strategy, and is intended to provide an answer to supply risks. It focuses on the increased demand for raw materials, including as a result of decarbonisation, as well as on sustainability.

Uniform minimum standards for critical infrastructure

The EU "Critical Entities Resilience" (CER) Directive makes a significant contribution to promoting resilience. It was approved by the European Council in 2022 and needs to be transposed by the Member States in 2024. The CER prescribes uniform standards in the field of risk management, the taking of appropriate measures and the establishment of a platform for reporting any disruptions in relevant sectors. Although this does not entirely exclude the risk of raw material shocks, a mandatory system of risk management will help in preventive terms to exclude or minimise potential risks.

The programme currently operating in Austria on the protection for critical infrastructure—the "Austrian Program for Critical Infrastructure Protection" (APCIP)—already incorporates the most important aspects addressed by the CER, with current cooperation in the field of "critical infrastructure protection" (CIP) occurring on a voluntary basis between the Directorate for State Security and Intelligence (DSSI) and private companies (public-private partnership). Thanks to the APCIP, the Republic of Austria is very well prepared for potential attacks in terms of prevention and security consciousness. Whereas the EU Directive on the designation of critical infrastructures only covers the energy and transport sectors, from the outset Austria established a holistic concept covering a total of twelve key sectors. The establishment of a statutory basis for security policy advice in the field of critical infrastructure has generated significant added value in terms of the resilience of Austria's security of supply. This covers in particular awareness raising, physical protection measures, monitoring in the event of any specific risk as well as security checks for key personnel. These measures are aimed at protecting against attacks on a preventive basis in order to enable timely action or a response by additional emergency personnel following an incident.

The significance of critical infrastructure has been underscored in particular by Russia's war of aggression against Ukraine. Critical infrastructure facilities are targets in the event of war. Incidents such as the sabotage of the Nord Stream 1 and 2 gas pipelines show how vulnerable industrial facilities constituting critical infrastructure are as well as the serious consequences that a disruption of supply chains can have. The risk of an attack on critical infrastructure, for instance by unmanned drones, has increased as a result of the rapid pace of technological advances. This makes it even more important for companies to cooperate with the authorities in the field of critical infrastructure in order to increase resilience.

National protection for critical infrastructure

As is the case for any emergency response organisation, the Austrian Armed Forces (AAF) provides support for critical infrastructure, whilst at the same time also being an essential user. However, what sets it apart from other emergency response organisations is the special na-

ture of the AAF as a strategic reserve of the Republic of Austria. Thanks to its own barracks and their planned conversion into "security islands", the AAF can operate independently for a certain period of time. Competence is dependent upon the nature of the relevant danger. In situations involving emergency deployments in response to domestic dangers involving policing duties, the AAF will only become involved upon request in order to provide assistance to police forces. Military national defence is a different scenario: here the AAF will take action in accordance with its primary objectives.

However, the holistic approach to critical infrastructure protection and cooperation among different departments is of particular significance. For instance, the Federal Ministry of Defence (MoD) cooperates with the Federal Ministry of the Interior (MoI) in order to ensure special planning and exercises relating to critical infrastructure protection. Cooperation between the MoD and the MoI is also essential with regard to preparation and preventive measures. Cooperation among all authorities and institutions in Austria is thus necessary, not least because all of them are essential users themselves.

Artificial intelligence as a future challenge

AI-supported systems and services will represent a major challenge in future. The implementation of AI in the field of critical infrastructure represents a security challenge in itself, as the connectivity and digitalisation of specific information generated by AI will involve the exploitation of data on an hitherto unimagineable scale. The benefit associated with the optimisation of work processes (e.g. in the field of logistics) must be considered against the risk of a loss of control. This risk is however foreseeable and can be assessed and simulated accordingly.

The Network and Information Security 2 Directive (NIS 2) provides a legal basis for this in order to establish more stringent cyber-security measures in Europe. As far as legislation is concerned, the criminal rules applicable to cyber attacks against critical infrastructure were tightened up in 2023 whilst the legal scope for action in the event of the abuse of business secrets was expanded in 2019. This underscores the importance of protecting critical infrastructure.

Key Messages

- Austria's resilience is set to be enhanced through various measures such as the Master Plan Raw Materials 2030, the CER or NIS 2. This comes as a response to the effects of international crises, pandemics and natural disasters.
- The Austrian Program for Critical Infrastructure Protection essentially features the most important issues addressed in the CER, although in terms of target sectors goes far beyond the reach of the corresponding EU directive.
- Inter-ministerial cooperation is essential in order to protect critical infrastructure. Knowledge regarding critical infrastructure as well as its role in Austria's security of supply is a necessary precondition for cooperation among all authorities and institutions, which are at the same time essential users.
- Artificial intelligence represents a security challenge in itself as the connectivity and digitalisation of specific information by AI will enable the exploitation of data on an as yet unforeseeable scale.

The labour market and comprehensive national defence

Why labour market policy needs to be taken into account within comprehensive national defence

Johannes Kopf and Mathieu Völker

In 1975, with the approval of Article 9a of the Federal Constitutional Law (B-VG), the Austrian National Council adopted a concept that still remains valid—comprehensive national defence (umfassende Landesverteidigung, ULV). Article 9a B-VG defines the sub-segments of ULV as "military, intellectual, civil and economic national defence". Within the ambit of ULV, the task of economic national defence would appear to be to participate in the realisation of European economic self-sufficiency. This also includes a discussion of the role of labour market policy.

Economic vulnerability

The last few years have resulted in several bitter realisations. The pandemic laid bare the disadvantages of global supply chains: the de-localisation of industry to the other side of the world, which was praised during the 1990s on economic efficiency grounds, has shown its darker side. All of a sudden, the production of for instance drugs, microchips and battery storage devices became much more uncertain, thus jeopardising or at least significantly delaying the supply of these urgently needed goods.

Another now famous example of the vulnerability of the Western economy was the Suez Canal blockage in March 2021 caused by an incorrect manoeuvre by a container ship. This resulted in long supply delays and daily financial losses in the billions. The Russian war of aggression against Ukraine in turn woke Europe up to the extent of European energy supply dependence on dictatorial regimes governed by arbitrariness and violence rather than the rule of law and human rights.

Self-sufficiency through European cooperation

Supplying the people of Austria with vitally essential goods, preventing shortages of goods, ensuring the proper operation of the Austrian economy and guaranteeing energy security: all of these tasks fall under the umbrella concept of economic national defence. It is clear from the examples mentioned that all of this can by all means be placed in jeopardy. Experience from the past clearly shows that alternatives need to be developed to precarious forms of dependence in relation to the key supplies. Whilst as a relatively small country Austria does not have many naturally available raw materials, it nonetheless has a well-qualified population and properly functioning democratic institutions that operate in accordance with the rule of law. Complete Austrian self-sufficiency is not possible, and indeed not even necessary. Austria has such close economic ties with its European partners that national self-sufficiency can now only be achieved within the framework of European cooperation.

This consideration might at first sight appear paradoxical: national self-sufficiency only through European cooperation. However, the more comprehensive and intense this cooperation is, the more stable and resilient Austria will be. Conversely, a decline in the level of cooperation

with European partners will result in greater risks for supply, the economy and security. Taking ULV seriously means making the community of European states collectively more independent from global economic upheavals and dictatorial regimes, strengthening the European Economic Area and stepping up cooperation. It is possible to help Europe achieve greater self-sufficiency—whether through re-industrialisation, massive investment in research and development or the more vigorous promotion of sustainable energy sources. The labour market too plays a key role in this regard.

Transformation of the labour market

All relevant sectors that contribute to the green transformation of the economy, that drive forward sustainable energy generation and that can inspire the re-localisation of production, such as for instance industry, research and the public administration, require a trained workforce. Shortages of specialist workers thus have the potential to be a highly risky development. This means, in a nutshell, that demand for qualified workers will exceed the available supply not only in the short term, but also over an extended period of time. The causes of this phenomenon can be found mainly in demographic changes, a reduction in working hours as well as the decline in the (albeit still ongoing, but now falling) importing of immigrant workers from abroad. Hardly any sectors are unaffected by labour shortages, although those in greatest need of fresh workers include the industrial, care and service sectors. Also the public administration will be hit hard by worker shortages in future as the wave of retirements by the Baby Boomer generation continues.

There are significant challenges, and the measures required in order to secure increased European self-sufficiency are complex and require long timescales. However, one thing is certain: the transformations necessary in order to achieve greater self-sufficiency and security of supply can only be implemented if massive investments are made in the education and training of upcoming generations, coupled with retraining for the working population. In addition, there will need to be a closer interface between labour market policy and educational policy in order to exploit existing potential.

Key Messages

- The key issues for economic national defence are supplying the people of Austria with vitally essential goods, preventing shortages of goods, ensuring the proper operation of the Austrian economy and guaranteeing energy security.
- Self-sufficiency can only be achieved through greater European cooperation.
- There is a risk of labour shortages, where demand for qualified workers exceeds the available supply over the medium to long term. Both the green transition as well as economic national defence require well qualified workers.
- In order to implement ULV in the economic sphere as well, Europe needs to achieve greater economic self-sufficiency. This needs to occur in parallel with shrewd investments in labour market and educational policy measures as well as measures to combat labour shortages.

CameraCraft/Shutterstock.com

Is polarisation putting democracy at risk?

Günther Ogris

Despite the rise in authoritarian tendencies and a latent propensity for violence in Austria, support for democracy remains unwaveringly high. In particular, the psychosocial crisis throughout the population has intensified.

The Austrian Democracy Monitor was launched in 2017 out of concerns about the state of democracy. In addition, some surveys had highlighted in the wake of the 2013 economic crisis how the general public's confidence in politics had weakened, and there were indicators that uncertainty and authoritarian sentiments were starting to permeate throughout the population. However, at this point there was no ongoing monitoring of democratic awareness. The Austrian Democracy Monitor redressed this shortcoming.

In the meantime, data are now available for the period from 2018 to 2023.[37] These figures show a profound rupture between the politically representative system and wide swaths of the population.[38] Although approval levels for Austrian democracy improved slightly compared to the 2022 Democracy Monitor, around three quarters of respondents nonetheless did not have the feeling that people like them were well represented in Parliament, whilst two thirds thought that Austria's political system was not so good. In 2022, two thirds of people felt that they were treated by the political system as second-class citizens. These trends became even more heightened in 2023 within the lowest third of earners.

The observation period 2018 to 2022 included a variety of crises. The first of these was the Ibiza-gate crisis, which resulted in the collapse of the governing coalition and the formation of a caretaker government. This was followed by new elections, which the Austrian People's Party (ÖVP) convincingly won, the outbreak of the COVID-19 pandemic as well as the Beinschab scandal, which ultimately led to the Chancellor's resignation.

The loss of confidence in politics has occurred in parallel with a loss of confidence in science. According to the "Austria Corona Panel Project", a third of the population has "not much" trust in science or "none at all".[39] However, if the central plank of evidence-based politics is unable to convince people, this deprives political representatives of the possibility of engaging in rational democratic discussions.

Strong democratic awareness

Despite this turbulence, the general democratic awareness in Austria is still relatively strong. Although large numbers of people do not have any confidence in their political representatives or in the Government, they

37 Martina Zandonella (2023): "Demokratie in stürmischen Zeiten. Erste Ergebnisse Demokratie Monitor 2023"/ "Democracy in Turbulent Times. Initial Results of the 2023 Democracy Monitor". SORA Institute for Social Research and Consulting, https://www.demokratiemonitor.at/wp-content/uploads/2023/11/2023_SORA-Presseunterlage-DM-2023.pdf

38 Martina Zandonella (2022): "Demokratie Monitor 2022"/"2022 Democracy Monitor". SORA Institute for Social Research and Consulting, https://www.demokratiemonitor.at/wp-content/uploads/2023/10/SORA-Bericht-Demokratie-Monitor-2022-barrierefrei.pdf

39 Jakob-Moritz Eberl, Noëlle S. Lebernegg (2021): "Corona-Demonstrant*innen. Rechts, wissenschaftsfeindlich und esoterisch."/"Coronavirus Demonstrators. Anti-Law, Anti-Science and Esoteric". Vienna Center for Electoral Research, University of Vienna, 23 December 2021, at https://viecer.univie.ac.at/en/projects-and-cooperations/austrian-corona-panel-project/corona-blog/corona-blog-beitraege/blog138/

still remain committed to the country's democratic constitution. For instance, 86 percent regard democracy as "the best form of government, although it sometimes comes with its problems". In 2022 six out of ten people were convinced democrats. They want to strengthen democracy even further, for instance by enhancing the independence of the judicial system or the media, and do not display any illiberal tendencies. The loss of confidence in politics as a result of the scandals mentioned above, dissatisfaction with management of the pandemic and fears at what the future will bring have strengthened authoritarian tendencies, especially on the far right of the political spectrum.

Authoritarian tendencies and latent propensity for violence on the rise

However, both the Democracy Monitor as well as the study "90 Jahre Staatsstreich" ["90 Years after the Putsch"][40] to mark the anniversary of the July Putsch by Engelbert Dollfuss in 1934 point towards an increase in authoritarian tendencies as well as a tense mood. Specifically, around one third would either like a more "heavy handed" approach or rejects the right of democracy to restrict individual freedom rights. Around 5% are hard-core anti-democrats, reject democracy as a form of government and sympathise with the idea of an authoritarian leader. 11% want a "time-limited dictatorship" instead of parliamentary democracy. 28%, i.e. more than a quarter, agree "strongly" or "quite a lot" with the statement that it is time to resort to violence in order to defend ourselves against the powerful. These political sentiments and tensions are deeply intertwined with the population's psychosocial situation. The consequences of the pandemic and the management of the pandemic, inflation, including especially rising rent, energy and food costs, coupled with the latent fear of war has resulted in a considerable increase in demand for psychological and psychotherapeutic counselling.

The psychosocial crisis has intensified

Psychosocial monitoring carried out by the Psychosocial Service (PSS) in Vienna shows how the general public's emotive situation when deal-

40 Martina Zandonella (2023): "90 Jahre Staatsstreich"/"90 years coup in Austria". SORA Institute for Social Research and Consulting, https://www.sora.at/nc/news-presse/news/news-einzelansicht/news/90-jahre-staatsstreich-1155.html

ing with everyday life has changed. Young people, single parents and the lowest third of earners are affected in particular. Half of the people in the lowest third of earners report that their household's financial situation has deteriorated. Inflation is also causing concern throughout large segments of the middle class. Living with the pressures of anxiety, depression and exhaustion has become the new normal for a majority of the population. Instances of domestic violence have markedly increased. War, inflation and climate change are sources of concern for young people, who fear that society may become split. Rather than being hopeful about the future, four out of ten young people are now experiencing suicidal thoughts.[41]

Monitoring leading politicians

Under a best-case scenario, the instruments used to monitor the population that focus on the dangers for democracy show potential support for authoritarian actors. The lack of trust between political camps is becoming stronger. Indeed, monitoring politicians, their ideas and their language is more important than monitoring the general public. The systematic depreciation and disparagement of opponents has strengthened aggressive voices.

As the anniversary of the July Putsch reminds us, the Dollfuss dictatorship was not created by a referendum or plebiscite, but rather by the abuse of power by an elected representative. Vigilance is called for—and events in the USA serve as a warning. In January 2021 armed right-wing militias stormed the US Capitol in an attempt to keep the loser of the election in office.

Austria does not currently have any armed militias or private armies that seek to "ensure public order" in public spaces. The state's monopoly on violence has not been challenged. However, in June 2023 Austrian authorities seized weapons worth 1.5 million euros, which had been collected by a right-wing extremist group. In addition, this came in the wake of various seizures of large weapons caches over the previous years, all of which involved the extreme right-wing scene.

41 Martina Zandonella (2021): "Follow-up zur psychosozialen Situation der WienerInnen während der Pandemie."/"Follow-up on the Psychosocial Situation of Vienna Residents during the Pandemic". SORA Institute for Social Research and Consulting, https://www.sora.at/fileadmin/downloads/projekte/2021_SORA_20164_Bericht_Follow-up_Psychosoziale_Situation_der_WienerInnen_waehrend_der_Pandemie.pdf

Any threats to democracy can only be partially discovered through monitoring of individuals, for instance through survey research. This task needs security services that regularly keep groups and organisations that represent a danger to democracy under surveillance.

Key Messages

- A series of crises has led to a loss of confidence in politics. This has occurred in parallel with a loss of confidence in science.
- Whilst authoritarian tendencies and a latent propensity for violence are on the increase, and large numbers of people do not have any confidence in their political representatives, the overwhelming majority of the population remains committed to the country's democratic constitution.
- The psychosocial crisis amongst the population has intensified. Living with the pressures of anxiety, depression and exhaustion has become the new normal for a majority of the population.
- The systematic depreciation and disparagement of opponents has strengthened aggressive voices.

Cyberspace: a theatre of hybrid warfare

Daniel Hikes-Wurm, David Song-Pehamberger

Networked systems and societies are increasingly vulnerable to exploitation by malign actors engaging in sabotage, spying and disinformation. Countering the multiplicity of threats in cyberspace requires a joined-up approach at both national and EU level, as well as across the various sectors of the economy. The EU Cyber Defence Policy provides an important framework for cyber security and cyber defence across the European Union, and implementing it is a top priority.

Hybrid threats in cyberspace

Connectivity and digitalisation are advancing at a rate of knots. They bring with them a host of opportunities—and some serious threats to our society. Companies, institutions and individuals are becoming increasingly connected, complex industrial processes are increasingly be-

ing automated, and the mechanical procedures of the past are going digital. This all adds up to enormous efficiency gains across the economy, in scientific research, and in society as a whole. However, these same developments are also multiplying the number of potential vulnerabilities that could be targeted by malign state and non-state actors, including in the context of a hybrid conflict in peacetime. Broadly speaking, engaging in a "hybrid conflict" involves using various tools in order to pursue a conflict and achieve certain objectives without crossing the threshold of a full-blown military confrontation. Cyberspace is a particularly important arena for these hybrid operations.

The hybrid threats prevalent in cyberspace can be subdivided into three categories: sabotage, espionage, and subversion. Sabotage and espionage in cyberspace are geared towards gaining unauthorised access to ICT systems or networks, either to disrupt the systems themselves or to extract data from them. By contrast, subversion in cyberspace generally involves disseminating tailored narratives within certain sections of the population using disinformation techniques. Hybrid threats in cyberspace are different from "standard" cyber threats in that they form part of coordinated "hybrid campaigns" against their target. These campaigns exploit systemic weaknesses in the institutions and structures of democratic states in order to achieve their objectives, which might include destabilising the political system or influencing a certain group within the population, for instance.

Since hybrid campaigns are multifaceted by definition and take place under the radar, warding them off requires a joined-up approach across government and the economy. Instead of trying to fight cyber attacks and disinformation campaigns individually, defenders need to recognise the various different attack vectors being used, assess their significance as part of a larger strategy, and mount a coordinated defence against them. Admittedly, actually implementing this approach in practice comes with a host of challenges, starting with the issue of attribution.

The problem of attribution

Attribution, or identifying the source of an attack, is a particular challenge in cyberspace, because there are technical, operational, legal and political factors at play that all have to be taken into account for each

specialist area affected by the operation. It is rare to be able to attribute a cyber attack to any actor with absolute certainty, but a careful investigation and effective cooperation between specialists and the relevant authorities can often identify an attacker with a high degree of confidence. Attributing an attack to a specific country carries a multitude of risks, however. States implicated in a cyber attack may dispute their involvement, and attributing an attack can have negative diplomatic and economic consequences. This explains why many attacks are attributed in bilateral discussions behind closed doors, rather than in public.

To protect against attacks from cyberspace, cross-sector international cooperation is absolutely essential, both to draw attention to threats and to limit the effects of attacks by actively exchanging knowledge and expertise. Despite this, many authorities in EU Member States still shy away from the idea of sharing sensitive information on cyber threats beyond their own national borders, an attitude that makes it much harder to counter hybrid threats in cyberspace. To tackle this issue, EU Member States have now agreed to establish new institutions designed to bolster the Union's security and defences against cyber attacks.

Common cyber defence

When Russia launched its war of aggression against Ukraine, the EU adopted its Strategic Compass initiative, which incorporates a roadmap for stepping up its joint defensive efforts across the board. Building the EU's capacity to detect and defend against hybrid threats, including in cyberspace, is a key component of this plan. Given the transnational nature of these hybrid threats, the fact that they pose increasing risks across all sectors of an increasingly interconnected society, and that there is currently a shortage of qualified experts in the EU, sharing the burden of the EU's cyber defence represents an important step forward for its joint defensive effort. It was with this aim in mind that the EU published its Cyber Defence Policy in May 2023.

The document was aimed at strengthening mechanisms for cooperation and coordination, as well as developing new capabilities at EU and Member-State level. The measures it set out included setting up a shared EU cyber hub and a network of national military cyber centres, strengthening interoperability between Member States by standardising relevant

processes, and conducting regular exercises. It also included plans for targeted investment with a view to bolstering cyber-defence capability across the EU. Building capacity on cyber will require the constant involvement of both civilian and military authorities, as well as consultations with relevant institutions and private-sector companies.

In an attempt to deal with the problem of attribution, the EU's existing Cyber Diplomacy Toolbox is also to be reinforced. It already includes various procedures for gathering intelligence within the EU and facilitating coordination in the event of a cyber attack against EU institutions or Member States, with the aim of ensuring there is a united front on attribution and the EU's response to any attack. It has already been used successfully to attribute Russia's cyber attack on the ViaSat satellite network, which took place on 24 February 2022. The Foreign Information and Interference (FIMI) toolbox, which is used for uncovering and monitoring foreign disinformation campaigns, works along similar lines, as does the Hybrid Toolbox used to combat hybrid campaigns. However, the use of these two toolboxes requires the unanimous agreement of all 27 EU Member States.

International standards on cyber

Cyberspace is a cross-border issue by definition, and dealing with it requires cooperation on a global scale. When it comes to strengthening global standards for cyberspace, the United Nations, as the primary forum for the development of standards in international law, has a special role to play. Work is already underway to draft an international treaty to fight cyber crime, while the Open-Ended Working Group for cyber issues (which is open to all UN members and will remain active until 2025) has a mandate to bolster existing standards and reinforce international confidence-building measures in cyberspace.

However, in light of persistent disagreements along geopolitical lines, there is little prospect of a consensus on strengthening cyber standards emerging any time soon. One particular bone of contention concerns Russian and Chinese demands for new international treaties covering cyberspace. Western countries oppose this view, arguing that international law is already applicable across the board, and that it needs to be applied more rigorously in practice. The applicability of human rights

law in cyberspace is another major issue, and one that carries the risk of a split in cyber standards across the Internet in years to come.

Strengthening domestic and EU cyber defence systems

It is not likely that the geopolitical disagreements affecting cyberspace will be resolved in the foreseeable future. This makes it even more important for the EU to strengthen its own cyber standards and capabilities, and Austria will be among the countries playing a significant role in this respect. Austria is currently in the process of implementing the EU Cyber Defence Policy and greater cooperation, both within the EU and with other Member States, should help to boost the cyber-defence capabilities of both Austria and the EU as a whole. In addition, the implementation of the revised Network and Information Security Directive (NIS2), which was formally adopted by the EU at the end of 2022, will raise the cyber resilience of the private sector and civil society across the European Union.

Austria's own national strategy for cyber security, which dates from 2021, also identifies strengthening mechanisms for cooperation between ministries and government authorities at every level of the Austrian state as a priority for cyber defence. The establishment of the planned national cyber-security hub should make it easier to coordinate a unified response to cyber crises within the Austrian government. It is imperative that we continue to strengthen our defensive cyber capability, because the potential threat emanating from cyberspace is continuing to grow inexorably. Cyber threats may present themselves in a myriad of different ways in the future. However they appear, the only way to disrupt them will be a unified and joined-up approach to cyber defence.

Key Messages

- Hybrid cyber threats pose a risk to democracy.
- Attributing cyber attacks is a challenging task and is fraught with technical, operational, legal and political issues.
- Given the level of geopolitical tension we have seen of late, it should be assumed that the cyber threat will continue to grow.
- Dealing with these threats will require a joined-up approach, both domestically and at EU level.

The importance of space for the Austrian Armed Forces

Friedrich Teichmann

The active use of space as a military theatre presents numerous challenges for the Austrian Federal Ministry of Defence, and there is no disputing how important it will be to resolve them. Space has already been militarised by the major powers, and it is now established as a new physical "combat zone." At the same time, space-based services provided by satellites (especially satellite navigation, satellite communications and satellite-based surveillance) are delivering critical products into the "Reconnaissance-Command-Effect" chain of every military force in the world.

From a technical and operational point of view, a potentially dangerous mix of different approaches is currently brewing in space. The situation is reminiscent both of the gold rush (where prospectors lived by the maxim that anything was possible) and of the Wild West, where the

strong man reigned supreme. In concrete terms, what we are actually seeing is a confrontation between two dominant approaches to operating in space, as the omnipresent nature of satellite technology and the easy access afforded to comes up against a legal framework that is currently extremely fragmented.

A paradigm shift in space

An internal report by the Austrian Federal Ministry of Defence underlines the ubiquity of satellite data, as well as the crucial importance of processing and analysing that data for an ever-increasing number of applications. This situation is currently being compounded by the paradigm shift towards "new space," and the advent of an era in which satellites are operated not just by states and giant corporations, but by start-ups, too. The hallmarks of these start-up operators often include quick iteration cycles and innovative (or even disruptive) ideas. When this approach is allied to mental agility, it creates major potential for growth.[42] While these start-ups are beginning to make their marks, the legislative framework governing activities above the "Karman Line"—the line, roughly 100km above the Earth, that marks the border between regulated space and "free space"—needs to be expanded in a number of broad areas. For instance, it does not currently include any stipulations regarding the sustainable use of space and avoiding space junk, and some of its definitions are imprecise. The situation is complicated even further by the fact that the UN's current regulations do not foresee any significant sanctions for those who fail to abide by the rules that have been agreed.

Civilian and military applications in space

Technological advances (particularly in IT or the miniaturisation of satellite components) and growth in the civilian space sector (for example with regard to mega-constellations) have been accompanied by a creeping militarisation of space. Space now cannot be omitted from any future-focused military plan. In fact, it has already been fully integrated into military planning under the umbrella of "joint all-domain command

42 Report on the "Industry Days" of the European Union Satellite Centre, October 2023

and control and multi-domain operations."[43] This means that tensions between world powers (who also happen to be the leading players in space) are carried over directly into space. Indeed, in many cases, those tensions are manifesting themselves in space before they become evident on Earth. US space agency NASA and its "junior partner" the European Space Agency (ESA) are in competition with Russia—despite the fact that the Russians are continuing to operate the International Space Station. There is also an ongoing competition with China, which is currently the big rising power in space.

As in other areas of policy, the EU is currently failing to present a united front on here, despite its good intentions. In fact, the opposite is true; Member States are continuing to pursue national objectives, like developing "high-value space assets,"[44] and the bulk of the products and services they provide remain under national control. The EU's role in space is also complicated by its own civilian space assets, and specifically by its flagship projects GALILEO (for satellite navigation), COPERNICUS (for satellite imaging) and IRIS² (for satellite communications). All three are undoubtedly masterpieces from a technical point of view, but they have so far not helped the EU to reach a consensus and solve the dichotomy between civil and military activity in space.

Effects on the Austrian Armed Forces

As the 21st century wears on, the deployability of any military force, including the Austrian Armed Forces, is becoming massively dependent on the ability to access and use the three principal space-based services: satellite navigation, satellite communications and satellite-based surveillance. That is why the EU's new Capability Development Plan (CDP) pays such close attention to the issue of space. The joint EU capacity-building effort is built on two pillars, "Space Operations" (which is primarily about operating satellites) and "Space Services" (which is primarily about how data is used).

43 NATO (2023): Joint All Domain Command and Control and Multi-Domain Operations. North Atlantic Treaty Organization, Allied Command Transformation, https://www.act.nato.int/article/joint-all-domain-c2-and-mdo/

44 Especially satellites for reconnaissance or communications

Russia's war of aggression against Ukraine and the escalation of the conflict in the Middle East have both underscored the rationale behind the assertion in the CDP that "space services are game-changers." Any player—and indeed any combatant—needs access to modern space services (sat-nav, sat-comms and sat-imagery) in their operations, and to be able to use those services extensively. Moreover, the way this data is provided is about more than great powers making this data available to their respective allies; civilian providers like Starlink are being used on a massive scale, a development that will make this field a lot more crowded than it has been in the past. A well-connected Reconnaissance-Command-Effect chain lies at the heart of any successful operation, and it is the three space services that feed fundamental data and product into that chain. Military forces have been using that data to support command and control for years already, and it will need to be developed constantly to keep up with change.

	Reconnaissance	**Command**	**Effect**
Satellite-navigation	Location, orientation, navigation Platform protection	Common Operational Picture (COP), accurate sitreps, friendly-force tracking	Targeting, precision weaponry
Satellite communications	Long-distance connection, mobile deployments	Command and Control (C2)	Long-distance connection, mobile deployments
Satellite-based surveillance	Superiority in information, thematic maps	Base mapping	Change detection, battle damage assessment

Table 2: Overview over the significance of the three space services and their importance for reconnaissance, command, and military effect

The significance of satellite navigation and position navigation timing (PNT) can be illustrated using the example of precision weaponry. Precision weapons allow military forces to minimise collateral damage, and increased precision also reduces the amount of explosive and the number of projectiles required for a given operation. However, a fully-fledged navigation warfare capability is an essential prerequisite for deploying these weapons (and indeed drones, too). In order to defend against precision munitions or drones, defenders must be able to jam or spoof the enemy's PNT service (GPS is one example of such a service). By contrast, attackers must ensure that their precision weapons have

been comprehensively tested against these electronic warfare signals and modified to make them as resilient as possible.

As in cyberspace, the significance of the three military space-based services means they are constantly being subjected to enemy attacks, as well as being affected by the countermeasures put in place to protect them. Given how difficult it is to identify and attribute attacks on them, the space-based services are perfect candidates for hybrid escalation; it is highly likely that great power rivalries and diplomatic crises will manifest themselves in space before they appear on Earth. Therefore, in order to ensure that these services—services on which all military forces are increasingly dependent—continue to function, they will need to be constantly developed to make sure they are always absolutely state-of-the-art, for example in terms of image resolution, frequencies, bandwidth, signal strength, encryption, etc. The development of these space services must be closely connected to cyber defence and information security, and build upon their current role in supporting command and control. This is the only way for the Austrian Armed Forces to derive added value from its Reconnaissance-Command-Effect chain.

Key Messages

- From a technical and operational point of view, a dangerous mixture of approaches is currently brewing in space. The ubiquity of satellite technology and the easy access to it is just as problematic as the fragmented legislative framework.
- The paradigm shift towards "new space" is allowing start-ups to operate satellites alongside states and giant corporations. These start-ups are often characterised by quick iterative cycles and innovative (sometimes disruptive) ideas.
- There has been a creeping militarisation of space. As a theatre of war, space can no longer be ignored in any future-focused military plan.
- In the 21st century, the deployability of military forces is massively dependent on the ability to access and use the three primary space services: satellite navigation, satellite communications, and satellite-based surveillance.
- The importance of these services means they are constantly being subjected to enemy attacks. The fact that it is so difficult to attribute attacks in space makes them perfect candidates for hybrid escalation.

Artificial intelligence: a fact of modern warfare

Florian Goiser

The question of when and whether artificial intelligence (AI) will be used in a military conflict has now been overtaken by events in exactly the same way as questions about whether AI should be used commercially, for mobility solutions, or in medical settings. In other walks of life, the use of AI is intended to generate competitive advantages and other improvements. In a military context, the aim is to use it to get the upper-hand over a potential strategic competitor. To do that, armed forces across the world will have to keep pace with a global trend towards the development and use of AI armaments.

When you ask the AI language model Chat GPT (which is now in its fourth iteration) about the biggest advantages and disadvantages of the military applications of AI,[45] this is the answer it gives you: "The mil-

45 "Was sind die drei größten Vor- und Nachteile von KI in militärischen Verwendungen (max. 80 Wörter)."/ "What are the three major advantages and disadvantages of AI in military applications?", 2 November 2023

itary use of AI will bring significant advantages, like increased efficiency as a result of real-time analysis of large quantities of data, mitigating risk through the use of autonomous systems instead of human soldiers, and increased precision that can minimise collateral damage. But it also entails significant disadvantages, such as questions about ethics and control whenever weapons make decisions autonomously, potential security vulnerabilities in AI systems, and the danger of a destabilising arms race in AI technology."

Military applications of AI

It is true that one of the biggest military advantages of AI lies in the speed and precision with which it can analyse and interpret large quantities of data, such as that collected by US forces on operations as part of the "War on Terror." In 2011 alone, the Americans collected so much data just from drone footage that it would take a human 37 years to look through it all—and that's assuming they were working 24 hours a day, seven days a week. The quantities of data collected by various sensors are multiplying exponentially, and even back in 2011 there were moves to call in technical support (including in the form of AI) to deal with them. These systems are now being deployed in today's armed forces, and AI can be used to interpret and process this data more efficiently than a human could. AI can also be used to process data from an ever-increasing variety of sensors, which can be expected to result in more precise results and forecasts. In this context, AI augments the work of humans as part of a "human-machine team." As far as military procedures are concerned, a fundamental question arises as to the role of the human within that team, and specifically as to when and where the strengths of the human intellect can generate a military advantage.

Beyond supporting planning and command procedures, the most eye-catching application of AI in a military environment is its use in drones and robots, and a variety of AI-supported systems with various degrees of autonomy are already in use for so-called "4D" (Dull, Dirty, Dangerous and Dear) operations, in which their role is to make soldiers' jobs easier or to replace them entirely. Examples of the use of autonomous systems might include outsourcing repetitive, standardised procedures in areas like logistics, operations in contaminated or other extreme or dangerous environments, conducting aerial recon-

naissance over enemy territory, or engaging high-value targets at sea. Again, success here will require an efficient, effective way of assembling human-machine teams and using them to deliver military advantages using a promising mix of drones, robots and soldiers.

The challenges of AI

Despite all the apparent military advantages that AI might bring, including the opportunity to reduce the risk to military personnel, ensuring the security and safety of AI systems in military applications is an extremely challenging task. When all is said and done, AI is a computer program, and just like any computer program, it can malfunction as a result of programming errors or cyber attacks. On top of that, the complex algorithms used in AI systems are already making decisions that can no longer be fully explained by the people who created them. These security issues, and the challenges that come with them, are especially important for those using AI for military applications.

While progress towards ever more complex and capable AI systems continues apace, the regulatory and legal system that is supposed to set boundaries for AI applications is failing to keep up. The interests of states, organisations and global stakeholders currently seem too divergent for any globally respected, legally binding international standards on the use and research of AI to emerge quickly.

When it comes to global regulation of civilian and military applications, the problem might not necessarily be down to differing moral and/or ethical views of the issue, so much as to the fact that there is (still) a certain willingness to take risks in order to gain a competitive (military) advantage from the technology. In the global West, there is widespread readiness in principle to regulate civilian applications of AI on a regional basis (the EU's AI Act being one example), but policy on military applications is still based on the lowest common denominator of "responsible use." As a result, we are observing a qualitative and quantitative upgrade to AI capabilities as part of the ongoing economic, military and strategic competition between states. Given this situation, a continued arms race for AI components in military systems, accompanied by associated developments like strategically-orientated, specific restrictions

on the delivery of the components needed to develop AI, would seem to be unavoidable.

The inevitability of AI

In light of the advantages and disadvantages discussed above, it would be remiss not to mention the fact that AI is also being deployed as a reaction to competition or to (potential) adversaries. This is true of AI in commercial contexts as well as in the sphere of security and defence policy. In Austria, this competition is also affecting efforts to ensure the continuing resilience of the state, as well as the continued evolution of the Austrian Armed Forces. For instance, it is now impossible to combat AI-supported disinformation campaigns (potentially incorporating elements like deep fakes) without the help of AI-assisted detection systems. When positioning themselves against potential adversaries, armed forces across Europe will now have to take those adversaries' AI capabilities into account, in the physical theatre, in cyberspace, and in information warfare.

Defending successfully against a range of AI-augmented attacks will require defenders to integrate AI into their defensive systems, and the Austrian Armed Forces are no exception. Moreover, the ability of the Austrian military to operate alongside its European partners and ensure interoperability in such operations will be decisive. Without this interoperability (which will entail allies having to rely on the same AI applications), it will be impossible to deliver joint peacekeeping operations and to move forward in an evolving European defence environment.

In conclusion, it is safe to say that the use of AI is both a fact of modern warfare in the 21st century and the subject of a variety of legal, ethical and technical debates. A pragmatic approach to integrating AI into military procedures and systems has to take account of regulatory frameworks and international law, as well as Austria's own ability to defend itself against potential adversaries armed with AI systems.

Key Messages

- The use of artificial intelligence (AI) is already a fact of modern warfare in the 21st century.
- Particularly in a hybrid conflict, AI can act as a booster for an adversary's operations in cyberspace and the information sphere, as well as in cognitive warfare. Defending against these threats will itself require the use of AI.
- AI is also creeping into traditional and conventional military conflicts. In particular, decision-making processes are being augmented by AI, making them faster and more precise.
- In future, the ability to integrate AI appropriately in human-machine teams, in decision making processes and on the battlefield will be crucial to developing a successful military force.
- AI is also being used on the battlefield in ongoing conflicts, especially in order to make drones more effective. From a technical point of view, there is nothing to stop the deployment of autonomous weapons systems. This is happening in a situation where there are currently no international agreements governing the use of AI.

Ongoing military conflicts and their relevance for Austria

Andreas Stupka

Armed forces are the very best deterrent against military conflict—but only if they are suitably equipped. Particularly in what is a confrontational geopolitical environment, it is essential to show that you are capable of defending yourself and your territory in order to deter potential adversaries from launching a military attack.

War is the last resort for resolving any conflict. Modern wars bring greater human suffering than ever before, wrecking destruction on the countries involved. Logically, then, it must be the top priority of any peace-loving territory to avoid wars whenever possible. Doing so requires a combination of skilful politics and diplomacy on the one hand, and a deterrent to any potential adversary on the other. The deployment of military personnel as peacekeeping forces overseas can be seen as part of this same combination, because their work can protect

their own country from the negative repercussions of that conflict. With this in mind, it would be advisable for the Austrian Armed Forces (AAF) to continue to use peacekeeping deployments abroad as a means of conflict prevention. However, given the international situation, the Austrian military will have to concentrate the bulk of its effort at home, as set out in the recent profile document "Unser Heer" (Our Army).

Defending against a military attack

Provided that it is suitably equipped and able to demonstrate its ability to defend its territory, a territory's military forces are its instrument for waging war and, simultaneously, the single most powerful tool it has for preventing conflict in the first place. This is because any aggressor will always weigh up the price it might have to pay in order to conquer a well-defended territory. To see an example of how this principle of deterrence works in practice, you only have to look at Switzerland, which has managed to project its unbending willingness to defend itself so credibly and effectively that it has been able to stay out of every war to break out over the last 200 years. Switzerland shows that if you want to keep yourself out of any armed conflict, it is not enough simply to maintain a symbolic force. That means that, as set out in "Aufbauplan 2032+" (its development plan to 2032 and beyond), the Austrian Armed Forces will have to upgrade its equipment and capabilities to maintain a credible deterrent.

At this juncture, it is also worth mentioning the principle of neutrality. Declaring yourself neutral is one way to prevent becoming embroiled in military confrontations, but again, it relies on the principle of deterrence, and that only works if the neutral country or territory can credibly project its ability to defend itself. If it fails to do that, a security vacuum will quickly open up over its territory and it will very likely become a theatre of war, since no party to an armed conflict will ever give up territory to an opponent if there is an advantage to be gained from occupying it. This is why it makes sense for less well-defended states to join an alliance, as Iceland has done by joining NATO. However, such countries are expected to provide certain services in return for the benefits of that membership, such as handing over military bases or training areas to their allies, or making financial contributions to the alliance.

With that in mind, any country that declares itself neutral must ensure it is equipped with adequate defensive capabilities.

Hybrid warfare

Conventional military confrontations represent the final phase of hybrid warfare. Before conventional military action begins, each party to the conflict will use all the means available to it in order to weaken their adversary and reduce the potential cost of that action, for example by engaging in espionage, cyber attacks, sabotage and terrorism. Austria may appear to be a deeply peaceful country, but it still affected by these tactics as a direct result of ongoing conflicts, particularly when potential adversaries categorise it as "unfriendly" or see it as supporting one party to a given conflict over another. To counter these measures, the entire apparatus of the Austrian state must be more vigilant as part of a comprehensive system for national defence. This system must also encompass strong intelligence-gathering operations by Austria's foreign intelligence service, backed up by similarly high-quality work on the part of its domestic and military intelligence services.

Conventional wars do not break out overnight, and it is possible to predict them. However, they arrive at much shorter notice than they used to, and opponents will always look to maintain the element of surprise in the event of an attack. The lesson here for the military is that it will always need to be able to call on a certain level of deployable, well-organised military force on the ground in order to fend off any initial attack and, at the same time, to provide cover as more troops are mobilised and integrated into their units. The Ukrainian armed forces were outstandingly effective in this regard in the early stages of their war with Russia, and they provide an excellent example of how this principle works in practice. For the Austrian army, a conscription-based force built on the principle of a militia, implementing the same procedure as the Ukrainians did would require the formation of a rapid-reaction force numbering roughly one tenth of the strength of the fully-mobilised army.

Fundamental changes to the nature of war

If we consider the wars and conflicts currently being fought across the globe, it quickly becomes apparent that the increasing use of drones, robots, artificial intelligence and cyber warfare has fundamentally changed the nature of war. Austria's armed forces need to react to these developments. The recent war between Armenia and Azerbaijan and, in particular, Russia's war of aggression against Ukraine, have both demonstrated that prevailing on the battlefield against an adversary using drones requires both suitably capable ground-based air defence systems and the use of tools specifically designed for electronic warfare. In light of this, the Austrian Armed Forces will need to deliver major restructuring and a massive investment in national defence in the next few years—something they will only be able to achieve if they have the personnel they need to do the job.

All of which brings us to the final key factor for Austria's national defence: the Austrian population and their collective determination to defend their country. Freedom, security and the rule of law are not to be taken for granted. They are values that have to be upheld and defended against potential hostile actors, if necessary with armed force. The likelihood that Austria will be spared in the event of armed conflict will remain high only if it is able to project its ability to defend itself and muster an effective deterrent, and it will be able to do that if the Austrian state can convince its citizens that it is worth defending. Achieving that aim is a challenge facing the entirety of the Austrian state, and it is one best tackled together.

Key Messages

- It is the top priority of any peace-loving territory to avoid war whenever possible.
- Provided that it is suitably equipped, a territory's military forces are its instrument for waging war and, by extension, the single most powerful tool it has for preventing conflict in the first place.
- Any aggressor will always weigh up the price it might have to pay in order to conquer a well-defended territory.
- Conventional military confrontations represent the final phase of hybrid warfare. Before conventional military action begins, each party to the conflict will use all the means available to it in order to weaken their adversary and reduce the potential cost of that action.
- The strategic notice period before the outbreak of war is much shorter than it was in the past, and potential adversaries will always look to exploit the element of surprise. This means that any military must always be able to call upon a certain level of deployable, well-organised military force on the ground to deal with an attack.

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Armed forces development in Austria

Bruno Günther Hofbauer

The Austrian Armed Forces (AAF) must be in a position to defend Austria in the heart of Europe in the event of a military escalation, and also provide high-quality support for international operations. The AAF must have a wide range of capabilities in order to do this.

The unimaginable has become reality: With the attack of Russia on its neighbouring countries, there is war in Europe again. The shock has been severe, and the restoration of the national defence has suddenly become the focus of attention again. This which was described as a "Turning point in history" by German Chancellor Olaf Scholz has severe consequences for the whole of Europe, its security architecture and therefore also its armed forces—including Austria.

The “Our Army” armed forces profile had already been agreed a year before the Russian invasion in Ukraine. The setting of this political objective was followed in 2022 by the National Defence Financing Act, and therefore the provision of urgently required funds for re-equipping the Austrian Armed Forces. The ÖBH 2032+ military development plan defines the detailed targets and equipment heavyweights for this new Federal Army. This chosen timescale clearly shows that the decades-long reduction in the capabilities of the ÖBH cannot be compensated for within a few years. On the contrary, it is a long-term project.

Federal Army requirements for the next decades

How does the AAF now need to set itself up for the 2030s and the 2040s? Austria is not currently a front line country, but it is directly and indirectly affected because of crises and wars at the borders of Europe. The special position of Austria as a non-NATO country but member of the EU must also be included in the assessment. This means that the Federal Army must be in a position to defend Austria in the heart of Europe on the one hand, and on the other hand it must support the foreign policy capacity to act by providing high-quality troop support.

The range of military threats to Austria extends far beyond attacks in cyberspace, enemy narratives and influencing and also espionage, subversion and sabotage. Austria represents just as much of a potential target for enemy attacks from the air, be it with drones, cruise missiles or long-range weapons. In the event of any further escalation, the threat of special operations forces and conventional forces is also probable.

The AAF must therefore have a wide range of capabilities, which take all of the dimensions of warfare and all of the domains into consideration. However, even now we should already be looking to the mid-2030s, taking the probable further deterioration of the security situation in Europe into consideration. Hopes for a sustained improvement in the situation is not a strategy, and is no longer appropriate in view of the facts. The threats which can be expected can only be countered by means of nationwide action in a modernised, comprehensive national defence.

First steps in continuing development

The AAF will be put in a position to fulfil the basic requirements of defence capability by means of development plan AAF 2032+ as part of an evolutionary continuing development. The main change in comparison to the previous orientation is the simultaneous deployment of the entire Federal Army following mobilisation. This means that the aim is not to provide selected, quantitatively manageable units with high quality equipment and preparation for deployment, but every soldier that we have—full equipment is required.

Even with the financial resources which have now been proposed, this requirement still requires prioritisation. On the one hand, new capabilities need to be developed, and the loss of existing capabilities due to equipment becoming obsolete has to be prevented. Overall, an essential factor for the assessment is that nationwide deployment throughout Austria is not possible with the current mobilisation framework of 55,000 soldiers. Deployment must therefore take place with the support of a superior situational overview and high response capability with mobile forces in the right place at the right time. The main focus will therefore be on reconnaissance in every domain—i.e. on the ground, in the air, in cyberspace and in the information environment.

Required equipment

Unmanned aircraft and ground vehicles are of paramount importance. The effectiveness and firepower of the ground force units must be increased, for which many measures are required for the entire Federal Army. Prominent projects, such as the procurement of additional wheeled tanks or increasing the combat effectiveness of infantry fighting vehicles and battle tanks, must not obscure the view of the other cross-sectional improvements which are required. For example, this concerns night combat capability, tailored mobility, increasing the interspacing effect by introducing loitering munition and a wide-ranging precision impact of the forces on the ground and in the air. The capability of the pioneers for being able to provide increased support during combat again is required.

With regard to the air force, full air defence capability must be built up in the long term, which requires a substantial increase in the quality and quantity of our combat aircraft. Initial steps have already been initiated by the decision to procure the Advanced Jet Trainer, which can also take over combat tasks. The air force also needs to procure armed drones to support the ground forces.

Particular attention must be paid to ground-based air defences. Drone defence capability and medium-range weapons are required for this. Defending against ballistic missiles, hypersonic weapons and cruise missiles is a prerequisite for successful warfare for the entire republic. The setting up of a comprehensive ground-based air defence system with the capability of defending against missiles must therefore also be pursued in the long term. Cooperation in this area is an important success factor. These capabilities would be completely new for the Federal Army, and cooperation would make quicker procurement and therefore faster availability of this protective shield possible for the republic.

Capabilities in cyberspace

The ability to fight in cyberspace as well as to act and react in the information domain must be developed and expanded across the board—these two domains are not support areas, but must be regarded as combat zones. It must be noted that these capabilities are interconnected across all military leadership levels, from military strategic to tactical, require extremely fast leadership processes, and are embedded in national action. The digitalisation of the armed forces and having communication systems that are as resilient as possible to attacks are basic prerequisites for the interaction of the armed forces, and form the backbone of a responsive armed force.

Mobilisation and general conscription

All of the capabilities which contribute to the effectiveness of the capability carriers of the Federal Army must not be overlooked. A functioning mobilisation organisation, in combination with the capability of continuing to provide training in a replacement organisation, even in the event of deployment, is also required, such as logistics, which initially supports the

preparation for deployment by means of stockpiling and depots in the background, and makes it possible to supply troops in the event of war.

The response capability of the military national defence, the core task of the AAF, is particularly challenging under the current framework conditions. Above all, this concerns general conscription, the constitutionally anchored militia system with a mobilisation framework of 55,000 soldiers, and the current lack of military exercises. The entire system therefore depends on timely mobilisation and at the same time the availability of quickly deployable reaction forces in the sense of a "new standby force".

Time for preparation for deployment is also required for the units to be mobilised after mobilisation has taken place. In the case of military national defence, soldiers with less than eight months of training will not be deployed. The preparation for deployment after mobilisation will therefore last for at least eight weeks. This phase must be covered by a stand-by force in order to gain the time for preparing the bulk of the AAF for deployment. This will consist of units with a higher proportion of squads, also in team functions, reaction militia and elements of squad presence units (KIOP-KPE), when they are not being deployed abroad.

Comprehensive measures in the personnel area are required to support this development plan in order to recruit and retain the best minds for the armed forces in competition with the private sector. If we wish to bring the defence capability of Austria to the required level, new development options must also be opened up to the Federal Army here by means of legislative measures.

Long term politico-strategic support is required

The success of the course which has been taken to restore the defence capability of the Federal Army and therefore the Republic of Austria primarily depends on the maintenance of long-term politico-strategic support and therefore financial safeguarding. There are reasons enough for this. Examples here include the conventional war in Eastern Europe and the newly emerged Cold War between the West and Russia, but also the trouble spots from Afghanistan across the Middle East to the

Sahel. Climate change and demographic change act as accelerators for the conflicts.

Key Messages

- With the Russian war of aggression against Ukraine, the focus of attention has returned to the revival of national defence.
- Although Austria is not a front line country, it is directly and indirectly affected by crises and wars at the borders of Europe. Austria's status as a non-NATO but EU member poses further challenges.
- The Austrian Armed Forces must be in a position to defend Austria in the heart of Europe, but also provide high-quality troop contributions for international deployments.
- The ÖBH will be put in a position to fulfil the basic requirements of defence capability by means of development plan ÖBH 2032+ as part of an evolutionary continuing development.
- The success of the course which has been taken to restore the defence capability of the Federal Army and therefore the Republic of Austria primarily depends on the maintenance of long-term politico-strategic support and therefore financial safeguarding.

Trends on the European defence market

Mark Dokic and Christian Thuller

With its initiatives, the EU is showing its commitment to having a more efficient and better coordinated defence policy. Increased cooperation between Member States and the development of common resources are central elements of these endeavours. These are important steps towards a stronger and more autonomous European defence capability which can fulfil the challenges and threats of the 21st century.

The end of the Cold War and the integration of former Warsaw Pact countries in the EU and NATO led to a reduction in defence expenditure in Europe. As a result, there was a huge reduction in the amount of large military equipment, and investments in the areas of defence research and technology were minimal. Instead of pushing forward with our own arms industry in Europe, arms were mainly procured via the USA and without competition. In order to counteract this, the European Defence Agency (EDA) was established in 2004. The aim was to develop joint

military capabilities, cooperative research and development and open up the market to SMEs.

Challenges for European armament

Since the beginning of Russia's war of aggression against Ukraine, there has been a massive shift in European endeavours to achieve closer defence cooperation. However, the European military procurement process is now faced with several significant challenges which may have an adverse effect on its effectiveness and efficiency. These arise from the complexity of the European defence landscape, in which several countries with different defence priorities, budgets and procurement processes are involved. This leads to a considerable amount of fragmentation of the sector and cooperation and coordination difficulties, which ultimately prevents Europe from responding quickly and effectively to defence issues.

Different budget restrictions are another challenge. Many European countries have limited defence budgets, which leads to delays and restrictions in the procurement of equipment that is urgently required. This can have a significant impact on Europe's ability to defend itself in crisis situations and in the event of external threats. Procurement decisions can also be affected by national interests and political priorities and result in delays, since compromises often have to be found between everyone who is involved, be it political, economic, national or international.

The bureaucratic processes in the defence sector are also complex and time-consuming, which can hamper procurement and make it more expensive. The development of modern military technology also requires a significant amount of resources, including time, which leads to operational restrictions. The differences in equipment and procurement procedures make the interoperability of European armed forces difficult, and the financial interests of national defence industries also influence decisions and lead to distorted procurement practices in unfair competition. Finally, the security of classified information and technologies, the complexity of legal regulations and ethical concerns are other aspects which complicate procurement in the European defence sector.

Given all of these challenges, it is clear that comprehensive reform and coordination are required to improve the efficiency and response capability of the European defence sector. A long-term, coordinated vision for procurement, better research coordination, investments in cyber security and information warfare, and overcoming differences in strategic cultures are essential steps for addressing these issues. It is also important to incorporate public perception and accountability into the decision-making process in order to ensure that the interests of the citizens are taken into consideration to a sufficient extent. The challenges of the European defence sector can only be successfully met by means of a comprehensive approach.

Europe is collaborating

However, this requires more coordination, standardisation and cooperation between European countries. The European Commission is therefore endeavouring to interweave the European defence market by encouraging cooperation and innovation. The first significant steps have been taken by means of different initiatives such as the European Defence Action Plan, the European Defence Fund (EDF) and the establishment of the Directorate General for Defence Industry and Space (DG DEFIS). The goal is to open up the market in a fair and transparent way in order to give SMEs access to the supply chains of large corporations and therefore also integrate them on a permanent basis.

These initiatives, particularly the Defence Action Plan and the EDF, have led to a paradigm shift within the Commission by allocating EU funds to research and development in the defence sector. The active implementation of Permanent Structured Cooperation (PESCO) created additional impetus for cooperation projects, and leads to greater integration in the defence sector.

These strategic cooperations require a multi-faceted approach which involves not just defence ministries but also industrial stakeholders, research institutions and political decision makers. The European states must also discover ways of reconciling their national interests with the general objectives of European defence cooperation. In this way, Europe can create a more efficient and effective military procurement pro-

cess that is more suitable for its collective security interests in a world that is becoming increasingly complex and interconnected.

Europe is creating solutions

In view of the many challenges in the European defence sector, the European Union has already developed numerous solutions. The most decisive step in this direction has been the creation of the European Defence Union, with the aim of intensifying the cooperation between EU Member States in the defence area. The development of joint defence capabilities and projects is intended to overcome the high degree of fragmentation within the sector. This would significantly improve coordination and efficiency, and lead to a stronger EU defence capability.

Another key area is the promotion of research and innovation in the defence sector. The EU is investing in projects for developing advanced military technology in order to survive in the global technological competition. The EU has also developed programmes for reinforcing cyber security and fighting information wars in order to protect the security of the digital world.

In order to have a more powerful European Union, it is crucial to address the above-mentioned challenges in order to improve the efficiency and effectiveness of the European military procurement process. The goal of the European Commission is to defragment the European defence technology and industrial basis using all of the above-mentioned measures and initiatives via the Directorate General for Defence Industry and Space, and promote cross-border cooperation between countries, industry and research institutions. On the one hand, this is intended to safeguard the supply chains, and on the other hand to reinforce innovation and global competitiveness. This requires a coordinated and strategic approach at European level as well as investment in research, innovation and the domestic defence industry.

Key Messages

- After the end of the Cold War, there was a reduction in defence spending in Europe. There was a tremendous reduction in the amount of large equipment, and the investments in defence research and technology were minimal.
- The EDA was founded in 2004 to promote military cooperation and research.
- Since the beginning of Russia's war of aggression against Ukraine, there has been a massive shift in European defence policy, whereby the main focus is now on closer cooperation.
- Challenges exist in terms of the fragmentation of the sector, limited budgets, political complexities and bureaucratic obstacles.
- There is a need for reform to improve coordination and efficiency in the European defence sector.
- One of the most decisive steps has been the creation of the European Defence Union, the goal of which is to consolidate the cooperation between the EU Member States in the defence sector. This is intended to overcome the large amount of fragmentation of the sector.

Opportunities and risks of defence research for the Austrian economy

Florentin Schlager and Andrea Marjanovic

The significance of innovation and technology development for economic growth has been controversially discussed since Schumpeter[46] at the latest. The extent to which this importance will also unfold in the military-economic area will depend on two factors in 2024: Supply and demand.

Products and politics

Following the Russian war of aggression against Ukraine, German Chancellor Olaf Scholz declared that there had been a "turning point in history". This did not only change the budgeting strategies of the majority

46 Joseph Schumpeter (1939): Economic cycles. A theoretical, historical and statistical analysis of the capitalist process.

of European armed forces, but also those of the Austrian Armed Forces (AAF). In Austria the conclusion was reached that a restoration of the comprehensive national defence as a guiding principle was required. This is taken into consideration in the revision or reformulation of various strategy documents such as the Austrian Security Strategy, but also the Defence Industry Strategy and the Defence Research Strategy.

Among other things, the Defence Research Strategy will take the changed endogenous and exogenous factors of the research ecosystem into consideration, and place additional focus on having a comprehensive and open approach to research and development (R&D) in the AAF. Defence research lays the foundations for the development of military products. Because defence products are not usually available for shipment immediately after ordering, but often require years of R&D. In order to continue to manage this in the future, make use of the opportunities provided by digitalisation for the AAF, and take the strategically necessary step[47] towards decarbonisation, proven and new types of partnerships of a civil, military, political and economic nature are required.

Domestic research and business partners must be put in a position to be able to develop competitive products. This will also largely depend on the results of the European elections and the National Council elections in 2024. To date, defence research and development have been specifically identified as heavyweights to be supported in both the European Commission programme and the Austrian government programme.

Market and requirements

According to Mariana Mazzucato, new and, in the modern sense of the word, "disruptive" technologies such as computers or the Internet did not emerge because of "the invisible hand of the market" alone.[48] It has been targeted investments by states and, in this case, military research institutions which have allowed companies to carry out research in this direction, develop products and then find buyers. This is particularly

47 International Military Council on Climate and Security (2022): Decarbonized Defense. The Need for Clean Military Power in the Age of Climate Change. IMCCS Expert Group, https://hcss.nl/wp-content/uploads/2022/06/Decarbonized-Defense-World-Climate-and-Security-Report-2022-Vol.-I.pdf

48 Mariana Mazzucato (2023): The capital of the state. A different story of innovation and growth. Frankfurt, New York, Campus Publishers

true in the defence sector, which, according to the preamble to the regulation on the European Defence Fund (EDF), "does not follow the conventional rules" and whose only beneficiary is basically the state.

Accordingly, Europe's defence ministries are being called upon to formulate their specific needs and make specific investments in emerging and disruptive subject areas. As a new funding programme, the EDF is a good example of the logic of needs-based funding and design. Austria must also intervene in a requirement-defining way in order to promote innovation, and allow the economy to develop competitive products in these areas. High Representative Josep Borrell formulated this using dramatic language: "[…] either we make major investments in defence innovation, or we will become defence-irrelevant."[49]

The Austrian economy, which is characterised by innovative, small and export-oriented companies, can position itself more strongly at international level using the instrument of European defence research. As well as participating in newly emerging European supply chains, this will also lead to a transfer of know-how to Austria. Austria's armed forces development, which has received an unprecedented boost from the 2023+ development plan, can reap long-term benefits from this within the context of material conservation and continuing development.

The understanding of research, development and production as an interlocking continuum will be institutionally expanded to include the aspect of procurement in 2024. Both the European Regulation for the Act in Support of Ammunition (ASAP) and the European Defence Industry Reinforcement through common Procurement Act (EDIRPA) can be regarded as test programmes for a future European defence procurement regime.

Following the Permanent Structured Cooperation (PESCO) in the capability area and the European Defence Fund in the R&D area, procurement would therefore be operational as the "third member of the group". The extent to which these new initiatives can be used to the advantage of the AAF largely depends on the extent to which national procurement processes and procedures can be modernised and adapted to European legal standards.

49 Sebastian Clapp (2022): Emerging disruptive technologies in defence. European Parliamentary Research Service, September 2022, https://www.europarl.europa.eu/RegData/etudes/ATAG/2022/733647/EPRS_ATA(2022)733647_EN.pdf

Conclusion

In no other area has Schumpeter's "creative destruction" had such a comprehensive impact as in defence research. Accordingly, this must also be reinforced in 2024 as a prerequisite for an innovative and competitive defence industry basis in order to actively and creatively promote the demands of the AAF. Promoting innovation in the technological and conceptual areas must therefore be a conscious decision by taking the innovation chain (consisting of policy, conception, planning, R&D, procurement and deployment) into consideration in the organizational development of the AAF. In order to be able to counter new threats and risks, control over innovation must be regained in the defence sector by making specific investments in promoting the development of skills and personnel.

Key Messages

- The military-economic potential of innovation and technology development will depend on the conditions in the arms market to a considerable extent in 2024.
- Comprehensive national defence provides an adequate conceptual and political framework for reinforcing defence research.
- In order to maximize the economic opportunities of defence research, the armed forces need to regard themselves as buyers.
- To this end, concrete military research and development needs must be formulated, and targeted investments must be made in emerging and disruptive subject areas.
- The understanding of research, development and production as an interlocking continuum must be institutionally expanded to include the aspect of joint procurement.
- In order to do this, national procurement processes and procedures must be modernised and adapted to the European legal standards.

Authors

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