

# The Global Scenario

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## SETTING THE AGENDA FOR GREATER ASIA–EUROPE COOPERATION AND CONNECTIVITY

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### Threats and Challenges in an Interconnected World

The world is facing a complex and interconnected array of threats and challenges. Some are the result of interstate rivalries and geopolitical tensions. But most stem from non-state or transnational actors such as terrorist or criminal groups. Other threats and challenges like climate change, pandemics, violent extremism, cybercrime, and desperate migration transcend borders. States and multilateral institutions, which are used to operating in an interstate system, are being forced to adapt to rapid change.

No single country can cope with these challenges alone. Regional cooperation is essential. Yet most of the flows of money, people, ideas, and goods that shape international peace, development, and security go beyond single regions or continents. Therefore, since connectivity has become the norm for better (in terms of travel, communications, and financial markets) or for worse (through extremism, terrorism, and organised crime) states need to work together. When they do not, cooperation, trade, and stability are threatened to the detriment of all.

This chapter outlines contemporary threats and challenges, most of which are common to both Europe and Asia, with suggestions to promote connectivity between the two in order to deal with these threats and challenges more effectively together, and to unlock new opportunities.

### **Geopolitical Competition**

World order is under threat of a breakdown. The rule of law and the laws of war have become blurred due to unilateral actions by states, hybrid warfare, as well as the actions of non-state actors.

The Middle East is a battleground of geopolitical competition: among factions within states, between religious groups, between neighbouring states, and involving Great Powers. Syria, Libya, and Yemen as well as debates around the Iran nuclear deal demonstrate shifting political alliances, violent sectarianism, and the danger of extremism. Instability in the Middle East has implications well beyond the region: as a source of desperate refugees, as a magnet for young people joining the ‘Islamic State’, and as a theatre of conflict between outside powers.

That said, if enough powerful states realise a self-interest in reducing tensions, collective attempts to resolve some of the crises in the Middle East could promote cooperation among the Great Powers as well as regional rivals.

Rivalry between Russia and the West has reawakened memories of the Cold War. On the one hand, the crisis is more acute than in the past since the confrontation is unstructured, and there is a rattling of nukes, not just sabres. Military spending is on the rise. On the other hand, Russia and the West are more interconnected than before, particularly through energy markets.

In addition to political rivalry, there is a growing economic competition between the Western and Eastern halves of Europe. The enlargement of the European Union and the rise of the Eurasian Economic Union have created new dynamics among East European countries. The challenge is to ensure that these countries become a bridge between the Euro-Atlantic and Eurasian halves of the region covered by the Organization for Security and Cooperation in Europe (OSCE).

Geopolitical competition is also evident in Asia. The ongoing threat of nuclear proliferation in North Korea as well as tensions in the South China Sea creates a serious threat to stability in the region. But again, efforts to resolve some of these tensions—like in the Korean peninsula—are an opportunity to foster greater cooperation among the Great Powers. And as the world pivots to Asia, all countries—particularly those in the region—have both a self- and a collective interest to ensure stability and cooperation in order to promote further economic development.

## **Economic Connectivity**

Shifts in the geopolitical map have a major impact on economic development, and vice versa. The balance of economic forces has moved towards India and the Asian Tiger economies in terms of trade patterns, liquidity of assets, technological progress, infrastructure investment, private consumption, accumulation of labour and capital. While Europe continues to struggle with the legacy of the financial crisis and pressure on the euro, emerging economies in East Asia are expected to increase their GDP by 6.9 percent in 2018 (OECD, 2014), which could potentially create the fourth largest regional economy by 2050 (Groff, 2014).

However, China's recent economic difficulties show that it is not immune from the pressure of market economics and globalisation. In turn, the knock-on effect of China's economic downturn on other countries and commodity markets shows how interconnected economies have become.

Indeed, ASEM (Asia–Europe Meeting) member states represent more than 60 percent of international trade, half of the world's GDP, and more than 60 percent of the world population. The trend towards greater economic connectivity between Europe and Asia is expected to increase. For example, since the first signed Deep Integration Free Trade Agreement (FTAs) with South Korea (2011) and Singapore (2012), the European Union continues negotiating stronger economic integration with Japan, Malaysia, India, Viet Nam, and Thailand on such areas of cooperation as trade, services, investment, intellectual property protection, competition policy, and promotion of 'green growth' (EEAS, 2012).

## **Food–Water–Energy Nexus**

Connectivity relates to issues as well. Take the relationship between water, energy, and food. Due to increased pressures caused by population growth, urbanisation, consumerism, climate change, and growing demand for these finite resources, too many people on our planet lack sufficient access to water, energy, and food. It is estimated that 1.1 billion people live without access to drinking water (WHO/UNICEF, 2005), 1.2 billion live without electricity (IEA, 2015), and 1 in 9 people on earth is hungry. The trend is expected to get worse: it is projected that by 2030, the world will need 30 percent more water, 40 percent more energy, and 50 percent more food. Shortages of these vital commodities could cause social and political instability, conflict, and environmental damage at an unprecedented scale.

The relationship between water, energy, and food security needs to be looked at as a nexus rather than as individual, disconnected parts since one has a serious impact on the other. For example, overuse of water for energy can lead to shortages of water needed for agriculture, or the production of biofuels can cause shortages of food. Furthermore, the water, energy, and food nexus is not only a development issue; it underpins national and international agenda for cooperation, with an urgent need for global attention to this issue.

## **Demographic Pressure**

The world population is growing at a steady pace, and the trend is expected to continue, particularly in sub-Saharan Africa and South Asia. This growth needs to be managed in a sustainable way because without adequate socio-economic policies, population growth can lead to competition for resources, jobs, and living space as well as instability.

While Europe’s population is ageing and declining, the population of Asia (and Africa) is growing. Therefore, at different times, some countries will have to deal with the challenges of a large youth population, while others will have to cope with issues pertaining to an ageing population, viz. employment, healthcare delivery, public finances, and pensions.

This is important in order to sustain the achieved level of welfare and not to lose the effectiveness of existing social security systems. The issue is closely related to issues of urbanisation as well.

## **Maritime and Border Security**

Connectivity facilitates the movement of goods and people. However, increased trade also enables the growth of illicit activity and increases opportunities for piracy, while increased movement of peoples causes greater challenges for border management. ASEM states therefore face a common challenge to ensure that the benefits of connectivity are not threatened by those who disrespect borders or laws—whether on land, sea, or in cyberspace. This includes the need for greater cooperation against the trafficking of people, weapons, drugs, antiquities, and natural resources as well as the illegal movement of nuclear, chemical, biological, and other hazardous materials. Greater cooperation is also essential to counteract terrorist financing, money laundering, as well as to implement the UN Convention against Corruption.

Trade and good-neighbourly relations would also be facilitated by greater cooperation on issues related to maritime boundaries. Disputes in the South China Sea, the Caspian and the Arctic Seas demonstrate that ASEM countries need to contribute more towards resolving disputes related to issues of jurisdiction, ownership of coastal waters, and/or access to marine resources.

## **Health**

The recent outbreak of Ebola shows the ever-present danger of pandemics. The most vulnerable communities are usually most at risk. And yet—as witnessed by recent pandemics like SARS (Severe Acute Respiratory Syndrome), swine flu, avian influenza (since 2003), and Ebola—once a disease spreads, all countries can be affected.

The absence of political will or sufficient resources to invest in long-term structural reform of public health affects the well-being of the populations concerned—particularly the most vulnerable—and also reduces a country’s ability to respond quickly and effectively to a health emergency. This opens up a humanitarian gap that is usually filled by external assistance. While such assistance can help alleviate the short-term crisis, it does not address the deeper structural problems. Health should therefore be regarded as an investment rather than a cost—and it should be considered as a prerequisite for stability and development.

## Rapid Urbanisation

The world is becoming more urban. Within the past few years, it has crossed a threshold where now more than half of the world's population (3.5 billion) lives in cities. Indeed, roughly 200,000 rural migrants move to cities everyday (UN, 2009). This trend is projected to increase in the coming decades, particularly in Asia and Africa. By 2050, the urban population in Asia is expected to increase from 40 percent to 56 percent, while the urban population of Africa is expected to rise from 48 percent to 64 percent.

The number of megacities—which have 10 million or more inhabitants—is also rising. It is estimated that there will be more than 40 such megacities by 2030. Many megacities, such as greater Tokyo, New York, or Shanghai, have bigger economies than most of the countries of the Organisation for Economic Co-operation and Development (OECD).

Cities can be places of opportunity. When paired with facilitating infrastructure (UN, 2014), urban environments can improve living conditions, per capita income, health, and education. However, when mismanaged, urbanisation can result in inequality, the marginalisation of the poor, crime, pollution, and the proliferation of slums (UNFPA, 2016). The challenge—particularly in Asia—will be to make the most of urban advantages rather than risking the spread of failing neighbourhoods.

Furthermore, with more than half of the world's population living in cities, urban centres will be the main focus for implementing the Sustainable Development Goals. Habitat III in Quito in 2016 will be an opportunity to set a new urban agenda.

## Desperate Migration

One of the biggest contemporary challenges is the number of people who are on the move around the world either as refugees or migrants. It is estimated that there are currently 65 million displaced people in the world, the highest number since the Second World War (IPI, 2016).

The number of forcibly displaced increased fourfold in four years (UNHCR, 2015) with developing countries hosting 86 percent of the world's refugees. The disproportionate load being borne by developing countries, particularly those neighbouring Syria, is presenting major challenges to their societies.

At the same time, the large number of refugees and migrants trying to enter the European Union is creating major challenges in terms of border management, eroding solidarity and inclusion. Asia is also grappling with the challenge of harbouring 3.5 million refugees, 1.9 million internally displaced people, and around 1.4 million stateless persons (UNHCR, 2015). In particular, the plight of the Rohingyas has caught the world's attention.

With a growing world population, increasing inequality, climate change, urbanisation, and protracted conflicts in a number of fragile countries, the phenomenon of desperate migration and displacement is destined to get worse if it is not holistically addressed.

Labour forces are becoming more mobile. Indeed, migration is the norm, and people often travel—particularly within their region—to seek better opportunities. For example, around 43 percent of Asian migrants dislocate within the same geographic zone (IOM, 2012). However, the rights of migrant workers and their families are often insufficiently protected. This is a growing challenge as an increasing number of people are on the move. Movement of people remains fundamental to any Asia–Europe cooperation plan.

## Youth and Women

In Africa, 60 percent of the population is 24 years or under; similarly, in the Middle East, young people under the age of 24 account for 49 percent of the population. Yet despite this ‘youth bulge’, the composition of decision-making bodies fail to reflect the population, which creates barriers in bringing policies to the table that address the specific needs of the underrepresented groups.

The existing barriers to effective participation of youth and women disenfranchise a major proportion of society and undermine development. States are losing a significant portion of their labour force, which drives unemployment and sinks women and youth either to lower social positions (Beleva, 1997) or to a state of dependency or marginalisation. This can lead to a reduced sense of self-worth and, in extreme cases, to radicalisation.

The full potential of women can only be realised by addressing their fundamental needs—ensuring freedom from security threats and linking the women, peace, and security agenda to their social and economic advancement. Similarly, young people need to be empowered, educated, and employed to be able to realise their potential. ASEM can provide a platform for greater connectivity between youth in Asia and Europe.

## Rise of Violent Extremism

While violence and conflict over the past half-century are on a downward trend, there is an unprecedented spike in terrorist attacks. Fragile and failed states serve as breeding grounds for violent extremism as the marginalised populations are targeted for recruitment, either through force or by offering incentives and economic opportunities to which their access has been limited through exclusionary governance systems, frustration, or lack of opportunities.

Recent terrorist attacks in Afghanistan, France, Belgium, Indonesia, Tunisia, Turkey, and Pakistan show that no country or city is immune from the threat of terrorism. The rise of the ‘Islamic State’ in particular poses a serious threat to security. It has grown quickly beyond its base around Iraq and Syria, has proven resilient, and is a magnet attracting many young people from around the world to its cause.

With the use of social media and other digital platforms as a recruitment and communications tool between the headquarters of extremist groups and group members, physical proximity between leaders and followers is rendered irrelevant.

The reaction to terrorist attacks and fear of ‘otherness’—for example, caused by refugees and migrants—is causing a rise in homegrown extremism and growing support for xenophobic parties and movements. This is further opening the cultural divide that harbours the ‘ethnic-religious identity politics’ (ICM, 2015) that gives rise to extremism.

## Humanitarian Crises

The current funding structure for humanitarian assistance, all too often in competition with development funding, is struggling to adapt to the changing nature of armed conflict, both in terms of intensity and duration. In 2016, the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) estimated that 125.3 million people will be in need of humanitarian aid, of whom, with the required \$20.1 billion in funding, 87.6 million will receive assistance (UN OCHA, 2016). Despite the record-high funding for humanitarian assistance, barriers set by politicisation, poor compliance, and lack of accessibility to conflict zones continue to perpetuate the funding gap.

Under international humanitarian law, intergovernmental aid agencies are mandated to protect non-combatants during armed conflict, a task that can range from monitoring the means and methods of warfare to the treatment of refugees and internally displaced persons and the prevention of sexual violence by armed groups. Just as quickly as the funding gap expands, so rapidly does the gap grow between the capacity of humanitarian assistance and the demand for it, as a result of which funding for preventative action—although less costly and more effective—drops further down on the list of state priorities. There seems to be an increased danger of a ‘falling back’ on short-term humanitarian response in addressing the fallout of armed conflict as a substitute for political solutions (ICM, 2016). As a result, the emphasis of humanitarian assistance, and the peace and security agenda in general, should shift to prevention and how to promote sustainable peace following the old adage that an ounce of prevention is worth a pound of cure.

## Rewards of Asia–Europe Connectivity

Many of the threats mentioned above are common to Europe and Asia. Furthermore, as long recognised by ASEM, European and Asian countries have a common interest in working in partnership to maintain peace and security and to create an enabling environment for prosperity. To that end, the current world situation affords, as well as necessitates, enhancing connectivity in a number of areas.

### Infrastructure Development

Asia is in the midst of a period of major economic growth. This growth has been enabled by globalisation, technological innovation, and national planning. In turn, it has increased incentives for greater connectivity, including between Europe and Asia.

Most cargoes between China and Europe move by sea, rather than through the old Silk Roads. This has required major investments in port facilities and new fleets for handling more containers as well as liquefied natural gas—and further investments are needed.

A corresponding investment needs to be made in opening up land routes, particularly for landlocked countries. This is both a question of infrastructure development (road and rail links as well as energy connectivity) and lowering the barriers to trade.

This will open up transit corridors from East to West, North to South linking Europe and Asia—with benefits for all countries in-between. ASEM can be a catalyst in this process which is already being driven by major state investors (like China), regional organisations and initiatives (like the Silk Road Economic Belt and the Maritime Silk Road), the Asian Highway Project of the Asian Development Bank (ADB), as well as the Asia Infrastructure Investment Bank (AIIB) and other financial institutions. These main arteries will feed into, and be fed by, other capillaries such as the China–Pakistan Economic Corridor as well as energy pipelines like the Turkmenistan–Afghanistan–Pakistan–India pipeline or the Trans-Adriatic and Trans-Anatolian pipelines.

### State–Society Relations

In recent years, there has been a trend in many parts of the world towards strains between the peoples and their leaders. This, of course, is a centuries-old challenge of how to find a balance between the interests of the state and its citizens, between order and freedom, between government and society. The complexity of governance has been increased by the spread of information through increased use of the Internet and social media, and the threat of terrorism (and reactions to it).



The challenge is therefore how to promote healthy state–society relations. Today, most countries recognise the priority of international human rights law, including equality and non-discrimination, adequate housing, social security and education, personal integrity, freedom of expression. This is not only the law; it is a key to social harmony.

Countries in Europe and Asia have a joint interest in ensuring openness, but in preventing openness from jeopardising security. Cooperation is therefore essential in fighting crime, the use of information, cyberthreats, preventing violent extremism, fighting corruption, and promoting frameworks for participative governance, and the empowerment of women and youth.

## Technology Innovation

Technological innovation is growing at an exponential rate, proving to be an invaluable resource for connectivity and a catalyst for development. For example, over the past half century, computer processing power has doubled every two years. The number of mobile phone subscriptions has jumped from 2.2 billion in 2005 to almost 7 billion today.

Used with the right intentions, technology can prevent conflict and promote peace through surveillance, big data collection, and analysis. And it can create even more opportunities for innovation. With almost half of the population having access to the Internet, there is potential for timely reporting, both of long-standing issues as well as real-time human rights and humanitarian violations. Technological innovation fosters synergies that offer increased opportunity for capacity building across regions and the easier transfer of knowledge, which diminishes the need for on-site assistance—an often-denied necessity during armed conflict. Ease of access to unfettered information also allows for an increased participatory role for citizens, as the use of social media becomes a primary tool to mobilise public opinion (IPI, 2016).

At the same time, technological innovation is taking us into a brave new world of robots, automated weapons systems, cyberthreats, and artificial intelligence. We are only beginning to understand the implications of this trend.

## Disaster Risk Reduction

Climate change and global warming are twin threats to the planet. Furthermore, natural disasters are becoming more frequent and more severe, and there is the constant danger of man-made disasters. Climate change is even causing displacement.

Therefore, it is essential for states to work together to prevent climate change. Furthermore, states should work together to implement the Sendai Framework for Disaster Risk Reduction,

both in terms of strengthening national resilience and in sharing technical expertise. States should also do more to pool military and civil defence assets and train personnel for emergency response.

## Meeting Sustainable Development Goals

The adoption of the 2030 Agenda for Sustainable Development Goals reveals the interconnected nature of 21st century challenges and the need for a joint response in achieving the goals set forth in the agenda. The 169 targets under the 17 goals create a web of interconnectivity that allows for the simultaneous development of economies and societies and eradication of inequalities and crises.

The agreements on the agenda and on slowing down climate change at the Climate Change Conference (COP 21) in Paris in December 2015 show that collective action can work. The challenge now is implementation. This can be enhanced by interregional cooperation, both for peer pressure and exchange of good practices.

Achieving these goals will require significant financial resources. This will require mobilisation of capital not only from governments but also from development banks and the private sector—all of which share an interest in investing in a sustainable future.

Energy plays a key role in development, which is why it has been added to the Sustainable Development Goals. Expo2017 in Astana, on the theme ‘Future Energy’, will be a good opportunity to showcase good practices, green technologies, and to enhance sustainable energy connectivity between Europe and Asia.

## Connection through Cooperation

### Strengthen the Links between Europe and Asia

To summarise, in the same way that global threats and challenges are interconnected, there needs to be a connectivity of responses.

Building connectivity by creating new economic opportunities should cement countries’ interests into a common future. Greater cooperation between East and West will build peace and prosperity, connect states and cities, and strengthen economic growth.

The challenge, in particular, is to unlock the potential of the countries and regions that link Europe and Asia: like the Caucasus and Central Asia. Cooperation around the Black Sea and the Caspian Sea as well as in the context of the Istanbul Process can reduce trade barriers,

improve communications, create a friendlier investment climate, foster trade, improve infrastructure, increase energy security, attract tourism, and build confidence among the parties. Promoting stability and development in these regions will improve their livelihoods, and unclog the arteries between Europe and Asia to create even greater creativity.

ASEM has shown for the past 20 years that it can be a catalyst for connectivity. Enhancing Europe–Asia partnership will become increasingly relevant to deal with threats and challenges as well as to take advantage of opportunities in an increasingly interconnected world.

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