



An uncertain world

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EDITORS

Clingendael
2013 Strategic Monitor



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Netherlands Institute of International Relations

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Introduction to the English version of the Clingendael Strategic Monitor 2013¹

The world is constantly changing and major events and developments follow each other in rapid succession. We live in an uncertain world. That is the main conclusion of the Dutch version of the Clingendael 2013 Strategic Monitor, which was published in May 2013 and is now available in English as well. The Clingendael Strategic Monitor 2013 sketches a global system in which power relations are shifting rapidly – the well-known ‘rise of the rest’ – and in which next to states, non-states actors play an important role. A global system moreover which is confronted with a great variety of security issues, ranging from cyber security to more traditional threats concerning the proliferation of nuclear weapons. A final observation is that the global governance architecture is not adequately equipped to deal with today’s challenges. The overall conclusion of the Monitor 2013 is that the global system is moving more and more in the direction of a multipolar configuration of power, within which cooperation becomes more difficult and will in particular depend upon the relations between the main powers, foremost the US and China.

The 2013 Monitor was published in May. Since its publication, much has happened throughout the world. Some developments had major consequences, while others took place more silently. The main events that occurred since May 2013 will be discussed below, in order to assess to what extent the conclusions of the Dutch version are still correct.

In Egypt, since the overthrow of President Morsi by the army on 3 July 2013, the Egyptian transitional government has tackled the Muslim Brotherhood harshly, resulting in growing polarization and unrest in the Egyptian society.

The so-called ‘arc of instability’ remains a concern. In Mali, the Jihadists dominating parts of the North since the inception of the civil war in 2012, are not yet fully disabled, even though many of them were expelled by French forces. Also in Congo, fighting between the rebel movement ‘M23’ and the Congolese government M23 continues.

¹ This Clingendael 2013 Strategic Monitor is the result of the efforts of many. First, there are the authors of the various chapters, whose names are mentioned in the chapters and whose resumes are included in Appendix 2. In addition to the authors, there are also anonymous contributions to this 2013 Monitor for which thanks are due. This applies in particular to Nicole Oudegeest, who as an intern from November 2012 to February 2013 was very closely involved in the creation of the 2013 Strategic Monitor and who contributed in many ways to this publication. Contributions in the form of text and editing were also supplied by Claudia Aldenkamp (intern), Peter-Paul Greup (intern), and Peter Schregardus (editor of Internationale Spectator).

Finally, the hostage crisis in Nairobi has shown that the threat of terrorism in that part of Africa is undiminished.

The refugee disasters surrounding the Italian island of Lampedusa has rekindled the discussion on migration issues. Hence, in October 2013 alone, several shipwrecks left more than 400 refugees dead when they tried to cross the 'Port to Europe' towards the European mainland.

As a result of the 'bugging' activities conducted by the U.S. National Security Agency (NSA) in several Western countries, including Brazil, Germany, France and Italy, the reputation of the U.S. as a reliable ally has come under attack. In the longer run this may further contribute to the alleged crumbling of the so called 'Pax Americana'.

Amidst a world characterized by persistent instability and conflict, there are also rays of hope. In Iran, on 14 June 2013, the reformist cleric Hassan Rohani won the presidential elections. After his election, Rohani, which has a good relationship with the reformist former president Rafsanjani, started a diplomatic rapprochement to the rest of the world by opening up the conversation about Iran's alleged nuclear weapons programme. In that light, in October 2013, representatives of the Iranian regime met with the U.S. and other permanent members of the UN Security Council, i.e. China, Russia, the UK and France, in Geneva.

And, finally, Syria. Despite the unabated continuation of violence and an increasing influx of refugees into the region, the Syrian regime agreed to a plan initiated by Russia in September 2013, which proposes the destruction of the Syrian chemical weapons under the supervision of the Organization for the Prohibition of Chemical Weapons (OPCW). The proposed plan may be considered a breakthrough in the ongoing Syrian conflict. For its extraordinary contributions to the elimination of chemical weapons, the OPCW received the Nobel Peace Prize in October 2013.

The question is how these recent developments relate to trends, such as those outlined in the Strategic Monitor 2013. Primarily, recent developments seem to confirm the increasing influence of non-state actors, resulting in a world that is becoming more diffuse. This is mainly imminent in the 'arc of instability', where a great variety of Al-Qaida affiliated terrorist groups still have a significant impact on societies. However, states do everything in their power to control these kinds of non-state actors in order to guarantee both national and international security.

Recent developments also show that increasing cooperation is needed – and more often also sought – among countries. From major international actions under UN auspices carried out by international coalition forces to dismantle Jihadist movements in Mali to renewed initiatives by European leaders that underscore the necessity of intensified cooperation between EU member states in the field of security and defence. This European activism can be explained by the fact that the arc of instability is located in the vicinity of Europe, and that therefore, in order to deal with this instability

and the risk of spill-over effects (migration, terrorism, etc.), more cooperation, also with the countries of origin, is required. To face today's challenges, states increasingly try to join forces. However, despite rays of hope and willingness, the international system is often stagnated as a result of difficulties in responding quickly to complex challenges. The main reason for this inability to act is that international negotiations – and their outcomes – and the functioning of the multilateral system strongly depend upon agreement between the great powers, in particular within the framework of the UN-Security Council. Recent events therefore seem to confirm that the multilateral system is diffuse and fragile and that cooperation depends more and more upon the ability of the main powers to come to agreements. This observation is in accordance with the main conclusion of the Dutch version of the Monitor 2013; i.e. that the world is moving towards multi-polarity.

In sum, the image of the world that emerges based on recent events, is in line with the trends as revealed in the conclusions of the Monitor 2013. It is a world in uncertainty, which will only become more complex and diffuse throughout the upcoming years.

The ultimate responsibility for the 2013 Monitor rests with the undersigned, who can be held accountable for any possible errors.

Jan Rood
Rosa Dinnissen

November 2013

Executive summary

Executive summary

Clingendael's Strategic Monitor 2013 is a follow-up report to the 2010 Future Policy Survey and the 2012 Strategic Monitor which was first published at the beginning of last year. The central question in the 2012 Monitor was:

What were the most important developments in the world in the last year (2011) with regard to international security and stability, and how/in what direction will the trends develop in the coming five to ten years?

Based on the above question, the core question in Clingendael's 2013 Strategic Monitor is:

Have developments in the international system and/or changes in international relations taken place in 2012 that were of such importance as to warrant an adjustment to the main conclusions of the 2012 Monitor?

The most important conclusion of the 2012 Monitor was that although the geopolitical system was still to be found in a multilateral scenario, cooperation between states was becoming more difficult. The expectation was that, in the next five to ten years, the international system would move in the direction of a multipolar scenario where states would be dominant and non-cooperation would prevail. According to the 2012 Monitor, the international system was characterised by uncertainties in many dimensions, in particular within the so-called 'Belt of Instability'. This greater uncertainty implied an increased risk of danger. And finally, the report pointed to the less dominant position of the West as a result of the emergence of the BRICS countries (Brazil, Russia, India, China, and South Africa).

Clingendael's 2013 Strategic Monitor concludes that the world shows a high degree of continuity with the conclusions reached in the previous report. Cooperation is still taking place on a multilateral basis, but the world is shifting in the direction of a multipolar constellation. The global distribution of power continues to shift from 'the West to the rest'. Uncertainty within the geopolitical system is high and thereby also the risk of danger.

In addition to this continuity, the 2013 Strategic Monitor points out a number of changes in developments that could have consequences for global security and stability:

1. The evolution of the global distribution of power, with an accelerated and broadening shift in power in 2012. This is evidenced by the continuing uncertainty over the future of the euro and the eurozone, the rise of China and the US reaction to it, as well as the broad array of countries closely following the BRICS (Brazil, Russia, India, China, South Africa) that are asserting themselves economically within the global system. This shift in the distribution of power can be seen in the increasing tensions within the Asia-Pacific region and the growing wedge and increasing friction between

China and the US. The US-China axis is increasingly dominating the world system, and the development of this bilateral relationship is expected to greatly determine global security and stability. Together with the rise of other countries and regions, the growing importance of this bilateral relationship points to the existence of a more multipolar world. The risk of a direct confrontation between the great powers remains small but no longer unthinkable, whereby the relationship between China and Japan in particular deserves attention.

2. The year 2012 showed a decline, or at the very least stagnation, in the multilateral system and the extent of collaboration within it. This decline applies to international security and stability, for instance in the case of Syria. In the approach to a number of global problems—including world trade talks, the challenge of climate change, and the financial-economic crisis—stagnation prevailed. In this regard, 2012 revealed a sharper discrepancy between Western countries and emerging powers over the values and principles that lie at the foundation of the international system. In addition, the emerging countries are demanding more say within the multilateral system, which is itself in danger of becoming a point of contention as a result. Integrating these countries into the system, which would require reform of the system, is one of the major challenges for the future. If this were to fail, the tendency to fragment will continue. Moreover, with the US distancing itself from Europe more and more, it is becoming increasingly clear that the EU and its member states will be responsible for maintaining security and stability on their own continent and its periphery, which is characterised by growing instability (see also point 4).
3. Although non-state actors play an important role on many levels within the transnational system, the position of the nation-state has strengthened in 2012. International cooperation and interaction are dominated by states, which determine—through their power to reach an agreement—whether progress or stagnation will reign. The stronger assertion of the state is a result of the rise and presence of authoritarian powers such as China and Russia on the one hand, and the existence of a more multipolar international system on the other. At the same time, non-state actors are mostly making their influence felt as ‘spoilers’ in the form of ‘spontaneous’ citizens’ movements or by posing a threat. In 2012, this was seen in the stronger presence of radical Islamic movements in Africa in particular and the mixing of terrorism and criminal activities. Due to the presence and influence of a very diverse range of non-state actors, the global system can still be described as hybrid. The expectation, however, is that the role of the state will become more prominent in the coming years.
4. The global threat panorama became more complex in 2012, resulting in an increase in uncertainty within the international political system. This increased uncertainty can be seen at both the interstate and the intrastate levels. What is striking is that the risk of interstate conflict has risen in 2012, not only in the case of Iran and North Korea but also in the case of China’s relations with a number of its neighbouring countries. At the intrastate level we have seen a deterioration of the situation in

Africa and the Middle East in particular. In the MENA region, the uprising against the regime in Syria has escalated into a civil war. In other countries in the region, the outcome of what began as the 'Arab Spring' in 2010 remains mired in uncertainty. Sub-Saharan Africa has become more unstable and fragile as a result of the events in Mali in 2012, which emphasises the extent to which parts of Africa are hot spots of conflict and rivalry. This is also the case for the Pakistan-Afghanistan region, where the big question on everyone's mind is what will happen when the international peace force leaves Afghanistan. This illustrates that the 'Belt of Instability' is still a source of conflicts—and is expected to remain so for a long time—with potential consequences at the international level. This expectation also needs to be assessed in the light of the scarcity of water and food and the effects of climate change.

The vision that emerges from the 2013 Monitor is that of a world in a state of great uncertainty and therefore a greater risk for security, with further shifts in the distribution of power and difficulties in global cooperation. This picture is confirmed by the shift in the scenario framework towards the multipolar quadrant. Although cooperation is not ruled out within that scenario, it will be determined to a great extent by the nature of relations between the great powers. The relationship between the US and China will have a significant influence on the way in which the multipolar quadrant ultimately develops.

1

An uncertain world

Jan Rood

Introduction

In a follow-up to the 2010 Future Policy Survey: A new foundation for the Netherlands Armed Forces, Clingendael's 2012 Strategic Monitor concluded that the global political system is undergoing sweeping changes and rearrangements. As a result, international relations were characterised by uncertainty and potential security risks. This conclusion is by and large endorsed in the 2013 Monitor presented here. In 2013, uncertainty is, once more, characteristic of international relations.

The changes mentioned in the earlier studies involved a wide range of actors and factors. Among the actors, the most significant development in 2013 is the change in the global distribution of power as a result of the emergence of the BRICS countries in particular. As emerging powers, they are increasingly making their mark on the international system. In addition, non-state actors are playing an increasingly important role alongside and in conjunction with—but also rivaling or opposing—states. Finally, there are international and regional (security) organisations and regimes that attempt to manage a complex global agenda under the name of global and regional governance. These organisations are the product of post-war Western dominance, especially where it concerns global multilateral contexts. The majority of them are currently in the difficult process of adjusting to the new distribution of power.

The world has become more diffuse, with emerging powers and non-state actors of all sorts. Some say the world is therefore a hybrid one in which states and non-state actors compete with each other for power and influence. And judging from the subjects on the agenda, the world has also become more complex. In the past, the global political agenda was dominated by questions regarding international trade, arms control, and human rights. Today the agenda involves themes—categorised under the headings of human security and global public goods—as climate change, scarcity of natural resources such as oil and gas but also food and water, migration, failing and fragile states, piracy, the danger of epidemics, cyber security, international crime and terrorism, and the danger of proliferation. Each of these issues—on their own as well as in conjunction with each other—brings risks to global security and stability. An effective approach to these issues requires international cooperation. The question is whether, at a time when the global distribution of power is shifting, the international system is able to generate the capacity required.

The explicit objective of the Future Policy Survey (2010) was to look ahead in an uncertain world with the aim of coming up with more robust policy options. In a follow-up to the Future Policy Survey and also with the aim of safeguarding knowledge in the area of future-oriented strategic research, the Clingendael Institute began the 'Clingendael Strategic Monitor' project in 2011 in consultation with the Ministry of Defence and the Ministry of Foreign Affairs. This project resulted in the first Clingendael Strategic Monitor in 2012, which was intended to offer a view of the world in the future.

The Future Policy Survey was used as an example both in terms of its methodology and main conclusions regarding the future development of international relations. The 2013 Strategic Monitor is a follow-up to the 2012 Monitor. The purpose of this new Monitor is to assess whether, and to what extent, developments and events in the past year (2012) require that we revise the expectations we formulated in the 2012 Monitor. This chapter summarises the most important conclusions of the 2013 Monitor and compares them with those of the 2012 Monitor.

In the first section of this chapter, we will briefly describe the approach and main conclusions of the 2012 Monitor. In the second section we will formulate the central question in the 2013 Monitor and explain the methodology used in this survey of the future. The most important conclusions of the separate chapters (see below) and the interrelationships between them will be summarised in section three. The key changes will be discussed in more detail, with special attention paid to the following themes:

- The development of the distribution of power within the international system.
- The state of the global and regional system of multilateral cooperation.
- Developments in the importance of the state relative to that of non-state actors.
- Changes in the global threat panorama.

The question that is asked throughout this report is whether, and to what extent, certain developments have become more likely or whether uncertainty within the international system has increased.

After outlining the most important changes, we move on to discuss the strategic shocks—events that are imaginable and that, if they were to occur, would have far-reaching consequences for the international system. Section four looks at the actors that can be considered winners or losers within the international system.

In section five, the developments explained will then be contrasted with the future scenarios identified in the Future Policy Survey and the 2012 Strategic Monitor: in what direction has the world system developed in the last year and how will the system develop in the coming five to ten years? The main conclusions relating to the implications for the analyses of global security will then be summarised in section six. In the final section, we briefly discuss the possible policy implications of the foregoing.

This overview chapter is followed by the individual chapters dealing with the actors and the driving forces considered decisive for global and national security and stability as well as for the future pattern of conflict and cooperation within the international political system.

1 A summary of the 2012 Monitor

1.1 Central question and methodology

The key question in the 2012 Strategic Monitor was:

What were the most important developments in the world in the last year with regard to international security and stability, and how and in what direction will these trends develop in the coming five to ten years?

This question was answered on the basis of a number of driving forces involving relatively autonomous external developments that had an impact on international security and stability. In addition, we looked at actors: state or non-state participants that influenced the international system through their actions.

The driving forces were: globalisation, the international economy, natural resources, climate change, science and technology, the proliferation of weapons of mass destruction, polarisation and radicalisation, and, finally, the conflict spectrum.

The following actors were identified: great powers, fragile states, high-risk countries, non-state actors and individuals, international and regional organisations, Dutch society, and the Caribbean parts of the Dutch kingdom.

Each of these themes was discussed against the background of the main question and on the basis of five sub-questions:

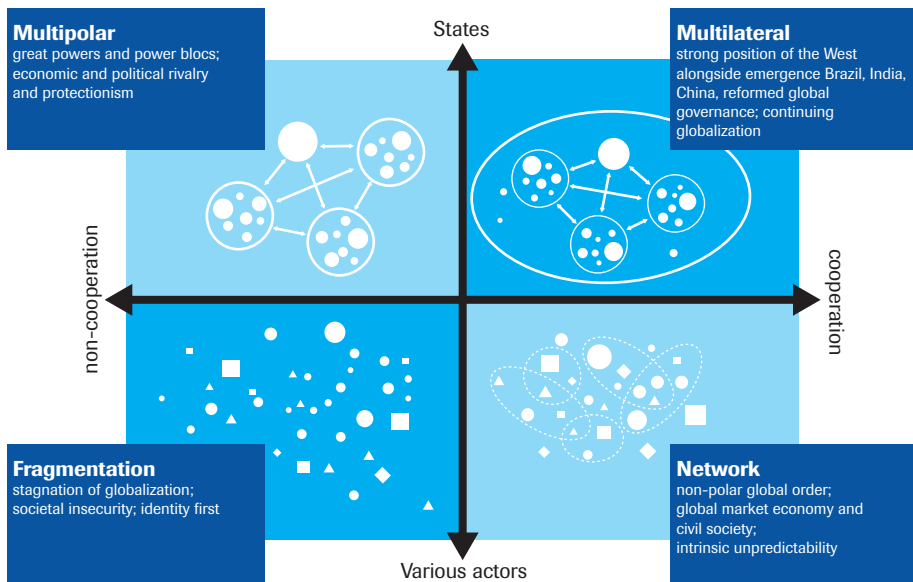
1. What were the most important events and developments in the last year?
2. How will the trends and developments unfold in the coming five to ten years, and what is likely and what is uncertain?
3. What kind of strategic shocks are conceivable?
4. What does this mean in terms of the winners and losers and for stability and security in the world?
5. What are the implications for the Dutch armed forces?

The results of the analysis were then generalised and placed within a scenario framework which was developed in the Future Policy Survey. In this scenario framework, the horizontal axis depicts the degree of cooperation, ranging from full cooperation on the right to non-cooperation on the left. The vertical axis moves from a world governed by states to one in which a multitude of actors operate. In the framework, four scenarios are distinguished:

1. A *multilateral* scenario in which globalisation proceeds at its current pace and the multilateral system is able to adapt to the shifts in the global distribution of power and the more complex international agenda. In this scenario, the emerging powers and the Western countries/actors cooperate effectively in addressing a number of global

- issues. This cooperation takes place within the framework of a set of multilateral institutions that have been reformed and on the basis of rules and agreements.
2. A *multipolar* scenario in which the world is characterised by rivalry between the great powers and among power blocs. Cooperation is difficult and multilateral institutions count for little or nothing. In international economic terms, the world becomes regionalised and countries engage in competition for scarce resources as well as protectionism. This scenario is dominated by states, in particular the great powers.
 3. In the *network* scenario, a non-polar world order exists in which transnational networks—mainly organised around civil society—dominate and states play a less prominent role. Although this is a world full of unpredictability, given the limited role of states there are no major conflicts. Small-scale conflicts of a transnational nature do, however, constitute an ongoing risk in a world that is increasingly globalised.
 4. A scenario of *fragmentation* in which conflict and competition determine relations between states. Nationalism and the retention of one's identity are the driving forces in the international system. No substantial international cooperation occurs in this scenario. Narrow self-interest determines relations in this system which is dominated by states. The fragmentation does not limit itself to the state system—domestic order within countries also comes under pressure.

Figure 1 Future scenarios of the Future Policy Survey (Future Policy Survey 2010).



1.2 Main conclusions

In the light of the four scenarios mentioned above and the scenario framework, the main conclusions of the 2012 Monitor were:

- Cooperation between states still prevails within the world system. The world is therefore still within the multilateral scenario, although cooperation in a number of areas has become increasingly difficult. Within this system, the number of non-state actors is growing.
- For the coming five to ten years we expect a development in the direction of the multipolar scenario on the basis of the shifting international distribution of power, with greater difficulties encountered in international cooperation as a result of the continued dominance of states. A major uncertainty in this regard was whether the rise of 'new' powers would proceed peacefully and whether the multilateral system would be able to adapt to the new political power configuration. In this respect, the future of 'global governance' is also uncertain.
- The 2012 Monitor confirmed the conclusion of the Future Policy Survey that the West had become less dominant. As a result, the international system of values (human rights, democracy, a market economy, etc.), which is largely the product of Western dominance after the Second World War, came under increasing strain.
- Uncertainty within the international system increased. This conclusion was based on the following considerations. Compared with the situation described in the Future Policy Survey, there was a move towards the origin of the grid (i.e., the intersection of the x and y axes), indicating that the world system is becoming more diffuse and uncertain and that it could develop in any direction. The actors and driving forces analysed also revealed a higher degree of uncertainty. And finally, the 2012 Monitor concluded that a number of strategic shocks identified in the Future Policy Survey had become more likely.
- The uncertainties focused on the conflict spectrum and on the conflict dynamics in the 'Belt of Instability', the effects of scarcity and climate change, the effects of the Arab Spring, the dangers posed by high-risk countries, and the future of the eurozone.
- The 'Belt of Instability' was characterised by a number of problems related to scarcity, fragility, failing states, etc.
- In addition, it was concluded that the so-called global commons in particular was coming under increasing strain.
- Partly as a result of developments in science and technology, the process of globalisation was expected to continue. In this increasingly globalising world, the influence of non-state actors grew.
- Finally, the internal cohesion of Western societies came under significant pressure as a result of the economic crisis and migration/integration issues.
- As a result of these developments, there was an increase in uncertainty relative to the conclusions of the Future Policy Survey, and subsequently the risk of insecurity had risen. This did not mean that the international system had become demonstrably less safe but rather that the risks had increased.
- The risk of an armed conflict between the great powers was judged to be small.

The question we posed in the 2013 Monitor was: in what direction did the world system develop based on the events and developments in trends that took place in 2012? Do the expectations formulated in the 2012 Monitor need to be adjusted?

2 The 2013 Monitor: Key question and approach

In the 2013 Clingendael Strategic Monitor, the key question is:

Have developments in the international system and/or changes in international relations taken place in 2012 that were of such importance as to warrant an adjustment to the main conclusions of the 2012 Monitor?

The question then arises whether these changes also affect where the world finds itself within the scenario framework. Was there a shift within the framework in the direction of one of the four scenarios? As already mentioned, the international system was placed in the multilateral quadrant in the 2012 Monitor, but with the world moving in the direction of multipolarity.

In the 2013 Monitor, the following actors were identified:

1. The great powers
2. International and regional organisations
3. Non-state actors and individuals
4. High-risk countries
5. Fragile states

In addition, the following driving forces are discussed:

1. Globalisation
2. Economy
3. Science and technology
4. The proliferation of weapons of mass destruction
5. Polarisation and radicalisation
6. Natural resources
7. Climate change

The actors and driving forces mentioned above are discussed using the following sub-questions:

1. What significant events and trends occurred in the last year (2012)?
2. What is expected in the next five to ten years in terms of probabilities and uncertainties?
3. What (new) strategic shocks are conceivable?
4. Who are the winners and losers of the developments discussed?
5. What are the implications for global security and stability?

In the following section, the main changes described in the separate chapters will be discussed, namely:

- Changes in the distribution of power within the international system (section 3.2).
- The state of the global and regional system of international cooperation (section 3.3).
- Developments in the relative importance of state versus non-state actors (section 3.4).
- Changes in the global threat panorama (section 3.5).

3 The 2013 Monitor: Continuity and change

3.1 Continuity

The key conclusion of the 2013 Monitor is that there is a high degree of continuity within the international system relative to the reference year of 2012. This is particularly true of the main conclusions of the 2012 Monitor. This continuity means that the trends presented in the previous Monitor have continued in 2012 and are expected to continue in the coming years. The main elements of continuity as stated in the conclusions of the 2013 Monitor are the following:

- The international system is still in the multilateral quadrant, but cooperation is becoming increasingly difficult, especially when it involves relations between the great powers.
- The less dominant position of the West is also a trend that is characterised by continuity. The global shift in power from 'the West to the rest' continues unabated.
- The globalisation and 'thickening' of the web of relations within the international system is set to continue as a result of technological, economic, cultural, and other developments, albeit with shifting patterns (see below).
- Transnational issues, in particular those that concern the use of the 'global commons' (air, water, etc.), are a growing challenge to the system of global governance and underline the high degree of interdependence within the world system.
- Non-state actors play an important role within the international system. Despite their growing presence and influence, the system continues to be predominantly inter-state in character.
- The world has not become safer in 2013. As stated in the 2012 Monitor, the greatest and most concrete or visible security risks continue to be concentrated in the 'Belt of Instability', which runs from Central America through large parts of Africa and the Middle East over the Caucasus and Central Asia to Southeast Asia. The majority of failing and fragile states are found in this area, where the danger of intra-state conflicts is the highest, including the possibility of regional spillover effects.
- The uncertainty in the international system is undiminished and in some respects has increased, as a result of which the risk for global security has risen. Given this uncertainty and the associated risk for security, the probability of an outbreak of an armed conflict between the great powers is still small but not inconceivable (see below).

- To the extent that a shift in the scenarios has occurred, this is in line with the expectation expressed in 2012 of a move in the direction of the multipolar quadrant.

The main findings are also consistent with the most important conclusions of the Future Policy Survey, in which the ‘fundamental uncertainty’ observed within the international system was explained by ‘structural factors’ such as the distribution of power and the ‘thickening’ of the web of international relations due to interdependencies in conjunction with a dilution of state power, new technologies, and an accumulation of cross-border problems.

In large part, therefore, the Future Policy Survey and the 2012 Monitor exhibited continuity. At the same time, a number of developments deserve special attention—changes that, due to events and trends in the last year, have potential implications for security and stability in the longer term.

3.2 Changes in the distribution of power in the international system

As already noted, the shift in the global distribution of power continued in 2012—in particular the rise of the BRICS—a shift that has its mirror image in the continuing economic stagnation in the EU and the eurozone, Japan, and to a lesser degree the US. This shift was evident in a number of dimensions in 2012, primarily in the economic sphere. Also in global political and military relations, emerging countries are asserting themselves more strongly. The expectation is that this shift will continue and possibly accelerate. According to forecasts, the GDP of emerging economies will for the first time be larger than that of the developed world in 2013. Indeed, China, Brazil, and India together will be responsible for more than half of the world’s economic growth (PwC 2013)—a fact that underlines how much the OECD countries have become dependent on economic developments outside of the OECD area for their economic recovery.

These forecasts underline the waning dominance of OECD countries within the global economic system. While in the past they accounted for 60 to 70 percent of global GDP, now their share is expected to drop to 30 to 40 percent in the foreseeable future. It is striking that the time period in which this is predicted to occur is continually shortened. This is particularly the case for the moment the Chinese economy will surpass that of the US as the largest economy in the world. The OECD recently forecast that, in contrast to their earlier forecasts, this would occur already in 2016.

This shift is occurring at the same time as continued uncertainty regarding the euro, particularly the eurozone’s ability to extract itself from the debt crisis and its financial-economic problems. Although in 2012 a measure of stability returned and financial markets’ confidence in the eurozone seemed to increase as a result of measures taken by eurozone countries, doubts remain about the long-term perspectives—in particular given the profound impact of spending cuts (especially in the Southern member states) and very high unemployment (especially youth unemployment) in a number of eurozone countries. Uncertainty also applies to the US economy, in particular the approach it is

taking on its high debt burden and hence the position of the dollar within the global monetary and financial system. The same is true for Japan, which is struggling with negative economic growth, a rapidly ageing population, and a high debt burden.

More specifically, the following elements stand out with regard to the shifting pattern of the distribution of power which in the longer term could affect how the international system develops.

The shift described above involves more than the often-cited BRICS. The emergence of these countries is part of a wider range including countries such as Mexico, Indonesia, South Korea, and Turkey—known as MIST/TIMBI (Goldstone 2011)—but is not limited to these countries. This is in line with the observation that the postwar power configuration appears to be in the process of being turned upside down. This development can be seen as threatening from the point of view of the West, but it also gives rise to opportunities in the form of markets, growth opportunities, and new partners. The latter includes the so-called swing states: emerging democratic countries (India, Indonesia, Brazil, and Turkey) that are closer to the ‘Western’ concept of an international order than for example China and Russia (Kliman & Fontaine 2012). At the same time, it is clear that despite all the acronyms such as BRICS, MIST, and TIMBI, these groupings do not represent coherent groups of countries, even if by cooperating with each other they would be able to exercise more influence on the global distribution of power than their numbers would suggest. These countries do band together in their resistance to the way in which the existing international order is managed and in their call for institutional reforms. But they are too divided among themselves and too heterogeneous a group to be able to take a united stand.

The shift in the global distribution of power will in all likelihood continue. Seen from a global perspective, China’s development will be crucial, given the increasing weight of its economy. In addition to its stronger economic presence, it is evident that China is also becoming more prominent at the political and military levels.

The power shift described forms the basis for the observation or prediction that, in terms of the political power configuration, the world is developing in the direction of a multipolar system: a world that consists of several power centres that are more or less in deadlock. In line with this, we assume that such a multipolar constellation will be characterised by rivalry and conflict between the poles.

To this vision of the future we would add the caveat that, at best, we see a trend in the direction of a more multipolar world—one that is a successor to the bipolar world order of the Cold War and the American ‘superhegemony’ of the decade following the end of the Cold War. When one looks at the various dimensions of power (political, economic, military, cultural), however, a diverse picture emerges. The US is for the time being the only power that is globally represented in all dimensions of power. China is an emerging power with global economic influence, but politically and militarily, the scope of Chinese power is still limited to its own region. The other countries that are labelled as great

powers are in a rather subordinate or dependent position. Given the current situation of the EU, it is arguable whether the EU can be seen as a power pole. In the absence of a proactive foreign policy and in the light of the eurocrisis, the global position of the EU is relatively weak.

A second remark we would make is that cooperation within a multipolar system is indeed possible. This cooperation, however, will to a great extent be interstate in nature and therefore is dependent on the quality of relations between the great powers. It will also be less focused on the attainment of common goals or common interests, and will in any case offer less scope for international organisations and agreements based on international law.

To this picture of a multipolar world we would add the increased importance of non-state actors. This would point to a polycentric world system—a world with a variety of state and non-state actors—rather than a developing multipolar system. Finally, in addition to rivalry between the different ‘poles’, there will be a high degree of interdependency. As a result, the two poles—state and non-state actors—will be forced to cooperate with each other in many areas. Some therefore prefer to speak of an inter polar world (Grevi 2009).

Moreover, recently it has become clear that not only the West but also the BRICS face internal economic and political problems that at the very least raise questions about the pace and sustainability of their rise. These problems range from economic development that is too heavily oriented towards the export of natural resources (Russia and Brazil), substantial socio-economic and societal disparities (India, China), inadequate infrastructure and the absence of investments (Russia, India) to the political reforms generally deemed necessary for these countries as a prerequisite for the next stage of economic development (Russia, China). What is uncertain is how the BRICS will develop in the long term (in economic, political, and social terms). In addition, as many have noted, the US has in the past demonstrated a high degree of resilience.

Nonetheless, it seems justified to conclude that the world system will continue to develop in the direction of a more multipolar constellation and that in any case the dominance of the traditional West will continue to decline. What this development means for the pattern of conflict and cooperation between the great powers is still open to interpretation.

It is becoming increasingly clear that the shifting distribution of power is producing its own dynamic within the system of great powers. This dynamic can be observed primarily in the field of foreign policy, where Russia is conducting itself as an obstructionist partly as a result of strong authoritarian domestic political forces and making claims on its periphery (referred to in Russia as the ‘near abroad’); Brazil and India are in search of their foreign policy role both regionally and beyond; the European Union is losing its effectiveness and reputation as a result of the eurocrisis; and Japan’s foreign policy is increasingly being shaped by the rise of China.

The most important aspect of this dynamic concerns the role of China and the US response to the economic and military rise of this Asian powerhouse. In the past year, Chinese foreign policy has become increasingly assertive, in particular in its own region. This trend is illustrated by the claims on a number of islands in the South and East China Sea and the manner in which these claims are made. One can assume that this trend will continue. In response to the rise of China, the US has focused its strategic pivot more towards Asia Pacific. Even though the China-US relationship is characterised by a complex pattern of conflict and cooperation, in the light of developments in the Pacific, the rivalry between China and the US is expected to grow in the coming years, with both possibly striving for regional hegemony. This is also bound to affect other countries in the region. Some of them are already beginning to rethink their foreign policy orientation and security policy (including Australia and Japan). A conceivable scenario is one in which countries are forced to choose sides or join one of the two dominant great powers for their own security.

This scenario shows the importance not only of the Pacific but also of the Indian Ocean, which is inextricably linked to this rivalry and evolving power play. This means that, from the perspective of the US, the Gulf region remains of great strategic significance (in contrast to North Africa).

The scenario emphasises above all that the US-China relationship will be of major significance for the future pattern of global cooperation. In any case, axes—bilateral relations within the system of great powers—are likely to become more important in international relations. This applies to the US-China relationship but also for the other bilateral relationships (Russia-US, EU-Russia, US-EU). For the EU and its member states, the main challenge is to position themselves in a credible manner within this system of axes.

The US-China relationship remains the most important axis in this developing pattern. Due to the increasing rivalry between the US and China and the shift in the international distribution of power, global cooperation is expected to become more difficult and mobilising the leadership necessary for such cooperation will be more challenging.

For the EU and its member states, this means that in all probability they will become more distant from the US in *political-strategic* terms, which in turn implies a greater responsibility for their own security, especially with regard to their periphery. There is also the challenge of providing a new foundation for the EU's relationship with the US. One relevant development in this regard is the decision to start negotiations over a Transatlantic Trade and Investment Partnership—a trans-Atlantic free trade zone. Although trade with Asia has rapidly become more important for both the US and the EU, the trans-Atlantic relationship remains the most important economic axis within the global system, judging by economic indicators such as trade in services, investments, and financial transactions. Perhaps that offers new opportunities for the European-American relationship: the Transatlantic Trade and Investment Partnership is being seen by some as a 'game-changing trade pact'⁷. At the same time, it is clear that

agreement on such a free trade zone is bound to encounter resistance on both sides of the Atlantic.

Periods of power shifts and transitions of power tend to be periods of growing uncertainty and instability. In the past, such periods were often accompanied by tensions and (violent) conflicts between emerging and existing great powers. The current era exhibits characteristics of just such a power transition.

In the 2012 Monitor, the likelihood of a war between great powers—China and the US in particular—was judged to be small ('unlikely'). The 2013 Monitor reaches this same conclusion, with the proviso that tensions between the great powers will increase. This is especially true of the relationship between China and Japan, where an armed clash in the coming five to ten years cannot be ruled out. In addition, the risk is growing that other countries will be sucked into the rivalry and will be forced to take sides. This is consistent with the scenario depicted in the 2012 Strategic Monitor of a multipolarising world in which more conflict occurs at the peripheries of the poles—in the form of proxy and surrogate conflicts—and possibly even developing spheres of influence.

Key probabilities

- Continuing power shift and relative decrease in dominance of the West.
- Increasing rivalry between the US and China.
- Growing importance of the Pacific/Indian Ocean.

Key uncertainties

- The future of the EU/eurozone.
- Economic growth and stability of the BRICS.
- China's foreign policy.
- America's debt problem and the position of the dollar.
- Peacefulness of the process of power transfer/shift.

3.3 The state of the global and regional system of international cooperation/global governance

In the 2012 Strategic Monitor, we observed that despite the difficulty of international cooperation, cooperation between states still had the upper hand. The future of the system of global governance—which refers to the existing system of multilateral institutions and regimes, especially NATO, the EU, the UN, and the Bretton Woods institutions such as the IMF—was considered uncertain. This development led to the question of whether more flexible arrangements such as the G20 could be an alternative

for the existing system and whether these kinds of more flexible arrangements could provide the global governance that the world needs.

Based on events and developments in 2012, we can conclude that cooperation between states continues to be difficult both globally and regionally, leaving aside exceptions such as the sanctions against Iran. In this respect, the tendency towards fragmentation dominates. This is evident from the difficulty in reaching international agreement on how to deal with the financial-economic crisis. It is also apparent in the field of non-proliferation, where support for the existing regime is crumbling and there seems to be a permanent impasse on the nuclear programmes of Iran and North Korea; in the standstill in negotiations on CO₂ emissions and climate change; in the Doha round, where no prospect of a breakthrough exists even after years of negotiations; and in the growing use of and commitment to bilateral and regional free trade agreements. The world community seems to have taken a step backwards in terms of maintaining international peace and security when it comes to implementing the Responsibility to Protect (R2P) principle in cases of serious and massive violations of human rights by states against their own people. While the 2012 Monitor could point to the UN-mandated intervention in Libya as a breakthrough, now the international community is characterised by crippling disagreement in the case of Syria. Given the positions taken by Russia and China, we can even conclude that a certain degree of regression has taken place. It appears that, in the eyes of both countries, national sovereignty and the principle of non-intervention take precedence over protection of the civilian population.

These opposing views are an example of the increasingly sharp differences of opinion over the fundamental values and principles that underlie the international order. Opposite the postwar Western powers are the emerging powers, in particular China and Russia. In the opinion of the latter two countries and of the emerging powers in general, the existing international system—with its emphasis on universal values such as individual rights, democracy, and the market economy (known as the Washington consensus)—reflects postwar political power relationships and serves mainly Western interests. In their objection to this, the emerging countries insist on ‘de-Westernisation’. The clash in opinions between emerging countries and the West focuses on the concept of sovereignty (as emerging countries are less inclined to accept an infringement of their sovereignty), on the universality of human rights and democracy, and the distribution of power within the existing international institutions (such as the UN Security Council, the IMF, and the World Bank), in which emerging countries are demanding more say. Thus, the global order itself—both in terms of its underlying principles and its institutions—has become a source of rivalry.

The above illustrates the crisis in effectiveness and legitimacy that the multilateral system is experiencing—a crisis that has deepened in 2012. At the core of this crisis is the inability of the current system to adapt to changing global relations and to the global agenda of the future. The fundamental challenge is that the input and participation of the emerging countries in support of an effective system of global governance will become increasingly important, as the West is no longer capable of providing this on

its own. The integration of emerging countries into these structures is essential for an effective and legitimate system of global governance. However, emerging countries are only prepared to share the burden of global governance if they receive more say and influence and if the OECD countries are willing to compromise. This is a stalemate with regard to burden- and power-sharing that has yet to be broken. The danger here is that countries will withdraw entirely from international collaboration or enter into alternative forms of cooperation, leading to the risk of a further erosion of existing multilateral arrangements.

Given that a number of pressing issues in the area of global public goods (Global Public Goods/Millennium Development Goals) require more cooperation, the ongoing fragmentation described above reduces the possibilities for collective action, with possible negative consequences for security and stability in the world (see below).

The trend towards fragmentation is not limited to the global level. Even Western organisations such as NATO, the EU, and the OSCE suffer from centrifugal forces and a lack of relevance. NATO faces the increasingly compelling question of what will happen to it after its operations in Afghanistan come to an end. With the US increasingly aloof and the chance of new large-scale operations *à la* Afghanistan (under US leadership) minimal, the organisation seems to be heading for an interlude in its existence. At the same time, the concept of global partnerships advocated by the US has put the exclusive and collective nature of the alliance under pressure. For Europeans, this means that they are increasingly being forced to take on more responsibility for security on its own continent and in its periphery. In 2012, the EU demonstrated a greater willingness to undertake missions, but these were small-scale and limited in composition, mostly aimed at supporting action taken by third parties (as in Africa) in the form of training and logistics support. Moreover, cuts in the defence budgets of individual EU countries have put a great strain on their capabilities. How the EU will develop further is in any case uncertain, not only because of the eurocrisis but also because of the greater distance the UK in particular seems to be taking vis-a-vis the EU.

This reinforces a trend already observed in the 2012 Monitor, namely cooperation in *ad hoc* coalitions and thematic clusters of like-minded countries and in more informal 'light-touch' collaborations, also known as mini-multilateralism. Within the EU, this trend manifests itself not only in operational missions but above all in cooperation with regard to defence materiel—on a bilateral, trilateral, and multilateral level. Within NATO, there are the global partnerships and 'coalitions of the willing and able'. At the global level, the G20 is the best example of what has been coined 'multilateralism light'. Ideally, these informal relationships would be a step in the direction of strengthening and reforming existing relationships. But the risk also exists that these more formal cooperation arrangements will become watered down or irrelevant. In this regard, the G20 demonstrated in 2012 that it does not live up to the promise of a global leadership forum in which both developed and emerging countries jointly take responsibility for global issues. The dilemma here is that in a world of shifting power relations, finding broad, global agreement on international issues is difficult if not impossible.

The tendency towards fragmentation is occurring at a time when interdependence is growing in both a positive and negative sense as a result of technological developments, globalisation, and pressure on the global commons. This emphasises the fact that the process of globalisation remains as strong as ever, albeit via a geographically and thematically more diverse pattern and with a stronger position of the emerging countries. Precisely because of the risks and dangers of this process, the fact that global governance structures are lagging behind is a matter of concern that reinforces uncertainty within the international system.

The key to all this is the aforementioned issue of global leadership. In the case of weak institutional structures, this leadership must come primarily from the great powers. In terms of the scenario framework, the question is whether the dynamics of the great powers will produce effective leadership in the form of a G20/G8/G3 or whether the world will be stuck with a G-Zero in which any kind of effective leadership is lacking.

Key probabilities

- Further erosion of existing multilateral partnerships, in particular the UN.
- Greater pressure on the 'Western' value system.
- More cooperation in *ad hoc*, cluster, and informal relationships.
- Stronger emphasis on regional cooperation.

Key uncertainties

- The future of the EU: Will the EU continue to function as an effective partnership?
- The future of NATO: What kind of role after Afghanistan?
- The progress of globalisation: Will this process continue or will deglobalisation or regionalisation set in?
- Willingness of emerging powers to share the burden of global governance.
- Capacity for global leadership.
- Role of the UK in the EU.

3.4 Developments in the importance of the state relative to that of non-state actors

An important conclusion of the 2012 Monitor was that the influence of non-state actors in the international system would increase. Their numbers are growing, along with their influence. This is occurring in a world characterised by globalisation and a 'dilution' of the power of national governments, particularly in the West. What does this development mean for the pattern of cooperation within the international system? In answering this question, the 2012 Monitor concluded that because non-state actors are a very diverse group, the effect of their increasing presence in the international system was difficult to determine. Nonetheless, it was concluded that the world had a 'pluralistic landscape' in

which movements towards fragmentation and towards a network society were visible but where non-state actors (NGOs in particular) operated in cooperation with states within the multilateral quadrant.

This endorses the view that the classical-realist approach to an international system dominated by states ('the-state-as-only-actor assumption') no longer holds. Increasingly, the world is becoming a hybrid, polycentric, and in some ways network-like world in which states compete, cooperate, and are contested by a wide array of non-state actors. This is also a world in which these same states have lost their policy autonomy as a result of globalisation.

In the 2012 Monitor, the expectation was that the influence of non-state actors would increase, in different forms and with different effects on cooperation, stability, and security in the international system. It was expected that NGOs would organise themselves in networks in order to enhance their influence on the international policy agenda (weapons, fair trade, climate, etc.). In addition, civil society and the initiatives of citizens' movements were expected to make more use of social media.

The 2013 Monitor confirms these expectations. Non-state actors' role within the international system should not be underestimated. The effect of their actions is therefore highly dependent on the nature of the non-state actor, the context in which it operates, and the reaction of state actors. What is evident here is that, in many areas, the involvement of non-state actors is a prerequisite for an effective approach to solving global issues.

Regarding the nature of non-state actors, a distinction should be made between on the one hand non-state actors that operate within the rules of the existing system and try to exercise their influence in this way—such as classical (international) NGOs, lobbies, and businesses—and on the other hand groups that turn against the system in a violent manner or that try to abuse the system (such as terrorists, criminals, and pirates). Typical of the current hybrid world is the occurrence of less organised, 'spontaneous' public movements—known as new style citizens' movements—that have significant capacity to mobilise people through social media and that are fairly transitory and focused on specific themes. Governments have great difficulty dealing with them. These movements should be placed in a gray area between the above categories—i.e., between the non-state actors operating within the system and those operating against the system. These groups oppose the ruling system (for example, the world of the capitalist greed economy) but do so without using violence.

These kinds of citizens' movements are expected to occur more frequently and, depending on how the economic crisis develops further, are likely to gain in strength. Social media such as Facebook and Twitter are likely to be used increasingly as a mobilisation agent. At the international level, these movements become relevant when they organise themselves into networks (together with NGOs) that thematically focus on issues relating to global public goods. More generally, digital media is likely to become

more important in the future and be deployed by both state and non-state actors in order to strengthen their influence.

The emergence of these movements is part of the crisis of confidence that Western societies have been suffering for some time: a crisis of authority that extends to politics and government but also affects other parts of society. If people are not confident that they can exercise their influence along the lines of established democratic and legal channels, they will resort to alternative forms of organisation and influence, especially in open societies such as those found in Western countries. This is a development that forms a challenge for governments—and even classic NGOs—due to the speed and large scale of mobilisation. NGOs are seen as part of the ‘ruling class’ and therefore as part of the system that needs to be fought against.

The challenges for national governments have become more complex as a result of developments in the field of science and technology. Via open sources on the internet, technology and technological applications become easier to use and more available to non-state actors, who can use this for good or evil purposes. If this development poses a risk to their own legal system and social security, states will—in cooperation with each other—attempt to control free access to certain areas of knowledge and technologies in order to mitigate these risks. The challenge for Western societies, which are more vulnerable in this respect, is to find a balance between the importance of privacy and individual liberties on the one hand, and safety and the rule of law on the other.

The picture that emerges of Western societies from the 2013 Monitor is one that is hybrid and complex. This holds equally true for the global level. NGOs and citizens’ movements—whether or not in cooperation with each other—aim to influence international policy and decision-making at a global level. Globalisation will continue, driven by more and more companies that originate outside the OECD area and by hot money that is beyond the grasp of national governments. At the same time, there are countries and entire regions that, due to the fragmentation of state structures, are at greater risk of terrorism (possibly inspired by radical Islamist), of political radicalisation within societies (North Africa/Middle East), and of criminal organisations that manage to nestle themselves in societies. These developments form a direct and indirect threat to regional and global security and stability. We can therefore conclude that the non-state dimension of a polycentric world is asserting itself more strongly in a variety of dimensions.

At the same time, however, the state is gaining strength—‘The state is back’, as they say. This is primarily the case for authoritarian regimes such as China and Russia, which are leaving a stronger mark on the international system and which emphasise the importance of the state in international relations through the values that they convey (sovereignty, the concept of human rights, opposition to R2P, and ‘resource nationalism’). This development is likely to accelerate as the international system shifts further in the direction of the multipolar scenario—a scenario in which states and especially relations between the great powers will dominate.

The rise of 'strong states' must be viewed in conjunction with the situation in Western countries and societies, which are not 'weak states' but states in which government authority is under pressure due to the so-called 'representativeness crisis'. This crisis has been exacerbated by the financial and economic problems of recent years, which has put pressure on an important public good in these countries—namely, the post-war welfare state—thereby tarnishing an important source of legitimacy of national governments. The result is a growing group of 'losers of globalisation', with increasing 'Politikverdrossenheit' (a disillusionment with politics) and the risk of a radicalisation and polarisation of society as a consequence. This is also an environment in which the risk of 'lone wolves' increases.

The non-state element within transnational relations does not alter the fact that international cooperation is still dominated by states. This characteristic will become stronger in the light of the power shifts described and the trend toward multi-polarisation. In cases where non-state actors have influence, this will mostly pass through Western states which are more sensitive to influence by non-state actors as a result of their open societies but also more vulnerable when it comes to irregular activities conducted by such actors.

Key probabilities

- The trend towards a more hybrid world of states and non-state actors will continue.
- New-style citizens' movements and social media will become more important; although it is unclear what their real impact will be.
- States will continue to dominate the process of international cooperation.

Key uncertainties

- Will the influence of (more authoritarian) states in the international system grow, with the state becoming more important?
- Will terrorism gain strength as a result of developments in the MENA region and (other) parts of Africa, or will pluralistic democracy prevail there?
- Will Western countries be able to overcome the authority/confidence crisis?

3.5 The global threat panorama

In the 2012 Strategic Monitor, the conflict spectrum was expected to be marked by continued uncertainty in the coming years. This conflict spectrum applied to rising tensions between the great powers, residual risks around traditional flashpoints, and increasing competition over scarce resources and raw materials, with emerging countries in particular asserting themselves. In addition, the 2012 Monitor observed an intensification of activities in the form of 'irregular warfare' of non-state actors in fragile states and poor countries as well as the emergence of more 'hybrid' violent groups

operating transnationally (organised crime). It was noted in the 2012 Monitor that the likelihood of an armed conflict between the great powers was small but that their rivalry could manifest itself more strongly in their 'backyards' and on issues such as raw materials and natural resources, possibly through the use of proxy forces. In this context, it was pointed out that in order to protect their economic interests (to guarantee access to raw materials and other natural resources), the BRICS had become increasingly active and prominent in regions that until recently had been dominated by the West in terms of presence and influence (as was the case in some parts of Africa). As the BRICS are less committed in their foreign policy to human rights, the rule of law, democracy, and the prevention of fragility and instability, their presence constitutes a threat to the Western value system. Their actions could indeed fan the causes of instability and conflict. Moreover, there is a risk of rising tensions between these countries and Western countries and other donors.

The 2012 Strategic Monitor concluded that the pattern of conflict was mainly intrastate in nature, with the authority of the central state—if at all present—as the apple of discord or being tossed around between groups within weak (fragile/failing) states where ethnic, economic, and/or religious factors played an important role. In this conflict spectrum, radical Islamist groups with an Al-Qaeda signature figured prominently. This conflict pattern was concentrated in the 'Belt of Instability' mentioned earlier. The expectation was that the areas within this belt—spanning Central America via Africa to the Middle East and Southeast Asia—would continue to be sources of instability and conflict for the next five to ten years, including in particular the Horn of Africa (Somalia, Sudan), Central and West Africa, Afghanistan, and Pakistan, and, in the wake of the 'Arab Spring', the Middle East and North Africa (the MENA region).

In the 2013 Monitor, we have no reason to adjust this expectation in a positive sense. The pattern of recent years has carried on. Conflicts are especially intrastate and 'protracted' in nature. A protracted conflict is one that, in the absence of a sustainable solution, flares up again in the near future—the so-called 'conflict trap'. The situation has gradually improved in some areas, but at the same time, new sources of instability have emerged, particularly in Sub-Saharan Africa and the Middle East.

One positive element is that, partly as a result of (controversial) drone attacks, the ability of Al-Qaeda and its affiliated groups to organise themselves and implement attacks (in the West) has been severely impaired. This is especially true for Afghanistan, Pakistan, Yemen, and Somalia; off the coast of Somalia, piracy activities are also decreasing. But the situation in these countries remains very unstable, partly due to their weak state structures. A relapse in some of these countries is likely, with in particular Pakistan—a high-risk country that possesses nuclear weapons in an unstable region—posing a risk to regional and global security and stability. This also applies to Afghanistan, where the situation remains highly uncertain in the light of the upcoming withdrawal of the allied forces.

In some regions, the security situation has seriously deteriorated. This applies to Sub-Saharan Africa, where the central government in Mali has lost control over parts of its own territory to radical Islamist Al-Qaeda-affiliated militias. Mali, which until recently was held up as an example of good governance and stability, dropped within just a few weeks to the status of a failing or fragile state and now threatens to become a hotbed of radical terrorist groups. This is a conflict that also has consequences for the stability of the whole region and that, in conjunction with conflicts in neighbouring countries (such as Nigeria), threatens to transform the entire West Africa into a conflict zone. This is a zone where radicalisation, terrorism, and crime come together and where radical Islamist groups appear to be on the rise. What is uncertain is whether the impact will be limited to this region or whether it will spread to other parts of the world, for example in the form of terrorism.

Combined with continued fragility and instability in the Horn of Africa and Central Africa, recent events in Sub-Saharan Africa underline just how much Africa is a source of instability. In addition, these events demonstrate how the growing influence of emerging powers in this region can be a potential source of tension and rivalry between the great powers.

Uncertainty also characterises the progress and outcome of the 'Arab Spring'. Following the popular uprisings, there have been positive developments in the form of regular elections, but at the same time polarities have emerged even in those countries that are relatively stable (Egypt, Tunisia, Morocco, Jordan). There are fears that, under the flag of democracy, radical Islamic movements will use their power to reverse the freedoms that have been won. For large parts of the population, in particular young people, the economic situation is as hopeless as ever, which brings with it the danger of radicalisation. In addition, there are countries in the MENA region where the central government is weak due to ethnic and religious conflicts (Libya, Yemen, Lebanon) or where the popular uprising has degenerated into a civil war with no prospect of a solution. The latter is the case in Syria, where the international community appears to be powerless to intervene and which is a high-risk country equipped with weapons of mass destruction. The violence is attracting jihadist fighters from outside the country. A total disintegration of the country has become more likely, with consequences for the entire region—for Turkey and the Kurdish question, Lebanon, Jordan, Israel—and beyond (with regard to terrorism and the use of chemical weapons).

The conflict in Syria has also become part of a regional conflict, with on the one hand Iran—which traditionally considered Assad (and Lebanon/Hamas) a loyal ally—and on the other hand the Gulf States, which Iran sees as the biggest threat. This explains why the Gulf States are supporting the Syrian rebels, which they hope will change the balance of power in the Middle East to the detriment of Iran. The Gulf States, incidentally, are terrified that the 'Arab Spring' will spread to their own societies.

The situation in the Middle East is further complicated by increasing tensions over Iran's nuclear programme. The probability of an attack on Iran—by Israel, the US, or

both countries—has increased as a result of the diplomatic deadlock over Iran’s nuclear activities. Such an intervention will have both political and economic consequences far beyond the immediate region. The dilemma is that non-intervention, which could result in Iran obtaining a nuclear weapon, could also have far-reaching consequences for both regional and global stability and the credibility of the non-proliferation regime.

These developments underscore the uncertainty within the international system. To this picture we would add the rising tensions in Asia due to China’s actions in relation to islands in the South and East China Sea and the nuclear threat from North Korea, the stronger manifestation of hybrid types of violence in the form of transnational organised crime—in countries such as Mexico and Colombia where the state has lost its grip on parts of the country—the debasement of state authority in many countries (Central Asia, China, etc.), and increasing pressure on the global commons, with potential implications for security and stability.

The increase in pressure on the global commons is the result of a combination of ongoing climate change, continued growth of the world population, and rapid economic development in emerging countries and regions. As a result of these developments, the pressure on available raw materials and other natural resources as well as clean air and water, food, etc. will increase, with the issue of availability being complicated by different cross-linkages (e.g. the production of food being displaced by biofuels).

This situation is further complicated by the policies of countries, which in some cases (e.g. China) is aimed at securing the supply and availability of raw materials through government intervention, using raw materials as a political tool (Russia), and striving for self-sufficiency in specific natural resources. The latter is particularly true of the US, which is extracting gas and oil from shale reserves and will soon be the largest producer of oil and gas, fulfilling its own need for fossil fuels to a large extent. This is a development that over time could have profound geopolitical and economic consequences. From a geopolitical point of view, this could impact the US presence in the Gulf region and its willingness to use its military presence to guarantee the free passage and supply of oil and gas (the need for which would be reduced with decreasing US energy dependence on this area). From an economic point of view, the increasing supply of gas and oil (and coal) in global energy markets will have an effect on energy prices. Countries that are dependent on exports of gas and oil for their revenue (e.g. Russia, the Gulf States) are vulnerable in this respect.

The emphasis on ‘resource independence’ underlines the fact that countries do not have sufficient confidence in the free availability of raw materials and in the workings of the markets. This lack of confidence also applies to raw materials that are not threatened by physical scarcity directly or in the short term (such as oil and gas). The fear of political instability is an important reason for implementing a more strategic policy and for possibly even moving on to forms of ‘resource nationalism’.

In this respect, uncertainty has increased, not least because of the difficult process of consultation on how to manage the 'global commons'. The likelihood that scarcities or the perception of scarcities will lead to conflicts or will increase instability (also in conjunction with drought, food shortages, floods, and migration) has grown. The 'Belt of Instability' is particularly vulnerable in this regard. The already fragile states and regions located there face an accumulation of interrelated sources of (potential) instability and conflict related to water and food scarcity, raw materials, and the effects of climate change.

Access to the global commons and the application and use of science (knowledge) and technology are also important. It is clear that technological developments will continue to have security implications. Via the 'open space of the internet' and open sources, new technologies will be freely available to both state and non-state actors, with a greater risk of abuse in the form of digital attacks or other forms of disruption (including terrorism). This danger is particularly significant for Western societies because their technologically advanced infrastructure (information systems, payment systems, etc.) make them especially vulnerable to such events.

Finally, with regard to our threat assessment, we would point out the risk of radicalisation of certain groups as a result of the financial and economic crisis. This is a risk that affects the EU member states in particular. For these countries, the danger of violence by radical-Islamist and right and left extremists has in general decreased rather than increased in 2012. Developments in the Arab world and Africa, however, show that the risk of terrorism and radicalisation spreading to other areas remains very much alive. The danger of radicalisation and polarisation exists mainly within European societies due to the financial and economic crisis. The high youth unemployment in parts of the EU can be a source of instability, especially if an economic recovery fails to materialise. In parts of the EU, this could lead to the development of an explosive mixture of disappointment, loss of confidence in the government, populism, and xenophobia which in turn could stir groups and loners to turn to violence. It should be noted that migration will continue to be an issue and that, in the light of international developments and the demand for labour, migration will increase rather than decrease over the next decade.

These developments all call for international cooperation. As we already pointed out, cooperation is proving to be extremely difficult, whether it concerns global public goods or the stabilisation of conflict regions. Regarding the latter, a new international division of labour appears to be emerging. Partly as a result of cuts in their defence budgets, Western countries have become increasingly reluctant to intervene in such conflicts. Increasingly, the West has begun to seek cooperation with regional and local organisations and coalitions (e.g. ECOWAS, African Union) that are then responsible for the intervention on the ground, with Western support limited to the remote deployment of technological resources (exploration, drones, air strikes, etc.) and training and support. This is a development that fits into a broader trend in which, as a result of its declining position, the West is adopting a more cautious approach.

Key probabilities

- Permanent and long-term instability in the 'Belt of Instability', in particular in parts of Africa.
- Collapse of Syria, with regional implications.
- Growing pressure on the global commons.
- Stronger presence of non-Western powers in areas of instability.

Key uncertainties

- Role of the West in areas of instability/fragility.
- Outcome of the 'Arab Spring'.
- The future of Afghanistan and Pakistan.
- The Israel-Iran conflict, with possible US involvement.
- Instability in Southeast Asia.
- North Korea's nuclear threat.
- Impact of the shale gas revolution for the development of global energy markets.

4 Strategic shocks / losers and winners

The paragraphs above depict a changing world but above all an uncertain world. This uncertainty may result in more radical outcomes when strategic shocks occur. If these unlikely but realistic and conceivable events were to occur, it could have significant effects on global or national security and stability.

In the 2012 Strategic Monitor, a series of shocks were mentioned, some of which were referred to in the separate chapters on the actors and the driving forces of the international system. The strategic shocks mentioned in both the 2012 Strategic Monitor and the current Monitor focus on a number of themes:

The disintegration of the EU/eurozone, in combination with major social and political unrest in individual member states. In the light of the economic crisis and high unemployment particularly among the young, this is a shock that cannot be ruled out given the political developments within member states and the reactions of the financial markets.

A crisis over the US dollar. This shock is considered possible mainly because agreement within the highly polarised American political system on a structural approach to the US debt and budget deficits is not likely in the short to medium term.

The political instability in the 'Belt of Instability', which includes a number of shocks ranging from a seizure of power by Islamist radicals/terrorists, the use of

weapons of mass destruction by terrorists, an Iranian nuclear weapon, and the collapse of central authority in Pakistan to an Israeli attack on Iran. These shocks illustrate the fragility and instability that parts of Africa and the Middle East, as well as some high-risk countries, have fallen prey to.

Shocks related to the vulnerability of modern open societies that illustrate the risks of modern communication and open access to knowledge and technology.

Then there are the winners and losers of the global game for power, influence, and prestige. The past year was mainly a story about losers.

As was noted in the 2012 Strategic Monitor, the **West**—the US and the EU / OECD area—has lost in relative terms, given the continuing shift in the international distribution of power. The prospects for the EU/eurozone and **Japan** are particularly uncertain, while the US outlook is strongly related to the ability of the country to deal with its debt.

Countries heavily dependent on gas and oil exports for their revenue can be seen as potential losers. With a greater supply of gas and oil coming onto the market, these countries could see their revenues decrease, with a risk of growing domestic dissatisfaction and unrest. Of the great powers, Russia is in a vulnerable position in this respect.

The **multilateral regime of institutions, procedures, and agreements governing the international system** can also be seen as a loser. This system has come under further pressure in 2012. The multilateral system's crisis in effectiveness and legitimacy has deepened, without any real prospect of reform.

Also counted among the losers are the **'global commons'**. International agreement on tackling problems of scarcities, climate change, and proliferation seems to be further away than ever.

Finally, there are the **'losers of globalisation'**: those groups within Western societies that feel they are the victims of the economic problems and the crisis in the eurozone and are in danger of losing their faith in the democratic system, with growing risks of radicalisation and extremism as a result.

5 The scenario framework: From multilateral to multipolar?

What do the developments described above mean for the scenario framework? Has there been a shift in the direction of a specific scenario—i.e., towards one of the four quadrants that were defined in the Future Policy Survey (multipolar, multilateral, fragmentation, and network; see Figure 1)?

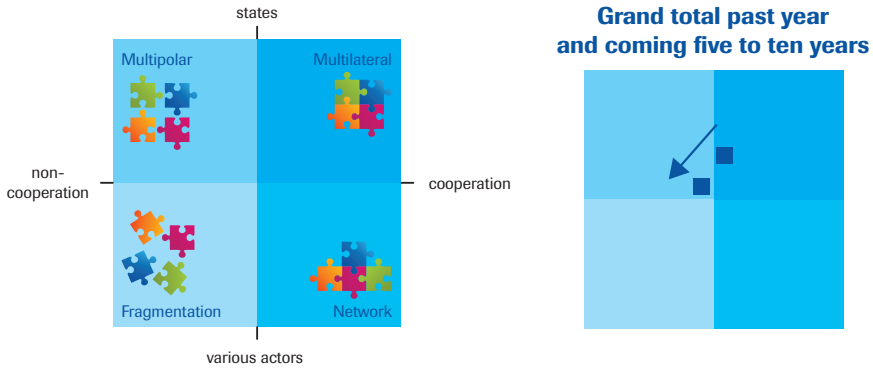
Figure 2 shows a schematic representation of the scenario framework on the left, while on the right we have indicated the direction in which we expect the international system to move in the next five to ten years. This shift is based on our assessment of all the actors and driving forces relevant to the international system. For each separate chapter on the different actors and driving forces, the scenario framework was filled in on the basis of the developments of the past year and our expectations for the next five to ten years.

First, based on a qualitative analysis of the developments of the past year, the scenario framework was filled in separately for each driving force and actor. The same applies to the direction in which the international system is expected to move within this scenario framework in the coming five to ten years. This has also been prepared separately for every actor and driving force identified. The coordinates in Figure 2 are based on an aggregation of all the scenario frameworks from the individual chapters. In this introduction, only the general development of the total movement of all the driving forces and actors is shown. For details on our qualitative analysis of developments in the past year per actor and driving force and the direction in which we expect them to move in the coming five to ten years, see Appendix 1.

Figure 2 shows that, relative to the 2012 Strategic Monitor and on the basis of observations over the past year, the world has shifted towards the origin of the four quadrants in the scenario framework. This means that the international system has moved in the direction of the multipolar quadrant, but that it is still in the multilateral quadrant. This development is consistent with the trend observed in both the Future Policy Survey and the 2012 Strategic Monitor. We would note, however, that this is a marginal shift when seen against the previous edition of the Monitor.

At the same time, Figure 2 shows that, compared with the forecasts for the next five to ten years, the world will move further towards the origin and eventually end up in the multipolar quadrant. This also corresponds to the expectations of the 2012 Monitor. The pace at which this development will occur in the next five to ten years remains uncertain, however. Although more fragmentation can be expected, states will remain the key actors in the next five to ten years. Our expectation is that, given the complexity and uncertainty of current developments due to driving forces such as globalisation, economics, and technology, states will find it increasingly difficult to cope with the challenges that these driving forces unleash. This is exacerbated by the fact that international cooperation remains difficult to achieve.

Figure 2 Overall aggregate shifts within the scenario framework (see Appendix 1 for details)



6 Global security

What does all this mean for global security and stability? To answer this question, we discuss a series of developments and events that may have direct or indirect consequences for security and stability in the world:

The danger of a direct, violent confrontation between the great powers is still slight, but tensions within the international system are increasing. This is the case with regard to the relationship between the US and China and between China and Japan. These tensions are inherent to an international system in which a major reshuffle of the international distribution of power is taking place and a power transition is imminent. Due to weak global governance structures, these frictions are no longer being curbed as much as they had been in the past.

The Pacific and the Indian Ocean—and in time possibly the Arctic—are areas where the threat of competition and conflict is growing. Southeast Asia is particularly vulnerable in the light of China's hegemonic ambitions and a possible US response to Chinese action.

Many problems of instability, conflict, and fragility remain centred in the 'Belt of Instability'. Indeed, in many parts of Africa and in some countries of the MENA region, the fragility and instability seem to be intensifying. From a European perspective, this means that instability in its periphery will increase, with a growing risk of spillover effects (terrorism, refugees, etc.).

Emerging countries are trying to expand their influence in traditional Western zones of influence.

Western countries are exhibiting a greater reluctance to intervene on a large scale for the sake of stabilisation.

The international economy remains fragile. A potentially disrupting factor in the future could be the availability and supply of natural resources, especially the risk of political instability in countries and regions that depend on these or those that have large reserves of natural resources.

The above-mentioned factors illustrate that the world is characterised by a complex set of old and new threats. Those that stand out the most are the high-risk countries, fragile states, and the US-China relationship. The conclusion in the 2012 Monitor thus still holds true: uncertainty within the world system is undiminished and remains considerable.



Obama supporter carries both the American and the Chinese flag. The relations between both countries will have a great influence on the stability of the international system.

Foto: Bob Jagendorf

2

The great powers

Frans-Paul van der Putten (coordinator; China)

Ivan Briscoe (Brazil)

André Gerrits (Russia)

Peter van Ham (US)

Susanne Kamerling (India)

Maaïke Okano-Heijmans (Japan)

Jan Rood (EU)

Introduction

The 2012 Strategic Monitor drew two important conclusions with respect to the system of great powers. First, the international system is experiencing an ongoing shift of power to the detriment of the United States and the European Union. Emerging powers such as China, India, and Brazil—and in their wake Russia—were able to influence the international system more, in particular on issues of sovereignty, human rights, and the neoliberal paradigm of the Washington Consensus. The second conclusion, which is linked to the first, was that cooperation between the great powers was becoming more difficult. Growing tensions in the US-China relationship in particular were highlighted.

This chapter discusses the developments within the system of great powers over the past year. We define superpowers or great powers as states that are among the most influential international actors in terms of security policy and/or economic matters. Based on their permanent membership of the UN Security Council and/or the size of their economy and population, the following actors are regarded as great powers in this chapter: the United States, China, Russia, the European Union, Japan, India, and Brazil. The emphasis is on identifying events and processes that will affect the potential for cooperation between these actors in the coming years.

Cooperation among the great powers is crucial for the functioning of the multilateral system and for international stability. The main prerequisite for cooperation between great powers is the pursuit of common goals. For the proper functioning of multilateral relations and international institutions, it is also necessary for the great powers to have a common understanding on the starting points, principles, and fundamental values on which these relations and institutions are based. The focus in this chapter is therefore mainly on recent developments that indicate shifts in how the goals and visions of the great powers relate to each other.

Within the group of great powers, the US together with the EU and Japan constitute a core group. The US is still the leading actor in the world both economically and in terms of security policy. In terms of goals and visions for the international system, the EU (and its individual member states) and Japan are relatively close to the US position. Within this core group, a high degree of cooperation still exists. The other actors—Brazil, Russia, India, and China—may not be considered a cohesive group, despite the fact that they jointly established the BRIC, a loose partnership aimed at cooperation between the emerging powers. South Africa has also since acceded to the group, and the group has since become known as the BRICS. The degree of cooperation among the BRICS countries and between the BRICs and the US-led core group varies per actor and theme.

There are three categories of relationships that are essential for the functioning of the multilateral system. The first category is the solidity of relations within the US-led core group. Given that the US has become less able to act independently as a global leader—due to its own domestic problems and the shift in power within the international system—the importance of these relations has increased. The second concerns the

ability of the two great powers—the US and emerging China—to restrain their mutual rivalry (see Box 1). Third, the stability of the other bilateral relationships is also important, albeit to a lesser extent. Apart from these categories of bilateral relations, the conduct of the US—to date still the largest among the great powers—is a factor of major importance for the functioning of the multilateral system.

1 Significant changes in the past year

In the past four years, the **US** under the Obama administration has conducted its foreign policy in a guarded manner. It has either avoided involvement in conflicts or, as in the case of the crisis in Libya and Mali, left them in part to others. The cautious stance of the US with regard to the Syrian civil war reinforces the image of a selective, modest US that had already been accused of 'leading from behind' during the Libya war. It is unclear whether this modesty is motivated by the recognition that the US no longer has the means to play a leading (or hegemonic) role partly due to domestic problems or that it is a conscious choice to restrain itself. In any case, the attitude of the US has far-reaching implications for the sustainability and effectiveness of the multilateral system (NATO, UN, IMF).

The economic crisis has affected US foreign and defence policy as the attitude of the US towards the Middle East, Asia, and Europe. The Obama administration has criticised the EU (especially Germany, which according to Washington should do more to end the crisis) because the economic and financial crisis also affects the US. Hence Washington's calls for further European integration are for purely pragmatic, economic reasons.

In the past year, the US has continued to broaden its field of vision in the direction of Asia. After his re-election, Obama selected Southeast Asia for his first trip abroad as president, becoming the first American president ever to visit Myanmar and Cambodia. This development chimes with the impression that geopolitically, Europe is less important for the Americans. In this respect, the announcement that the US will station 60 percent of its navy in the Asia-Pacific region by 2020 comes as no surprise. The strategic 'tilt' (pivot) in favour of Asia also means that the US will continue to strengthen its ties with countries like Japan, Australia, South Korea, Singapore, Indonesia, Vietnam, and the Philippines.

Despite these developments, the dominant picture with regard to US foreign policy is that there is more continuity than change. There are shifts (such as the trend towards a more cautious stance), but at the same time, the strong focus on the Asia-Pacific region is nothing new; rather, it confirms the fact that the US is indeed prepared to defend its interests in the world. However, the US no longer feels called upon to act as 'global cop', ready to extinguish any fire anywhere in the world. The US is also being forced to make choices due to the shift in economic power and the economic and financial crisis. It is therefore not surprising that Europe in particular has been left to its own fate as a result.

The economic problems in the **European Union** have continued without any real prospect of a sustainable, structural solution to the crisis in the eurozone. In the past year, both tensions within the eurozone (between the countries concerned) and tensions within eurozone countries have increased. Between the eurozone countries, these frictions have focused on the question of how quickly and to what extent the Southern European countries should straighten out their budgets and economies and how much the richer eurozone countries should support them in this (via emergency funds and money from the IMF). This issue has been complicated by the economic situation in the Southern eurozone countries which has deteriorated, partly as a result of the austerity measures they have implemented. A number of European countries suffer from high to very high unemployment (in particular among the youth). Partly as a result, the ability of governments to implement further cuts and reforms has come under significant pressure, and countries have been plagued by social protest, social and economic unrest, and political fragility. At the same time, the EU as a whole has been subjected to centrifugal forces, such as the increasing distance that the United Kingdom is taking with regard to the European project. The problem of growing unemployment will be discussed in the chapter on globalisation.

Also in the field of foreign policy, the EU has been experiencing a difficult period. Partly as a result of the euro crisis, the EU's global stature has further weakened. And it certainly cannot be said that the EU exercised decisive leadership on major global issues last year, nor that it was a vigorous advocate of an effective global multilateral system. Its relationship with its periphery (the Arab region/Middle East/North Africa/Eastern Europe and Russia) was more or less a difficult one, with very little to nothing coming out of the European ambition to stimulate these regions in the direction of democratisation, the rule of law, and market economy reforms by way of cooperation, partnership, and association. In the Mediterranean region, the situation following the promising start of the Arab Spring is at the very least unpredictable. The EU's Eastern neighbours, in particular Russia and Ukraine, have been regressing to a more authoritarian form of government.

The triple crisis that hit **Japan**—the earthquake, the tsunami, and the nuclear disaster—in March 2011 has had a ripple effect on various policy areas in 2012 and will continue to make itself felt in the coming years. As a result of the temporary shutdown of all nuclear reactors operating in Japan, in 2012 the country briefly operated entirely without nuclear power for the first time in 42 years. In May 2012, the government presented its objective to be free of nuclear energy by the 2030s. Partly due to domestic and foreign pressure, this objective was not adopted by the Japanese cabinet.

In 2011, Japan showed a trade deficit for the first time in over 30 years. This deficit continued into 2012. The strong Japanese yen hampered exports and contributed to a weakening of the competitiveness of Japanese multinationals, which were already faced with growing competition from neighbouring countries. The government invested in helping Japanese companies abroad (particularly in infrastructure) as well as in promoting tourism. There were some breakthroughs in regional monetary policy,



President Jacob Zuma of South Africa greets Vladimir Putin prior to the fifth BRICS summit in March 2013 which took place in Durban, South Africa.

Photo: Government of South Africa

including agreements on currency swaps, a forward exchange contract, and the start of direct yen-yuan trading. Japan also continued to invest in Europe, albeit to a lesser extent than in 2011 when the country invested significantly in EFSF Eurobonds. The debate in Japan about the usefulness and the need to conclude trade agreements is high on the agenda but has yet to lead to concrete results.

The two-party system in Japan is becoming increasingly institutionalised, with the period of one-sided dominance of the Liberal Democratic Party (LDP) a thing of the past. Nonetheless, a radical transformation of the two largest political parties and the emergence of new players cannot be ruled out. Domestic crises and increased tensions with China have led to greater appreciation of the relationship with the United States in the political arena (especially the Democratic Party of Japan, or DPJ) and among the Japanese public in a more general sense. The LDP won the December 2012 elections, returning to power for the first time in three years. LDP leader Shinzo Abe, who is known as an unequivocal nationalist, became the new prime minister of Japan.

In 2012, the US and Japan decided to separate the issue of the deployment of 9,000 US Marines from Okinawa to Guam from the controversial replacement of the Futenma marine airbase with a new base in Henoko. In September, despite the local population's

objections, the US Marine Corps stationed V-22 Osprey aircraft at the Futenma base. Sanctions on North Korea and Iran were extended and new sanctions were imposed, including sanctions in response to a North Korean nuclear test in early February. In the case of Iran, US pressure played a role, resulting in a reduction in imports of Iranian oil by Japan. The dialogue with North Korea was resumed in the course of 2012, with no concrete results as of yet, also because tensions surrounding North Korea's nuclear ambitions have put a strain on the talks.

Japan's defence policy has been subject to substantial change, as illustrated by the relaxation of the ban on arms exports in December 2011. In the past year, Japan's territorial disputes with neighbouring countries China (Senkaku/Diaoyu), South Korea (Takeshima/Dokdo), and Russia (also called the 'Northern Territories') have flared up again. Although the situation was handled better than in 2010, the conflict with China in particular reached a high point, leading to anti-Japanese demonstrations and the destruction of Japanese assets in China. Chinese consumers boycotted Japanese cars and other products in the last months of 2012, with negative consequences for Japan's economic growth.

In the past year, **China** showed a high degree of political turbulence. Although there was very little uncertainty regarding who would succeed President and Party Secretary Hu Jintao and Prime Minister Wen Jiabao (Xi Jinping and Li Keqiang respectively) in November 2012, there were still signs of significant tensions surrounding the leadership change, which as a rule takes place only once a decade. These signs of tension included the scandal involving Bo Xilai, Party Secretary of the city of Chongqing; the unexpectedly long period of ambiguity about the date of the Party Congress at which the new leadership would be decided; and the unexplained disappearance of Vice President Xi Jinping from public life for nearly two weeks.

China's economic growth was lower than expected in 2012. The World Bank and the IMF expect GDP growth this year to decline to less than eight percent (Wassener 2012) as a result of depressed Western consumer markets (for which many Chinese products are destined) as well as government measures from previous years aimed at reducing inflation and cooling the property market. Nonetheless, even with this lower growth rate, China will still be a key driver of global economic growth.

China's political relations with several of its neighbouring countries deteriorated in 2012, mainly as a result of conflicting claims to islands and maritime rights in the South and East China Seas. The above-mentioned incidents in the autumn concerning the Senkaku/Diaoyu islands resulted in a serious deterioration in Sino-Japanese relations, which also had an impact at the global level. The leaders of China's major financial institutions did not participate in the annual meetings of the IMF and the World Bank, which took place in Tokyo in 2012, in protest against Japanese policy towards the disputed islands. The absence of China at the summit put relations between Japan and China further on edge.

The disputes were not limited to Japan and China: a maritime incident in the South China Sea in the spring strained China's relations with the Philippines. It seems probable that the territorial disputes in the South China Sea—and the involvement of China and the US—were behind the failure of the annual ministerial ASEAN Conference this year to come up with a joint final declaration. For the first time since the establishment of the organisation, the Southeast Asian countries had to conclude the conference without a joint declaration, seen as a symbol of unity. This indicates an increasing risk of regional divisions as a result of the rivalry between China and the US in particular, with countries being forced to take sides.

Sino-US relations deteriorated further in 2012. US diplomatic, economic, and military initiatives in East Asia are seen by China as attempts to pressure the country into complying with the wishes of Washington in the areas of economic and foreign policies. From China's perspective, these initiatives also encourage its neighbouring countries to take a stronger stance in the territorial disputes. The proximity of major US Air Force and Marine bases (on Okinawa) in combination with the security alliance between the US and Japan add an extra dimension to the tense situation around the Senkaku/Diaoyu islands. As a result, an armed incident between China and Japan over the islands is less likely. At the same time, the outbreak of a conflict would pose significantly more danger to regional and global stability. As in previous years, there were frictions between Beijing and Washington over the nuclear programmes of North Korea and Iran. In addition, in 2012 the Syria crisis also became a major source of disagreement between the two powers. There were, however, also positive developments. The US and China expanded their bilateral strategic and economic dialogue (S&ED). The diplomatic incident surrounding human rights activist Chen Guangcheng, who fled to the US Embassy in Beijing during the S&ED, was addressed by both the US and China in a manner that caused little damage to the dialogue.

In February 2013, the American Internet security company Mandiant announced that it had strong evidence that the Chinese armed forces were involved in a large number of recent disruptions to computer systems in the United States. The Chinese hackers would mainly have aimed at penetrating the computer systems of critical infrastructure companies, such as arms manufacturers, energy and transport companies, and companies responsible for internet security for other companies. According to the *New York Times*, these hacker groups were also responsible for stealing information about Coca Cola's business strategy when the US soft drink company was preparing a major acquisition in China. Although the Chinese government strongly denies that it is involved in cyber intrusions in the US or elsewhere, the US government has for some time held the belief that China is a major threat in the field of cyber operations. Last year the US Secretary of Defence Panetta warned against a 'cyber Pearl Harbor' in a reference to cyber activities including those of China. The US military puts considerable effort into strengthening its own capacity for cyber warfare.

There was more continuity than change in political developments in **Russia** in 2012. In the context of Russia, continuity can also be understood as a form of stagnation, on the basis of which instability and changes can be expected in the long term. The main formal political events were the parliamentary elections in December 2011 and the presidential elections in March 2012. The parliamentary elections resulted in a victory for United Russia, the party of President Putin, but the margin of victory was lower than had been predicted, despite indications of fraud. In the presidential elections, Vladimir Putin won—as expected—with 64 percent of the vote. Dmitry Medvedev and Putin exchanged positions: Medvedev became prime minister, and Putin became president once again. Due to the dominant position of Putin, however, there was no more mention of a ‘tandem’ system.

More important than the results of the elections or the formal leadership changes were the extensive protests that broke out following the Duma elections (about 100,000 protesters in Moscow on 24 December 2011). New opposition leaders popped up, including Russia’s most famous blogger Alexei Navalny. The protests were interpreted both inside and outside Russia as an expression of the growing political discontent and assertiveness of especially the youth and the urban middle class. Although this was Russia’s most heated political season since the early 1990s, the protests had no direct political consequences. Despite some legal reforms (such as an easing of the legal requirements for political parties to register) during the final months of the presidency of Medvedev, no substantial progress was made in making politics more open; on the contrary, the reins were tightened. The leaders of the opposition were repeatedly arrested, and legislation regarding demonstrations and non-governmental organisations were tightened. In February, four young women were arrested during an anti-Putin action in the Cathedral of Christ the Saviour in Moscow. The lawsuit against Pussy Riot and the sentencing of the women attracted worldwide attention. In the northern Caucasus, the conflict continued. According to the website ‘Caucasian Knot’ (De Waal 2012), in the first half of 2012, 185 persons were killed and 168 wounded as a result of political and religious violence.

In economic terms, Russia had a good year in 2012. Oil production increased, reaching the highest level since the collapse of the Soviet Union. Russia was thus able to take advantage of the unrest in the Middle East. Inflation remained low, and the government deficit was small. The standard of living reached the level it had been before the start of the financial crisis. Opinion polls revealed that economic prosperity is no longer feeding into support within society for the prevailing political order and power. This calls into question the durability of the ‘social contract’ between the regime and an important part of the population, whereby political loyalty or passivity is given in exchange for an increase in living standards. After thirteen years of negotiations, Russia joined the World Trade Organization (WTO) in August 2012. The most important reason for Russia to apply for membership in the WTO appeared to be the need to improve the competitiveness of the Russian economy. The coming years will determine what Russian membership will bring not only to Russia but also to the other members of the WTO.

In its foreign policy, the Russian Federation continued to try to maintain its own autonomous, sovereign position in a multipolar world order. Positions taken earlier were maintained, especially its opposition to unilateral sanctions and military action against Iran and to increasing the pressure on the rulers in Syria. Negotiations with the EU on a Partnership and Cooperation Agreement continued. Possible problems between the EU and the Russian Federation seem to be focused on disagreement over the position of Gazprom in the European gas market. In its own backyard (the former Soviet Union), Russia was unable to strengthen its position. Uzbekistan suspended its membership of the Collective Security Treaty Organization (CSTO). No former Soviet Republic was willing to recognise Russia's claims to South Ossetia and Abkhazia—regions in Georgia that Russia has *de facto* annexed. Russia's global position rests on the core concepts of multipolarism and multilateralism. The country combines its strong inter-state vision of international politics—which has its domestic political counterpart in a patrimonial presidential system—with a commitment to global multipolarity, as long as the poles are limited in number.

The growing global economic importance of **Brazil** as well as its increased international assertiveness, utilised effectively by former President Lula, weakened in 2012. After a growth spurt of 7.5 percent in 2010, Brazil's current economic performance is much more modest. The latest official figures show growth of two percent in the past year, the lowest rate since 2009. Numerous measures—including tax benefits to consumers—were taken by the government over the past year in order to stimulate demand. The current president Dilma Rousseff aims to stimulate the business climate via measures to encourage the private sector to participate in an ambitious infrastructure plan: a large part of the budget will be spent on improvements to transportation in the run-up to the 2014 Soccer World Cup and the 2016 Olympics in Rio de Janeiro. But at the launch of this ambitious plan, Rousseff was confronted with a massive strike by an estimated 400,000 workers in the public sector, one of the largest strikes in the social history of Brazil.

The activist and interventionist economic policies of the current government are aimed at maintaining a balance between stimulating consumption and maintaining business confidence. This approach was even presented by Rousseff as the solution to the question of how to stimulate the global economy, as revealed in her speech to the UN General Assembly in September 2012. At the same time, corruption remains a persistent problem. In August 2012, a trial was launched against 38 top officials following allegations of corruption against Rousseff's own government and that of its predecessors. The process can be seen as an expression of her effort to bring about a profound change in the political culture. This policy has been reinforced by the establishment of a truth commission, which is currently examining the actions of the military dictatorship between 1964 and 1985.

Brazil's foreign policy appears to be increasingly susceptible to conflicting and potentially incompatible interests. While the Lula government was marked by diplomatic activism, including its proposal together with Turkey in 2010 to store Iranian enriched

uranium, the current government has become considerably less outspoken on the world stage. For example, Brazil has remained remarkably silent about the civil war in Syria, even when the country recalled its embassy staff from the capital Damascus.

At the same time, Brazil has expanded its influence in its own region in a way that is not always positively received, particularly in Latin America where Brazil is seen to be attempting to establish regional hegemony. This is evident from the country's growing military presence in the Amazon region, the deployment of drones at the Bolivian border to combat drug trafficking, and also Brazilian expressions of national pride. In the words of Julia Sweig: 'Brazil appears to be seeking a fragile balance: opposing undemocratic political forces in a multilateral setting, protecting its considerable economic interests, and asserting its diplomatic weight in South America' (Sweig 2012).

The upcoming sports events are likely to give more shine to the image of Brazil as a soft power at the global level. By emphasising the dominant status of the country in the region, however, this will only accentuate the inherent tension in Brazil's foreign policy. At the same time, the sporting events could bring a number of unresolved internal affairs back into the international spotlight. Although poverty has been reduced, a similar improvement has not occurred in urban crime: the murder rate in Sao Paulo increased by 21 percent in the first half of 2012, while attempts to pacify the Rocinha favela in Rio de Janeiro, which is essential for the Olympics, remained ineffective.

In **India**, economic growth declined in the first quarters of 2012 compared with the previous year (5.3-5.5 percent in 2012 compared with 7-8 percent in the previous year). If this disappointing economic growth continues, it could not only slow the pace of India's domestic development, it could also have an impact on global economic growth. The lower growth, due in part to reduced exports and a decline in domestic consumer demand, is mainly the result of internal weaknesses such as the reduced agricultural and manufacturing output, a crumbling infrastructure, and stalled reforms (OECD 2012). A clear illustration of this was the massive blackout in July 2012 that affected 600 million people, which meant that roughly half of the country was deprived of power for almost two days.

As with the other great powers, more continuity than change was observed in India's foreign policy. The country's vision of international politics remained firmly focused on its own autonomy in an increasingly multipolar world, along with a plea for reform of the multilateral system.

In the past year, as in 2011, a trend has emerged in which India has taken on a multilateral stance. For example, as a non-permanent member of the UN Security Council, India drew up reform initiatives designed to make multilateral organisations such as the UN more representative. As in the case of Brazil, India's larger, underlying goal is to obtain a permanent seat on the Security Council in due course. What is striking here is India's vote for the UN Security Council resolution regarding Syria, which

can be seen as a trend away from the Indian government's traditional policy of non-intervention.

India remains committed to closer cooperation with the US and countries in the region to balance the growing power of China and to offset the rivalry and ongoing tensions between the US and China and between China and India's neighbouring countries. The rivalry with China over regional leadership is likely to persist, but at the same time, India continues to actively emphasise the importance of cooperation in regional organisations.

Scenario framework

The most important development of the past year in terms of cooperation between the great powers is the deterioration in the security relations between the US and China and between Japan and China. The relationship between the US and Japan seems to have been reinforced by the US strategic shift toward Asia. At the same time, the US-EU relationship has lost some of its robustness. The US willingness to act as global policeman declined further. Although China's economic growth slowed in 2012, the gap between the size of the US and Chinese economies continues to decline. The positions of Russia, Brazil, and India with regard to cooperation with the other great powers have remained largely unchanged. In terms of their common or individual goals and visions, the shifts have been limited. The growing distinction between the strategic perspective of the United States and that of the EU indicates a clear decline in shared interests between these two actors. Nonetheless, when it comes to certain basic principles, the two sides continue to have largely the same views on the international system. The past year has also shown that the power shift much discussed within the international system—i.e. 'the rise of the rest'—continues unabated.

2 The next five to ten years: Probabilities and uncertainties

Probabilities

- The US will pursue a more cautious and selective foreign policy when it comes to interventions and will be more strategically distanced from Europe and NATO. Further shift in US strategic focus towards Asia-Pacific.
- Increased likelihood of geopolitical rivalry and incidents between the great powers in Asia, particularly between the US and China and between China and Japan.
- Decreased likelihood of collective global leadership by the great powers.
- China will overtake the US as the largest economy earlier than predicted.
- Economic growth in the EU, Japan, and the US will remain substantially behind that of the BRICS countries.
- Greater influence of China, India, and Brazil in the IMF.
- Traditional influence of the West in developing countries will decline, while the influence of the BRICS in these regions will increase.

Uncertainties

- Can the BRICS countries maintain their relatively high level of economic growth?
- Will China remain politically stable?
- What will be the outcome of Brazil's and India's efforts to become permanent members of the UN Security Council, both in terms of whether they succeed and, if they don't, the reaction of these countries?
- What will be the outcome of US efforts to remain a leading actor in Asia's security both in terms of the future US role in the region and for regional/global stability?

The re-election of Obama as president makes it likely that there will be a significant degree of continuity in US foreign policy. The **US** will therefore probably maintain its cautious attitude in the near future and interfere actively in international affairs only if its private interests are directly at stake. This restraint is also motivated by the declining economic power of the US. Given its own economic instability, further cuts in US defence spending in the coming years are very likely (Krepenevich 2012).

The military shift in emphasis towards Asia-Pacific was confirmed in the new *US Force Posture Strategy* (CSIS 2012). The future of NATO as a classic defence alliance is likely to come under further pressure. NATO is now moving towards a flexible platform on which a variety of global partnerships are being forged. The leading role of the US within NATO is declining. It is also uncertain whether the US will be willing to contribute to the reform of major international organisations and structures including the IMF, the UN Security Council, the G20, as well as the Non-Proliferation Treaty (NPT).

The **European Union** will most likely continue to struggle with the euro crisis and its related tensions and unrest in the coming period. The tension between the need to deepen integration and the fear that this will be at the expense of national sovereignty and control is sure to generate frictions between and within member states. With further cuts in national defence budgets, it is not very likely that the EU will regain its strength and play a leading role at the global level again as a supporter of multilateral cooperation. This will further increase the tension in the EU's relationship with the US and thereby NATO. The EU's relationship with neighbouring countries will remain complicated, with a deterioration of relations with Russia and Turkey likely.

It is uncertain whether countries will leave the eurozone or the EU. The United Kingdom is a prime candidate, as a referendum on EU membership will be held in the coming years. The UK is anyhow likely to distance itself more from the EU. It is uncertain whether socio-economic and political stability in the eurozone countries can be maintained, given the euro crisis. Increasing domestic unrest seems likely. The outcome of the Arab Spring remains uncertain. There is a greater risk of sectarian and religiously motivated violence within the countries concerned and thereby also instability in these areas directly adjacent to the EU.

The importance of **Japan** as the world's third largest economy and as a financier and ally of the US will continue to grow as long as the role of China in international politics, the economy, and security continues to expand. The escalating territorial dispute with China made it clear that Japan can expect little support from the EU on this issue. Domestic uncertainties with regard to demographics, competitiveness, and internationalisation are factors that can negatively influence the resilience of Japan's economic development—and hence the importance of Japan as a partner for the US.

Japan has in recent years proven itself capable of formulating an integrated vision and accompanying policy with regard to economic, foreign policy, and global challenges. In this respect, economic diplomacy based on a comprehensive vision of security plays a major role. The country faces an important choice: only if the government can overcome opposition from domestic lobbies—such as the agriculture and nuclear energy sectors—will it be possible to steer the country towards a more open, more international, more sustainable, and robust policy that will keep it on the right track for the next 10 to 50 years.

Little can be said of the policy we may expect from the new generation of leaders in **China** because so little is known about the views of the new President and Party Secretary, Xi Jinping. China clearly faces substantial administrative and economic challenges (World Bank 2012). But it remains to be seen whether far-reaching reforms aimed at combating corruption and strengthening the private sector in the economy will be forthcoming. In the absence of such reforms, the required high economic growth rates will be increasingly difficult to maintain—economic growth being necessary to prevent social unrest and to keep dissatisfaction with the government (over corruption, for example) at manageable levels. The Chinese government responded to the decline in economic growth by stimulating domestic investment in 2012. Although this should contribute to preventing growth from declining further, it seems unlikely that China will in the coming years find a substitute for the export sector as the primary engine of economic growth. With modest growth prospects in other parts of the world, Chinese export growth is likely to remain relatively limited. For 2013, the IMF and World Bank expect GDP growth to amount to just over eight percent (Wassener 2012).

The Chinese economy is likely to continue to integrate into the global economic system. The relatively poor export prospects constitute a strong incentive for Chinese governments and enterprises to expand their foreign direct investment (FDI). Two primary goals behind FDI are to improve market access and to obtain the technology needed to offer products with greater added value. Especially in terms of access to technology, Europe, besides North America, is an important potential destination for Chinese investment. The number of Chinese acquisitions of European companies is likely to increase in the coming years. As a result, the economic relationship between China and the EU could become significantly closer.

The outlook for China's position in East Asia in terms of security policy is unfavourable in the near future. Continued economic growth in China, coupled with concerns

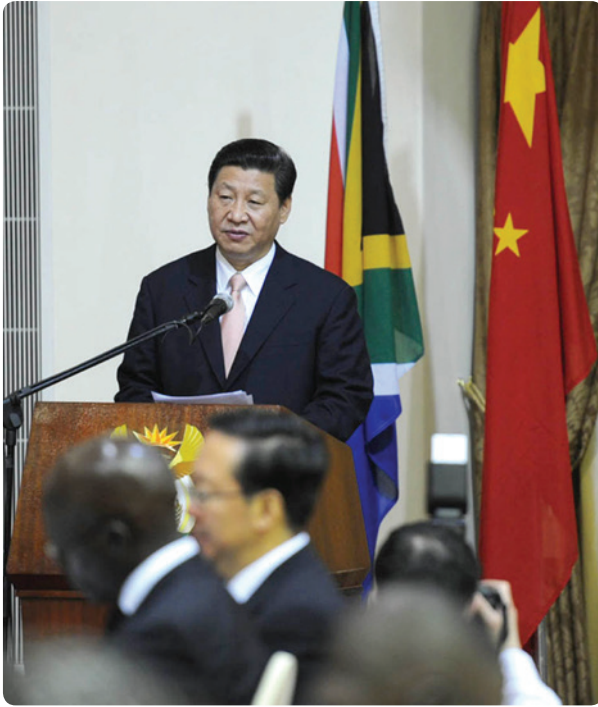
about China's role as a great power, are likely to lead to further tensions in relations between China and its neighbours, including Japan. An increase in regional tensions and in the rivalry between China and the US seems likely. On the one hand, the Obama administration is expected to further increase the strategic presence of the US in East and Southeast Asia. On the other hand, China's economic influence continues to grow, and Beijing does not seem to intend to comply with US economic and foreign policy needs. Due to its difficult relationship with the US, China can be expected to remain somewhat restrained at the multilateral level.

The essential paradox of the regime in **Russia**—the tension between the need for openness and integration on the one hand (because of the modernisation of Russia) and the preservation of the closed patrimonial political order on the other (because of the power and wealth of the current elite)—is likely to remain intact. The greatest threat to the continuation of the political regime is an economic crisis of longer duration. An economic downturn is conceivable, given the likelihood of the country's continued dependence on energy exports. An ongoing global or European crisis and serious attempts by Europe to reduce its energy dependence on Russia could put the price and demand for energy under pressure. This would have immediate consequences for Russian government revenues and expenditures. A 'softer' version of such an economic crisis would be the reforms to social spending—including large-scale cuts—that would appear to be inevitable in the longer term. At a minimum, such reforms would give rise to protests similar to those that erupted against the 'monetisation' of social services in 2004-2005.

Russia's main domestic security problem, i.e. developments in the Northern Caucasus, is not likely to be solved within the next five to ten years. In its foreign policy, profound changes are also not likely. From a geopolitical point of view, Russia is largely playing a 'reactive' role (Trenin 2011: 52-53). Russia will continue to emphasise the importance of sovereignty and independence in its foreign policy. In the next decade, Russia is not likely to enter into formal alliances if it cannot occupy a dominant position.

For Russia, its strategic relationships with other great powers are likely to be more important than other powers consider their relations with the Russian Federation to be. The possibilities of a strategic alliance with China are remote. The significance of Russia for the People's Republic of China will be mostly limited to that of an energy supplier in the coming years. Relations with the US will remain relevant mostly in political and military terms. The decline of the international leadership of the US and increasing global multipolarity are not directly beneficial to Russia's position, as its privileged relationship with the global superpower is becoming less relevant. The only exception to the relatively weak, reactive position of Russia could be in its relations with the EU.

Brazil is seeking a greater presence on the global stage. It may obtain a permanent seat on the UN Security Council if it makes a number of changes to its stance towards the international system. Brazil will have to reduce its criticism of Western foreign policy, strengthen its ties with China, and support norms for peacekeeping missions, the rule



The new President of the Republic of China Xi Jinping during a speech at the fifth BRICS summit in Durban, South Africa.

Photo: Government of South Africa

of law, and development aid. Brazil remains indecisive as to how it can combine its friendly but cold relationship with the US with its membership of the BRICS and its trade disputes with China. Tensions with its Latin American neighbours, arising from Brazil's strategic and commercial policy in its own region, could lead to small-scale border conflicts. To date, however, the possibility of such conflicts has been small.

Economic growth in Brazil, which is based on the export of raw materials and on domestic consumption, is expected to be relatively weak. Rousseff's emphasis on the business environment and infrastructure could lead to friction in the coalition government and to unrest in the trade union movement.

As previously mentioned in this chapter, **India**, like Brazil, is actively searching for its regional and international role, with a permanent seat on the UN Security Council considered to be of great importance. The country continues to work actively on reform of the multilateral system, including in its role as a non-permanent member of the Security Council. The tension between its strategic autonomy and India's increasingly vocal calls for 'multi-alignment' persists. Despite all this, India's foreign policy is expected to remain fairly reactive. Continuity also characterises India's quest to strengthen its relations with the US and with its neighbouring countries in order to offset the growing power of China, especially in the region.

Box 1 The Sino-US relationship

The US and Chinese economies are highly interdependent. Apart from the EU, the US is China's largest market and therefore an important source of technology as well as a destination for Chinese investment. For the US, China is an indispensable growth market, the main production location for US companies, and a major financier of government debt. Because of their mutual economic interest and due to mutual nuclear deterrence, for both powers it is of the utmost importance to prevent an armed conflict. Their rivalry as leading powers and their conflicting interests do lead to growing tensions in the bilateral relationship, but this is not likely to lead to a confrontation in the short term.

After a period of relative calm between 2001 and 2009, when the strategic focus of the US was mainly focused on Afghanistan and Iraq, Beijing and Washington have since 2010 begun to consider each other more emphatically as potential military adversaries. Where a possible armed conflict was previously almost exclusively related to the issue of Taiwan, the potential for military incidents has now expanded to include the security alliances between the US and several Asian countries and the US military presence in the region. Countries in the region are under increasing pressure to choose sides between the US and China. At the multilateral level, the two great powers are seeking to strengthen their own position in regional organisations or launching new multilateral relations, all at the expense of the influence of the other. This involves both economic and security organisations in the region.

This growing degree of rivalry is accompanied by increasingly intensive bilateral communication. The Strategic & Economic Dialogue (S&ED) is a comprehensive bilateral dialogue mechanism that is expanded every year. The agenda for the S&ED includes all security and economic issues that are important to the US and China anywhere in the world. But despite the improved communication, the degree of bilateral cooperation in international crises and conflicts has decreased. The US and China not only have clashing interests—with respect to regional and global leadership, their relationship with Iran, and their bilateral trade relations—but also different views on the international order. While the US strives for a system in which liberal values play a major role, China wants a value-free multilateral system in which state sovereignty is central.

The prospects for Sino-American relations will be determined by whether China continues to grow faster than the US and whether China can maintain political stability. If both these scenarios turn out to be the case, the two countries appear to be on a collision course. The increasing strategic pressure on China shows that the US does not intend to allow China to match it in its position as the global leader. However, it will become increasingly unacceptable to China to play the role the US is trying to force it to play, namely as a participant in an American-dominated international system. Unless China's development slows sharply or the US gives up its leadership ambition, both powers will be increasingly forced to make far-reaching compromises if both are to function as leading powers. Without such compromises, tensions in this relationship will continue to rise. In any event, the mixture of conflict and cooperation that characterises this relationship will be a burden on the multilateral system.

Compared to forecasts made in 2010–2011, India's economic growth was lower than expected. The growth and development of India in the medium and long term have become more uncertain given that growth in 2012 has decreased and that future growth is more dependent on reform of its fragmented and closed domestic market. The likelihood that the internal weaknesses inhibiting economic growth will be effectively addressed in the next five years is not very high.

The possibility of domestic unrest in response to internal tensions and conflicts remained the same, with an outbreak of violence in 2012 between local communities in Assam affecting other states of India. The upcoming withdrawal of the US and NATO from Afghanistan in 2014 will put the regional power configuration to the test. For India, the weakening of its archrival Pakistan and the risk of instability there are cause for great concern. These domestic and regional developments in security policy will result in uncertainty in the next five to ten years and are likely to heavily influence India's development and the direction in which it will move.

In the next five to ten years, the ability of the great powers to jointly lead the multilateral system is likely to decline further. The United States will become less influential and more cautious as leader of global multilateralism. The relationship between the US and Japan is likely to remain strong due to the pressure coming from China's rise, while the transatlantic relationship could weaken as a result of the same process. It is possible that European countries will try to continue to work closely with the US—without, however, putting their economic relations with China at risk. The euro crisis (making the EU economically less attractive to the US) and the emergence of Germany as the leading power in the EU (at the expense of the role of, among others, the United Kingdom) may lead to a widening of the gulf between Europe and the US.

Although the economic growth rate of the BRICS is expected to decrease in the near future, their global influence relative to the West (including Japan) is likely to grow. The BRICS are not expected to operate as a group, nor are individual BRICS countries expected to join the US-led core group. In the next few years we will probably see a convergence in the degree of influence wielded by the various great powers, together with a weak and declining coherence within the BRICS group.

Within the group of great powers, the tension between China and the US and between China and Japan is likely to increase in the next five to ten years (White 2012). The relationship between China and the US has a fundamental impact on relations between the great powers as a group and on the functioning of the multilateral system. As further elaborated in Box 1, Beijing and Washington increasingly feel threatened by each other. Although the US is becoming more and more cautious as leader of the multilateral system, it seems to want to maintain its position as the world's most influential power. This would require that it retain its regional leadership in East Asia, despite the rise of China. An armed conflict is inadmissible for both countries, but that does not alter the

fact that a growing rivalry exists. The other powers face the question of how to respond to this rivalry. Block formation (e.g. China-Russia versus the other powers) seems unlikely given the central role that China plays in the global economy and the inclination of the BRICS towards strategic autonomy. Although the EU does not have the means to act as a military power in Asia, it could further expand its security role in the Indian Ocean, where the US, India, and China are the other three maritime powers.

Table 1 Top 15 countries in terms of military spending (SIPRI 2013)

Rank		Country	Spending in 2012 (\$ billions)	Change (%)		Spending as percentage of GDP (%) ^b	
2012	2011			2011-12	2003-12	2012	2013
1	1	US	682	-6.0	32	4.4	3.7
2	2	China	[166]	7.8	175	[2.0]	[2.1]
3	3	Russia	[90.7]	16	118	[4.4]	[4.3]
4	4	United Kingdom	60.8	-0.8	4.9	2.5	2.5
5	6	Japan	59.3	-0.6	-3.6	1.0	1.9
6	8	France	88.9	-0.3	-3.3	2.3	2.6
7	8	Saudi Arabia	56.7	12	111	8.9	8.7
8	7	India	46.1	-0.8	65	2.5	2.8
9	9	Germany	[45.8]	0.9	-1.5	[1.4]	1.4
10	11	Italy	[34.0]	-5.2	-19	1.7	2.0
11	10	Brazil	33.1	-0.5	56	[1.5]	1.5
12	12	South Korea	31.7	1.9	44	2.7	2.5
13	13	Australia	26.2	-4.0	29	1.7	1.9
14	14	Canada	[22.5]	-3.9	36	[1.3]	1.1
15	15	Turkey	[18.2]	1.2	-2.1	2.3	3.4
		World	1753	-0.5	35	2.5	2.4

[] = SIPRI average GDP = GDP; PPP = purchasing power parity

The data for national military expenditure as a percentage of GDP are based on averages for 2012 GDP of the IMF's *World Economic Outlook Database*, October 2012.

The data for military spending in dollars are averages based on the projected implied PPP conversion rates of each country taken from the IMF's *World Economic Outlook Database*, October 2012.

It is possible that the United Arab Emirates (UAE) instead of Turkey is at number 15, but no data from 2012 are available from the UAE.

The rise of the **BRICS** is also reflected in the development of military spending in recent years. Table 1 shows an overview of the fifteen countries whose military expenditures were the highest in 2012. Among the BRICS, China and Russia are in second and third place. Two other BRICS countries, namely India (8) and Brazil (11), are also in the top 15. The table also shows that the percentage of military spending by China and Russia increased in contrast to the percentage in the US and in European countries such as the UK and France, which saw a decline in their spending in 2012 compared with 2011.

Scenario framework

A number of shifts in the scenario framework will be observed in the coming five to ten years. The 2012 Monitor predicted that the extent of cooperation among the great powers in the next five to ten years would decrease. The great powers are primarily preoccupied with their own power positions and will seek to strengthen them. Based on this, we can expect an increase in the importance of the state within the international system. In addition, there will also be (new) cooperation initiatives aimed at tackling global issues such as political and economic crises, climate change, and nuclear proliferation, although cooperation will more often than not be difficult. This dual development—a power shift and difficulties in cooperating—was apparent over the last year and is expected to continue.

3 Strategic shocks

Strategic shocks

- An acceleration in the decline of American power.
- Disintegration of the eurozone; new dividing lines in Europe.
- The end of the West's military superiority.
- A military conflict between great powers.
- Fragmentation, civil war, or political instability in China.
- A Russian attack on a NATO or EU member state.
- Fragmentation, civil war, or political instability in Russia.
- An EU member state falls apart / coup in an EU member state or a total disintegration of society.
- Establishment of a religious-orthodox regime in a Mediterranean neighbouring country of the EU.
- Emergence of a significant degree of protectionism in international economic relations.

Just as with the significant developments of the past year, there was a high degree of continuity with the previous year in terms of the types of strategic shocks we can expect. To begin with, the decline in **American power** continued. Economic growth in the United States remains weak. The US armed forces must cut back sharply, along with the government as a whole. These financial and economic problems will lead to a decline in Washington's ability to use its economic and military influence and resources abroad. The likelihood of such a shock remains unchanged from last year.

The disintegration of the eurozone; new dividing lines in Europe. The breakup or meltdown of the eurozone (in combination with a global economic crisis) has become more conceivable. Such an event would be accompanied by major political and social unrest in a number of member states, with a significant degree of polarity between member states, and with the risk of rebellion, political extremism, and the rise of authoritarian regimes. The probability that a country will leave the eurozone has increased.

The end of the West's military superiority. The economic growth of the emerging powers together with stagnant economic growth in the EU and the US will have the effect of narrowing the gap in military capabilities between the two groups. Most relevant in this regard is the changing military balance between the US and China. Although China is still very far from acquiring military superiority over the United States, the traditional superiority of the US over China is increasingly being eroded. The technological lead over China is declining—despite continued major investments on the US side—and Beijing is concentrating its defence-related investments in capabilities that will neutralise the US military threat rather than in more differentiated, offensive capabilities. The likelihood of this shock remains unchanged.

A military conflict between great powers. As China becomes increasingly stronger, it seems that the United States will only allow China to acquire more international influence (especially in the Southeast/East Asia region) under certain conditions (more international leadership, more support for US priorities and for liberal political-economic values, and a weakening of Chinese competitiveness in favour of the United States), all of which are unacceptable to Beijing. Territorial disputes between China and Japan have increased in intensity. The likelihood of a China-Japan conflict or a China-US conflict has increased.

Fragmentation, civil war, or political instability in China. The risk of political instability has increased as a result of the decline in economic growth, widespread dissatisfaction over government corruption, and uncertainty surrounding the succession of power at the top of the Communist Party.

A Russian attack on a NATO or EU member state. The likelihood of this strategic shock remains unchanged.

Fragmentation, civil war, or political instability in Russia. Potential threats to stability include growing, widespread opposition (mainly due to the economic downturn); terrorist attacks; the outbreak of conflict in the North Caucasus; and significant discord within the regime. A disintegration of Russia is only likely in the long term.

Fragmentation, civil war, or political instability in India. The armed struggle of the Naxalites could yet reach greater proportions than has hitherto been the case and could threaten the functioning of the state and the unity of the country. The probability of this shock occurring is unchanged from last year.

In addition to the strategic shocks mentioned in the 2012 Strategic Monitor, the 2013 Monitor has identified a number of new strategic shocks. The first is the **disintegration of an EU member state**. Regional nationalist parties are then likely to gain power in several member states.

A coup in an EU member state or a total disintegration of society. Economic problems in various member states are leading to high unemployment and increasing social tensions, thereby weakening political stability.

Establishment of a religious-orthodox regime in a Mediterranean neighbouring country of the EU. Economic problems and the loss of secular-oriented regimes in North Africa and the Middle East offer orthodox religious movements new opportunities to acquire political power.

The emergence of a significant degree of protectionism in international economic relations. The popularity of protectionist policies is increasing as a result of weak economic growth and the greater international influence of China and other countries where the government intervenes heavily in the economy.

4 Winners and losers

With the downturn in economic growth in the BRICS (Sharma 2012) and the continued weak economic growth in the EU, Japan, and the US, the distinction between winners and losers seems hardly applicable to the situation in 2012. Also in the field of security policy, none of the great powers have been able to improve their position relative to the previous year or relative to the other powers.

In this context, the EU is one of the losers in a relative sense. Partly as a result of internal economic problems, but also because of its inability to speak with one voice, the European Union has been unable to take part in the great power game at the same level. As a result, the global order has lost an advocate of multilateralism.

A series of domestic and international factors such as the rigidity of the Russian political system, a one-sided economic foundation, insufficient infrastructure, and high levels of corruption combined with the demographic, economic, and political dynamics of other powers mean that Russia will in time be counted among the group of global losers.

Despite the relative weakening of its power, the US has managed to strengthen its position as an actor in the field of security policy in the East Asian region in 2012. At the same time, China's efforts to be recognised as a regional leader are being undermined by the deterioration in its relations with several neighbouring countries. The presence and influence of the US in the region is increasingly welcomed by other countries in the region. This goes not only for Japan but also for countries like South Korea and Vietnam. On the other side of the globe, the strategic position of the US has significantly weakened in the Middle East, particularly as a result of the fall of the regime of President Mubarak in Egypt.

5 Implications for global security and stability

The crucial question in the coming years is what role the **US** will play in world politics. Since the Second World War, the US has always assumed a leadership role of the Western world, determining the agenda in many international organisations and the direction of policy. For global security and stability, the question now is whether these existing structures can be maintained without American leadership. The future of organisations like the UN, NATO, the IMF, and the World Bank has thus become uncertain. Perhaps these institutions will continue to exist, but their role will change significantly or—at worst—will become marginal (due to a lack of relevance, representativeness, and effectiveness). In many ways, Europe has been a ‘free rider’ of the stability that the US has enforced through its military presence in the world. A US that is more selective and more limited in its dealings with the world would mean that other actors (especially Europe) will have to stand up more for their own interests and security.

The euro crisis in the **EU** has both a direct and indirect impact on global security. The direct impact is the reduced ability of the EU as a regional security organisation to step in and take over from an increasingly retreating US (and NATO) when it comes to tackling instability, crises, and conflicts in neighbouring regions. With the risk of conflicts growing, this inability on the part of the EU is a threat to the global security situation, especially when one takes into account the situation of (nuclear) Iran and Israel. Indirectly, there is a risk that the collapse of the eurozone will be a threat to the world economic system, with all the possible side effects for stability within countries and regions.

Uncertainty about the growth potential of **Japan** as the third largest economy in the world contributes negatively to stability. At the same time, in recent decades Japan has also proven that a lack of economic growth does not necessarily mean a lack of development. The economic and financial crisis in Japan could offer lessons for policymaking in the European countries and the EU, as they face similar problems such as an ageing population, declining prices (including real estate), a weakening banking sector, and policy impasse.

Increasing tensions in one of the most important bilateral relationships in Asia—between China and Japan—are leading to greater instability. Although a military conflict is unlikely but cannot be ruled out, increasing uncertainty could already in the short term contribute to a deteriorating economic environment by introducing uncertainty about the supply of products and parts as well as access to trade routes. The increasing imports of natural resources such as gas (LNG) and oil by Japan to offset the decline in nuclear energy could lead to further increases in prices of fossil fuels and to instability in the market. Alternatively, new investments and innovations by Japan in renewable energy could contribute in the long term to increased sustainability and stability, especially in other parts of the world.

The emergence of **China** is leading to uncertainty and tensions with neighbouring Asian countries and with the US. At the same time, China's rise is engendering a change in regional and global economic dynamics. As a new great power, China can make a significant contribution to international stability. This requires that it succeeds in finding a role for itself that is not threatening to smaller countries. In addition, China must avoid entering into conflict with the US, Japan, and India and take on greater international responsibilities to ensure stability in the region and beyond. Moreover, China must find a way to continue to develop economically and socially without jeopardising internal political stability. A high degree of political instability in China in the period 1895-1945 was the main factor behind a series of major conflicts between the powers that were then present in East Asia. In the current circumstances—now that China is the second largest economy in the world and East Asia has a more central position than before—political chaos in China would have a destabilising effect on a global scale.

Russia poses only a limited threat to the territorial security of states, with a few, not very probable exceptions in the region: the continuation of the 'occupation' of parts of Georgia, the Crimea, and Transnistria. Russia has the ability to launch a cyber attack on smaller states in its periphery, although the threat of cyber crime from Russia comes mainly from non-state actors (criminal networks). Over time, Russian gas and oil drilling in the Arctic could lead to transnational ecological problems. Russia's arsenal of nuclear and chemical weapons remains a potential source of concern, although mainly for the Russian people themselves. Given the poor state of the country's public health and healthcare, Russia can be a source of infectious diseases, tuberculosis, AIDS, and infectious animal diseases. Based on the past, however, the global risks of this problem seem to be limited. The biggest threat to the world is a regime that feels cornered and therefore uses foreign policy as a way to distract the people. This would, however, represent a break from its post-communist past, as Russia has generally followed a fairly pragmatic, rational foreign policy.

Brazil is a key producer of raw materials and natural resources such as soybeans, ethanol, corn, and increasingly oil and biofuels. The country is expected to remain a key producer of such resources in the future. Brazil remains a key supplier of food and energy and thus an important factor in the world economy. Up to now, the international political reputation of Brazil has been based on the image of a peaceful, 'civilian' power. After all, the country has not been involved in any international armed conflict since the end of the Paraguay War in 1870. Now that Brazil is becoming increasingly engaged globally and in its own region, the question is how long it will be able to maintain this image. This depends to a large extent on the role that Brazil will play in the coming years internationally and in its own backyard: as an example of a country that has been able to tackle poverty and crime, as mediator and 'honest broker', or as a natural resources power with hegemonic aspirations in its own region?

In the case of **India**, the issue of security must be seen within a regional context. The security of South Asia would be threatened by decreasing stability in Afghanistan and an increasingly destabilised Pakistan in the run-up to the withdrawal of the US and



G8 foreign ministers during a meeting in London on 11 April 2013.

Photo: G8 UK Presidency / UK summit

NATO from Afghanistan in 2014. In the case of Pakistan, this could have consequences that go beyond the region. Local conflicts in India—for example in Kashmir but also in the Northeast—could potentially have spillover effects on Indian states and neighbouring countries. A decline in the growth of the world economy due to disappointing growth in India and South Asia is a potential risk in the context of world economic development. At the same time, as in the case of China, India's economic development—and the increased use of energy and raw materials associated with it—will exact a heavy burden not only on the infrastructure of the country but also, and especially, on the global climate and the availability of natural resources.

Conclusion

Although the economic growth of the BRICS weakened in 2012, the difference in size in economic terms between the members of the BRICS and the core group of the US-EU-Japan continues to decline. The trend described in the 2012 Strategic Monitor regarding cooperation between the great powers has continued this year: cooperation has become more difficult, but a strong preference still exists for avoiding conflicts and maintaining a number of (multilateral) rules. For this reason, the willingness to find areas in which to cooperate with other great powers—where possible and when in one's

best interest—will continue to exist. It seems likely that this situation will continue in the coming years. However, we should not rule out the possibility of unforeseen events or triggers of tension and conflict bringing about a change in this situation. The main uncertain and potentially confounding factors in this area concern the future of the EU as an international actor and the stability in the security relationship between the US and China.

The expectation is that the BRICS will increasingly dominate the global landscape in the next five to ten years and will be able to safeguard this position in the decades following. This expectation is confirmed in Figures 1 and 2 where the situation in 2010 and the expected ratios in 2050 are shown.

Figure 1 The BRICS will still dominate the global landscape in 2050: the world in 2010 (Goldman Sachs, 2011).

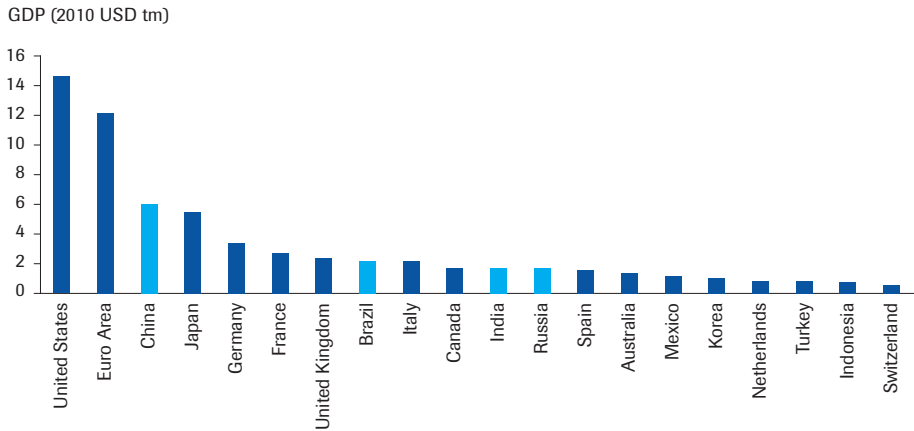
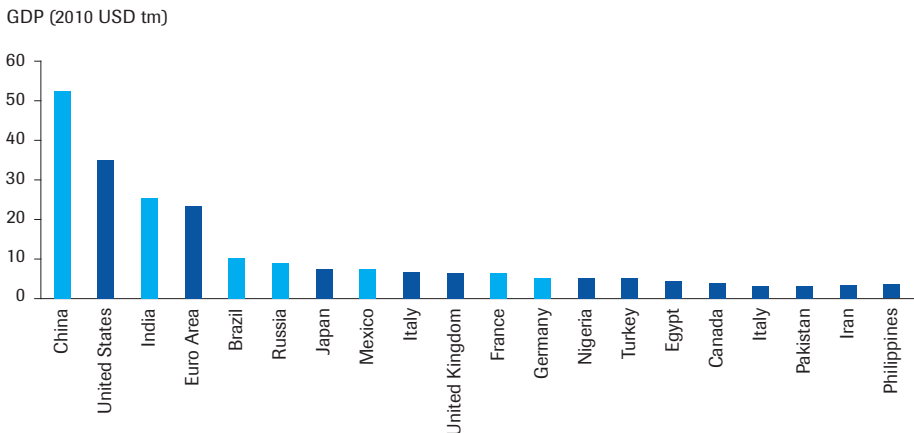


Figure 2 The BRICS will still dominate the global landscape in 2050: the world in 2050 (Goldman Sachs, 2011)





UN meeting in Geneva.
Decision-making and consensus remain
difficult in international organisations,
such as the UN.
Foto: K.Jakubowska (Shutterstock)

3

International and regional organisations

Margriet Drent (coordinator and EU)

Peter van Ham (NATO, OSCE)

Marianne Ducasse-Rogier (UN)

Introduction

The 2012 Monitor concluded that the picture was mixed with regard to how the key multilateral organisations in the field of security were functioning. There was cooperation, but at the same time these organisations were experiencing de-institutionalisation. International organisations and bodies such as the UN, NATO, the OSCE, and the EU were not always effective in addressing international crises and conflicts. The increasing use of *ad hoc* coalitions was striking in this regard. This trend was expected to continue in the next five to ten years, causing a decline in the collective capacity to act against insecurity and instability in the world. The 2012 Monitor detected a positive development in the field of 'Responsibility to Protect' (R2P), with the caveat that the use of military means in humanitarian operations is highly dependent on consensus between the great powers, especially between the permanent members of the UN Security Council. More specifically, it was pointed out that the transatlantic relationship has changed significantly in terms of security policy due to a shift in the strategic focus of US foreign and security policy towards the Pacific/Asia. As a result, the EU would have to take on more responsibility for security in its own region, and it was uncertain whether the EU could do so. This chapter will discuss how the international and regional security organisations have developed as players since early 2012 and whether the expectations of the previous Monitor need to be adjusted.

1 Significant events in the past year

In 2012, the possibilities for collective action by the **United Nations** under the banner of R2P suffered a major setback. After the military intervention in Libya and to a lesser extent in Côte d'Ivoire in 2011, there has been a growing reluctance to embrace the concept of R2P. China and Russia, both permanent Security Council members, have shown this to be the case numerous times—vetoing, for example, Security Council resolutions on the situation in Syria and thus making collective UN action on Syria impossible. Between January and June 2012, the veto was used four times in the context of the crisis in Syria—a record since 1989. This illustrates the renewed opposition to the principle of R2P itself and to international operations conducted under Chapter VII of the UN Charter under the banner of R2P. During the General Assembly in September 2012, China and Russia emphasised the importance of national sovereignty, territorial integrity, and non-intervention.

The plan submitted by the African Union for military intervention in Mali—at the request of the Malian government—led to a unanimously adopted resolution on 20 December 2012. A mission led by African countries (the African-Led International Support Mission in Mali, or AFISMA) was given a mandate for one year to take 'all measures' necessary to help the Malian authorities liberate northern Mali from 'terrorists, extremists and armed groups'. The prerequisite is that the Malian government must restore government stability and that military plans must be developed further before a military operation can take place. The fact that African countries themselves took the initiative—and also



Australian and Afghan soldiers sit with their military equipment ready to board US 'Black Hawks'. US and NATO troops will pull out of Afghanistan in late 2014.

Photo: Isafmedia

combined with the generally acknowledged threat coming from the terrorist presence in northern Mali—explains to a large extent the unanimity in the Security Council on this carefully formulated resolution.

An important issue related to peace operations remains the nature of the mandate. In recent years, UN operations were given 'robust' mandates, including the protection of civilians (the Protection of Civilians or POC concept). The problem is the gap between the expectations raised by such mandates and the actual opportunities peacekeepers have to implement them. This was illustrated by the problems of MONUSCO in the Democratic Republic of Congo and UNIFSA in the Abyei region on the border between the two Sudans.

During its May 2012 summit in Chicago, **NATO** elected to intensify its use of so-called global partnerships. NATO is thus trying to put itself forward as a 'hub for a global network of security partners'. This in itself is nothing new, since the choice for broader groups of 'coalitions of the willing' was made a decade earlier by the US during the Iraq War. NATO stresses that this will not compromise the classic (territorial) defence

tasks nor the security guarantees that member states give each other (Article 5). It is, however, true that some partners (including Australia and Japan), through their active support of NATO missions, sometimes have a stronger strategic commitment to the alliance than (some) member states themselves. If the trend of global partnerships continues, then this could in time dilute the differences between partners and member states, to the detriment of the cohesion of NATO.

Due to its presidential elections, the US hardly addressed issues relating to NATO in 2012. This reinforces the trend that Washington is giving the other member states more room within the organisation for undertaking their own initiatives. In addition to its strategic reorientation towards Asia, the financial problems of the United States also play a role in this regard. The government deficit and debt are forcing the Americans to cut their defence spending. The consequences of this for the European NATO allies are becoming increasingly apparent. The US security strategy of January 2012 stated that Europeans were no longer consumers of security but rather producers of it.

The Chicago summit drew attention to the ending of the NATO operation in Afghanistan in 2014 and thus also focused on the existential question of what the role of NATO after Afghanistan should be. In Chicago, NATO member states agreed to continue financing the Afghan security apparatus in the coming years. NATO efforts to display consensus on the withdrawal of troops failed when the new French President François Hollande announced that France would already pull out its troops in 2012. An important point on the agenda of the Chicago summit was *Smart Defence*: the summit marked the official start of the remodelling of existing projects and of other new initiatives in this area.

There were divergent opinions within NATO about the civil war in Syria. Turkey would like NATO to be involved and has already convened emergency meetings to discuss the Syrian crisis several times on the basis of Article 4 (of the Washington Treaty). In November, after much hesitation, NATO decided to deploy Patriot anti-aircraft missiles to guard the Turkish-Syrian border.

The **OSCE** continues to draw attention to the problems of instability and democratisation in Russia, Belarus, Ukraine, the Caucasus, and Central Asia, which is and remains its niche. However, this role has come under increasing criticism, often referred to as the 'Eastern bias' of the OSCE. Under the Irish presidency in 2012, the OSCE also continued to play a modest role in Central Asia and the Caucasus as well as in other parts of the former Soviet Union. The OSCE continues to monitor this region for human rights, media freedom, and democratisation. For most Western countries, however, the OSCE remains virtually invisible. The process of democratisation in Eastern Europe, Central Asia, and the Caucasus remains under pressure, however, and there are no other active organisations in this region that deal with security issues in a broad sense. The OSCE therefore definitely has a role to play, also in the future.

In the framework of its Common Security and Defence Policy (CSDP), the **European Union** broke loose from its impasse and launched no less than three new missions in

2012 (EUAVSEC in South Sudan, EUCAP in Sahel/Niger, and EUCAP Nestor in Somalia). In addition, the EU is preparing a military capacity-building mission in Mali and a border management mission in Libya. Even the crippling debate over EU headquarters was solved for the time being by a compromise: the EU Operations Centre in Brussels was activated in March 2012 to coordinate the three EU crisis management operations in the Horn of Africa. The integrated approach to the Horn of Africa also began to take on more shape and coherence. In addition to a Horn of Africa Strategy and three crisis management operations (including the anti-piracy mission EUNAVFOR ATALANTA), High Representative Catherine Ashton also appointed a Special Representative for the area, Alexander Rondos, in 2012.

The conflict in Syria also led to greater consensus among the member states. In less than a year, the EU used the entire amount it has at its disposal to impose sanctions. This appears to be a reaction to the disagreement within the EU following the conflict in Libya. Another effect of 'Libya' as a symptom of the diminished US role in European security was the louder call for a new European Security Strategy. In March 2012, the replacement of the European Security Strategy of 2003 was on the agenda at the informal Gymnich meeting. The large countries could not be persuaded to adopt a new strategy at this meeting, but in July, four national think tanks from Sweden, Poland, Italy, and Spain launched on behalf of their governments the European Global Strategy (EGS) initiative.

The September 2012 report of the Future of Europe group, the result of consultation between eleven foreign ministers, contained a rethink of the EU in a broad sense. It was striking that the report called for majority voting in the field of foreign and security policy and that some countries backed the creation of a European army.

The continuation of the eurozone crisis means that the trend in which European foreign, security, and defence policy receives little attention will continue. In this sense, the awarding of the Nobel Peace Prize to the EU in October came as a surprise. It demonstrated that the role of the EU in the European peace project can be considered hugely successful and deserves recognition.

What does continue to occupy the EU's attention are the possibilities for intensive defence cooperation, for example in the field of materiel. Defence cooperation is seen as a way to mitigate in some way the effects of deep budget cuts. The 'bottom-up' trend of bilateral and trilateral initiatives thus continues.

The events of the past year show a mixed picture, but on balance we see a continuation of the trend of de-institutionalisation as observed in 2011 and a climate in which multilateral cooperation is under pressure. This is largely due to the setback in the area of multilateral action within the UN framework. Furthermore, the Chicago NATO summit failed to eliminate doubts about the future direction of NATO. The strategic reorientation of the United States towards Asia/Pacific continues, and moreover the US faces cuts to its defence budget. The role of the European Union in crisis management is increasing;



On 9 May 2011, NATO Secretary General Anders Fogh Rasmussen was in Georgia to honour the army's contribution to NATO forces in the global fight against terrorism.

Photo: Georgian National Guard

in the period 2012 to early 2013, three and possibly five new CSDP missions were started. Despite this modest vigour of the EU, the trend of shrinking defence budgets continues and relatively little attention is being given to the external role of the EU due to the financial and economic crisis.

Scenario framework

Relative to the 2012 Strategic Monitor, hardly any change was observed over the past year. At most, we have observed a very slight shift toward fragmentation and multipolarity. This is a direct consequence of the difficult process of cooperation between the great powers in particular in the framework of the international organisations discussed above. However, the shifts are minimal and the points on the scenario framework are therefore still within the multilateral quadrant.

2 The next five to ten years: Probabilities and uncertainties

Probabilities

- Declining opportunities and willingness to engage in multilateral activism.
- Regional security organisations more often called upon to intervene, with possible support from NATO/EU.
- Increasing need for defence cooperation between countries; the EU and NATO have a modest coordinating role.
- Decreasing importance of NATO as a crisis manager due to diminished US interest and a change in the type of operations; calls for the EU/CSDP to step in will be made more often.

Uncertainties

- Can the EU live up to its role as an actor in the field of security policy?
- Can the EU regain its economic vitality and preserve its unity?
- Will the UK turn its back on the European Union?

In the **UN** Security Council, 2012 stands out as the year in which the veto was most often used since the end of the Cold War. This could be an indication of the declining importance of international cooperation and of the rise in multipolarity. A slight trend seems to be emerging towards traditional notions of sovereignty and non-intervention in relation to multilateral activism on behalf of human rights and R2P. This trend will become even more probable because fewer resources are expected to be available for peacekeeping operations as a result of the financial and economic crisis. What remains uncertain is whether Western countries have the political will and resources to bypass Security Council vetos in order to intervene in large-scale human rights violations in a Kosovo-like scenario.

More generally, it is expected that regional organisations (in particular security organisations) will be called upon more often for stabilisation operations. These organisations will then have primary responsibility under a UN mandate, possibly supported by Western countries, whether or not acting in an EU or NATO context (see Box 1).

It is likely that **EU** member states and European NATO members will be forced to work more often and better with each other, as they are under pressure from both the decline in US leadership and fewer available defence resources. This is likely to occur more and more in cooperation clusters of several countries, lightly coordinated in an EU and NATO context (see Box 2). European military cooperation is also on the agenda of the European Council at the end of 2013. Because of the wider interests of a healthy industrial base of high-tech products, the role of the defence industry should occupy a prominent place on the agenda. However, it remains uncertain whether the member states will be prepared to invest in defence cooperation in these difficult economic circumstances. Nonetheless, some political impetus can be expected in the run-up to this meeting of the European Council and thereafter.

It is uncertain whether **NATO**, the anchor of European security and defence, will retain substantial significance. If the US does indeed want to develop NATO in the direction of a global security hub, this strategic footing for Europe would cease to exist, and Europeans would have to rely more heavily on the EU for their security. Although NATO will retain Article 5 for Europe, NATO will increasingly not be the designated organisation for crises in Europe's own neighbourhood. It is highly unlikely that a large-scale and long-term reconstruction mission such as the one in Afghanistan will be carried out by NATO in the future. The change in the US military concept to

Box 1 Regional security organisations and collective security

We have found no new trend regarding the role of regional organisations in ensuring peace and security in the context of the United Nations; instead, we see a continuation of an old debate that started in the 1990s. The proportion of African personnel in peace operations is rising sharply. The recent Mali case study shows that the UN Security Council remains legitimate and relevant because ECOWAS only intervened with a mandate from the UN Security Council, on the condition that the Malian government requested an intervention. In January 2012, at the initiative of South Africa, Resolution 2033 was adopted, which deals with cooperation between the Security Council and regional organisations. Following the loose interpretation of Resolution 1973 with respect to Libya, this new resolution attempted to bring about a more equal relationship between the UN and regional organisations. This would have given the African Union (AU) a *de facto* gatekeeper role for peace operations on the African continent. Following opposition from the permanent members of the Security Council, the final text of the resolution reaffirmed the framework of Chapter VIII of the Charter, which states that the primary responsibility remains with the Security Council.

In 2012, there was a continuation of the trend in which regional organisations—such as NATO, the EU, the AU, ECOWAS (Economic Community of West African States), or coalitions of countries—implement the Security Council's decisions. For the first time since the 1970s, the Arab League (LAS) launched its own peace operation. The observation mission in Syria at the end of 2011 was heavily improvised, but more missions of the Arab League are certainly possible.

A large number of the UN peacekeeping operations are taking place on the African continent (7 out of 16, as of August 2012). The African Union aspires to play a greater role and as a result has adapted its maxim of non-intervention to a norm of commitment and has established its own Peace and Security Council. The biggest problem of the AU and ECOWAS is their lack of capabilities to actually take action. The EU has been very active in financing AU- and ECOWAS-led UN missions (e.g. Somalia and Mali) and provides financial support and advice in building AU institutions and capacities. We expect European countries to provide more and more so-called 'enablers' (such as helicopters, drones, information specialists, and planners) to assist regional organisations in conducting peace operations. Due to financial constraints and a strategy of spreading political risk, the EU and NATO will want to enable as many local regional organisations as possible to maintain peace on their own continent.

On other continents, regional organisations play a much smaller role in peace operations. ASEAN (Association of Southeast Asian Nations), the SAARC (South Asian Association for Regional Cooperation), and the Arab League are much more reticent with regard to interference in internal conflicts in member states. In the Americas, the Organization of American States (OAS) and the Caribbean Community (CARICOM) are only indirectly involved in MINUSTAH in Haiti.

Table 1 Key regional organisations with security functions

Africa	AU, IGAD, ECOWAS, SADC, CEMAC
Europe	EU, NATO, OSCE, CIS, CSTO
Asia	ASEAN, SAARC, ARF, SCO, CACO, ICO
Middle East	LAS, GCC, AMU, ECO
The Americas	OAS, CARICOM, OECS, MERCOSUR, UNASUR
Oceania	ANZU, PIF

Air-Sea Battle performances also points in this direction. Small-scale missions in the framework of an integrated approach to conflict seem most likely. The EU and the CSDP will consequently play a more prominent role.

Ukraine is chairman of the **OSCE** in 2013, after which Switzerland and Serbia will jointly assume the chairmanship for the period 2014-2015. It remains to be seen whether this modest experiment, aimed at more continuity and balance in the organisation's agenda, will turn out well. More criticism can be expected from the OSCE on social problems in Western Europe (e.g. the treatment of Roma people and the integration problems of Muslims) in attempts to offset the organisation's 'Eastern bias' to some degree. Also in the future, we expect a more critical handling of Western Europe in the light of the growing political unrest in times of economic recession and growing criticism of the EU's policy on the free movement of persons and management of migration flows.

NATO's global partnerships and the defence cooperation initiatives outside the framework of multinational institutions indicate a continuation of the trend towards more *ad hoc* international cooperation. Discussions on the deeper integration of the eurozone towards a banking union, fiscal union, or even a political union (as discussed in Germany) make it conceivable that those countries that are less willing to integrate, such as the UK, will drop out. A core group of countries could even decide to move towards a deeper and more far-reaching form of European integration. This also applies to foreign and security policy, where the formation of a pioneer group via permanent structured cooperation in defence (PSCD) remains possible in the framework of the EU Treaty. A CSDP without the UK, however, would be severely weakened and also heavily dominated by the French. The likelihood that the UK will turn its back on the intergovernmentally organised CSDP is therefore less likely than the chance that it will not join a fiscal union. The UK is also feeling the effects of the United States' diminished interest in Europe, so a bolder EU in the area of defence could tie the UK more closely to the EU.

Partly as a result of the reduced economic vitality of European countries and the United States, the era of multilateral activism seems to be coming to an end. The nature of international crisis management will also change. As already noted, it is unlikely that large-scale nation-building missions such as in Afghanistan will be initiated in the coming years; small-scale, short-term missions in the framework of an integrated

Box 2 Defence cooperation in clusters

A clear trend is the growing importance of the 'cluster' approach to offset the effects of defence cuts via bilateral/trilateral cooperation. A cluster is a formalised partnership between a small group of countries designed to achieve scale and efficiency benefits in several military areas. Although military cooperation among small groups of countries is not a new phenomenon, it is receiving increasing priority as a result of the double challenge of shrinking defence budgets and the strategic reorientation of the US. Cooperation among smaller groups of countries has been shown to work better than in a multinational context, where interests often vary widely.

The most important bilateral, trilateral, and regional cooperative relationships are:

- **The Anglo-French defence treaty** of November 2010.

This treaty includes the establishment of a bi-national intervention force, the Combined Joint Expeditionary Force; the establishment of a British-French squadron; joint procurement of unmanned aircraft; and combined investment in technological research and industrial cooperation. This treaty illustrated the importance of the cluster approach.

- **Benelux defence cooperation.**

The navies of the Netherlands and Belgium have been working closely together since 1948 under the Belgian-Netherlands Military Agreement (BENESAM). It is a far-reaching form of cooperation, with the navies of the two countries placed under joint command of the Benelux Admiralty in 1995. The Benelux Convention of April 2012 calls for an expansion of the cooperation to other military services.

- **The Nordic Defence Cooperation (NORDEF)**.

This broad partnership between Denmark, Finland, Norway, Sweden, and Iceland focuses on education and training as well as procurement and exploitation of materiel. The first joint procurement involved artillery by Finland and Sweden. In the maritime field, the partnership takes part in common projects including minesweeping.

- **Dutch-German cooperation.**

The 1st (German / Netherlands) Corps was founded in 1995. This unit fulfils the role of High Readiness Force (Land) Headquarters (HRF (L) HQ) and specialises in operating in integrated crisis management. Ongoing research is conducted on enhanced cooperation in the field of an air mobile brigade and the German *Schnelle Kräfte*. Further potential in the field of naval cooperation exists, including maritime surveillance.

- **Weimar Triangle.**

A partnership between France, Germany, and Poland (recently often extended to Weimar Plus, which includes Spain and Italy). In 2013 the Weimar countries will supply an EU battle group. So far, this cluster has been more significant politically—as a strengthening of the CSDP—than at the military-operational level.

However, the trend towards pragmatic clusters brings with it the risk that the clusters will focus on capabilities that already exist in abundance in Europe. Moreover, the objectives of the clusters are not sufficiently aligned with each other. The role of the EU and NATO should be more of a coordinating and context-setting one in order to ensure that the cluster approach benefits collective European power. A European strategic framework, which would include the prioritisation of capabilities, would need to be established in a multilateral context. The implementation of these priority capabilities could then partially be left to the various clusters.

approach to crises are more likely. It would go too far to say that the role of multinational security organisations has been played out. Their role will change in character and be more of a coordinating role, functioning as a forum for consultation and as a provider of legitimacy to coalitions of willing parties. It seems very likely that Europe will increasingly have to rely on itself. Much depends on the extent to which the European Union will be able to preserve its unity and demonstrate decisiveness in foreign policy and defence matters, and whether the EU will be able to live up to its role as an actor in international security. In terms of the scenario framework, this means that when seen against the previous Monitor no shift has taken place in the relationship between state and non-state actors and that there is a slight decline in cooperation. The differences, however, are very small.

Scenario framework

The forecast for the next five to ten years is for a further shift towards the multipolar and fragmentation quadrants. The development observed over the past year is therefore expected to continue. States will increasingly try to assert themselves on the international stage. They will attempt to work together, but international cooperation will remain difficult. Despite the increasingly difficult nature of cooperation in the framework of international organisations, the picture remains as it is given here in the scenario framework: the world is expected to stay within the multilateral quadrant.

3 Strategic shocks

Strategic shocks

- The EU disintegrates along different fault lines.
- NATO does not fall apart but sees itself threatened by increasing irrelevance.

The EU disintegrates along different fault lines. Compared with 2011, the risk that the eurozone will disintegrate appears to have diminished because the EU's management of the financial and economic crisis seems to have had an effect. That the EU still suffers from divisions, however, was once again made clear during preparations for the adoption of a new multi-annual EU budget (2014-2020). Moreover, recent European summits illustrate the widening gap that is emerging between the 17 eurozone countries and the other ten, especially the United Kingdom. The internal preoccupation with the euro crisis continues to detract attention away from the role of the EU in the international system. The European model, in which prosperity, social equality, freedom, and democracy go hand in hand, has also lost much of its appeal as a result of the economic and financial crisis. This leads to a tendency towards multipolarity, given the relative decline in the influence of the EU and thereby also its support for an effective multilateral system.

In the meantime, the risk of intra-EU fragmentation is increasing. The United Kingdom will go to the polls in 2015. It seems likely that the Conservatives will demand a referendum on the future role of the UK in the EU. Unless other European countries are prepared to go a long way towards accepting the exceptional position of the UK, a British 'exit' is not out of the question. The emergence of a core Europe without the UK has its advantages and disadvantages. The integration process could progress more quickly, while on foreign policy, security, and defence issues the EU will continue to work intensively together with the British. However, the British example could be seen by other countries as an attractive alternative and could therefore feed into further disintegration. The European integration process itself could thus be put at stake.

The plans of the President of the European Council for further deepening towards a 'genuine' European Monetary Union risk leading to a split within the EU. But also within the EU member states, fragmentation is a real threat. The possible secession of Catalonia from Spain, an independent Scotland, and a further undermining of Belgian unity are all possible in the coming years.

NATO will not fall apart but feels threatened by increasing irrelevance. NATO is not very likely to fall apart. The collective defence aspect of NATO, by which Europe is primarily protected by the United States with its nuclear capabilities, will remain. What is worrying, however, is that the relevance of NATO as an organisation that embodies transatlantic solidarity and as a relevant actor for the current security threats and for crisis management is decreasing.

4 Winners and losers

It is clear that the instability on the southern flank of NATO is leading to a greater role for Turkey. Turkey is not a 'winner' (as it is faced with too many problems), but given the location of the country, it has gained strategic importance. There is a tendency towards fragmentation, in the light of the uncertainty about US involvement in NATO. In 2012 there was a slightly positive trend regarding the EU on the grounds that it has made somewhat of a comeback as an actor in the security policy field. Also, the EU seems better suited to the broad nature of security threats given that it can respond in an integrated manner.

Instability and insecurity in the world remain worrisome, partly because the 'managers' of international security—the UN, NATO, the EU, and the OSCE—have come under pressure in 2012 due to disagreements and the financial crisis.

5 Implications for global security and stability

The overall picture of the UN, NATO, the EU, and the OSCE in 2012 is that they are unable to recover from their diminished ability to respond to security challenges and crises. This ongoing de-institutionalisation also has another side. Multilateral security organisations can remain effective by taking on a different role. While it seems that a multilateral approach to defence cooperation in NATO and the EU has reached a dead end, it looks as though the formula of countries working together in clusters offers opportunities to maintain their effectiveness. This is a development that is also ultimately of benefit to multilateral organisations because they can call upon more effective means. In this way, cluster forming also offers possibilities and should not be interpreted as a threat to the EU and NATO or as exclusive forums for defence cooperation. As a broad-based organisation for European security and stability, the EU has more to offer. Choosing the right partnerships to achieve objectives means that the EU and NATO will be forced to provide added-value as regards *ad hoc* coalitions.

Conclusion

The Future Policy Survey's conclusion that international and regional security organisations—the UN, NATO, the OSCE, and the EU—offer less solid footing also held true in 2012. It remains uncertain whether NATO and the EU will succeed in upholding or strengthening the collective employability of European military capabilities. Despite the Pooling and Sharing initiative of the EU and NATO's Smart Defence, most cooperation initiatives take place in *ad hoc* clusters of like-minded countries. Although in the past year no new *ad hoc* coalitions for military operations were established, the formation of regional clusters confirms that it is becoming less and less self-evident for security and defence to be organised within the familiar multilateral frameworks.

In 2012, it became increasingly clear that the financial and economic crisis would be a deep and prolonged crisis. This will affect the various security organisations, as less time and attention will be given to crisis management and because the organisations will have to deal with the reality of diminishing resources. The EU budget for foreign, security, and defence policy for 2014–2020 will probably not decrease significantly, but since funds for security and defence policy are dependent on contributions from individual member states, it is fair to assume that resources for crisis management will always be limited. The growth in instability on Europe's borders and the diminishing willingness of the United States to be actively involved make this a worrying development. At NATO, the financial constraints are having a similar effect, especially since the divisive issue of burden sharing between the European NATO countries and the United States is emphasised by the Americans and also has political and strategic implications.

An effect of the financial and economic crisis that should not be underestimated is the faltering of the credibility of the European integration model. Many opportunities for the EU to influence its periphery (including within the framework of the neighbourhood policy) could be lost as a result. It will be more important than ever for the EU to offset this loss of soft and hard power by asserting itself more strategically and more efficiently.

The trend identified in the previous Monitor of a decreased ability to act collectively against security threats was also observed in 2012. The R2P revival in the case of Libya seems to have been short-lived, and the polarities within the Security Council have been accentuated anew. As a result, the civil war in Syria and the conflict between Israel and its neighbours (Gaza in particular) continue, further undermining the legitimacy of the multilateral system.

Men demonstrate while standing on an army truck at the Tahrir square in Cairo. The revolution and the impact of demonstrations in Egypt illustrate the increasing influence of grassroots movements.

Foto: Ramy Raouf



4

Non-state actors and individuals

Andrea Teftedarija (coordinator)

Edwin Bakker (terrorism)

Ivan Briscoe (criminal groups)

Kees Homan (PMCs)

Regina Joseph (social media)

Lennart Landman (piracy)

Willemijn Verkoren (civil society / NGOs).

Introduction

This chapter discusses the role of non-state actors in the international system. Non-state actors is a catch-all term for groups, movements, organisations, and individuals that are not part of state structures. The trend described in the WRR report Attached to the World and underlined in the 2012 Monitor continues: non-state actors are having a growing impact on the policies and position of nation-states, a development that fits into the network scenario.

An example of the growing influence of NGOs is the way in which these organisations are able to manipulate the international agenda and to pave the way for others. Due to their diversity, they are active in different fields and can directly or indirectly affect global stability and security. It is important here to distinguish between non-state actors that act against or 'abuse' the established system (e.g. terrorists and criminal organisations) and non-state actors that try to exercise their influence within the rules of the prevailing system (in general, the traditional NGOs). What is characteristic of the current era is the gray area of 'new citizens' movements' that do not accept the existing system but refrain from resorting to violence (e.g. the Occupy movement).

This chapter will focus in particular on four specific types of non-state actors: civil society, terrorists, pirates, and criminal groups. We will highlight phenomena such as new-style citizens' movements and private military companies in separate boxes. Individuals or groups of individuals fleeing their country will also be addressed separately (see Box 4 on migration). The analysis focuses on the events and trends that can be identified within this very diverse group and looks ahead to the next five to ten years to the probabilities and uncertainties related to this theme.

1 Significant events in the past year

The terms **civil society and non-governmental organisations (NGOs)** are often used interchangeably. However, there is a big difference between the two. Civil society stands for the entire society that exists between the individual and the state which is populated by interest groups, churches, media, trade unions, human rights activists, community organisations, and in more fragile contexts, tribal relations, militias, and security communities. NGOs are a part of this, but civil society is more than just NGOs.

The 2012 Monitor signalled a growing role in this context for new-style citizens' movements: looser, spontaneous, and non-institutionalised network connections and citizens' movements such as Occupy and Wikileaks which, although transitory, could have significant political and social influence and thus pose challenges to governments, in particular due to the speed with which they can mobilise people (through the use of social media, for example). The phenomenon of 'new style citizens' movements' is discussed in Box 1.



Pirates surrender to NATO units in the Arabian Sea.

Photo: Official US Navy Imagery

A striking aspect of this development is the inability of 'traditional' NGOs to capitalise on these new developments. The speed with which especially young people organise themselves or mobilise and then disappear from view again is a point of frustration for organisations that seek to involve people in their work. NGOs are thus increasingly on the defensive and are at risk of losing their connection to the wider civil society. This is especially true for NGOs in developed countries; in poor, unstable countries, the embedding of NGOs in society has always been limited, partly because NGOs have only appeared there quite recently in response to the availability of development aid funds. Also, NGOs have in recent decades become increasingly dependent on government subsidies, as a result of which they have lost their independent, critical character according to some (Bebbington et al. 2008). With government subsidies for NGOs declining, they are faced with a major challenge. Some hope to mobilise old or new constituencies for moral and financial support. In the meantime, however, society is changing faster than they can keep up with.

Another trend is the increasing focus on a global public goods approach in the discourse on development or development aid instead of the increasingly obsolete principles of 'charity' and 'help' (see, for example, Edwards 2012). There are many links between on



Meeting of Amnesty International in Ulm, Germany.

Photographer unknown

the one hand globalisation, neoliberalism, and global mechanisms, and on the other hand fragile states and conflict (Verkoren & Junne 2012). Developments in fragile states can also affect Europe, e.g. via transnational crime, terrorism, and migration. Conversely, the problems in poor and unstable areas cannot be separated from the policies of governments and the private sector in the developed, rich world. Development aid often only tackles the symptoms of global problems and injustice; a global public goods approach, however, stresses that changes in policies and behaviour at home are just as important as offering aid far away. In addition, cross-border cooperation is needed, for example in transnational civil society networks. Such transnational coalitions appear to be on the rise and are also able to achieve successful results. In the last few years, there has been a growing role for international coalitions and networks around a particular purpose—for example, an arms treaty—which over time disband, especially if the goal is achieved. This offers NGOs an opportunity to recreate themselves by working together with such networks, coalitions, and platforms. This trend, identified in the 2012 Monitor, is expected to continue.

In the field of international cooperation, new forms of diplomacy are developing (Khanna 2011) in which civil society actors play a greater role. In addition to the above-mentioned

cooperation within civil society networks, partnerships are also being created between NGOs, civil society, and state actors. It is expected, therefore, that such Global Action Networks, in which transnational citizens' movements link up with government officials, entrepreneurs, politicians, and representatives of international organisations, will play an increasing role in shaping policy in the coming years and will most likely crop up more frequently (Waddell 2011).

Compared with the 2012 Monitor, little has changed in terms of the threat of **terrorists**. Islamic groups are still the biggest threat. As outlined in the chapter on polarisation and radicalisation, there is still a danger of attacks or hostage-taking of people abroad by small independently operating groups or loners, some having been called upon by the current leader of Al-Qaeda, Ayman Al Zawahiri, to take action (AIVD 2012a; video Al Zawahiri, 27 October 2012). The internet is seen as a source of inspiration and a tool for the recruitment and planning of terrorist activities, even more so than a few years ago (AIVD 2012b). Nevertheless, the threat of terrorism, both from an Islamic grouping or another source, is 'limited'. This means that the risk of a terrorist attack is low but cannot be ruled out (NCTV 2012b).

Within Europe, countries such as Germany, France, and the United Kingdom not only have growing concerns about so-called foreign fighters who flock to the areas of conflict in the Muslim world, but also about individuals who return. Concerns about possible attacks by loners, also known as lone wolves, were significantly heightened by the 2011 attacks by Anders Breivik in Norway. This type of threat is still high on the agenda, especially following the attacks in France by Mohammed Merah, who is an example of a jihadist lone wolf. Several arrests of suspected copycat Breiviks and Merahs also contributed to the continuing concern about this particular form of terrorism (AIVD 2012). Another source of concern within the European Union is the increase in the threat posed by far-right groups. According to the Terrorism Situation and Trend Report (TE-SAT) of Europol, this threat comes from small groups and individuals who operate underground. Incidentally, the same report indicates that the number of incidents and arrests declined in 2012, as was the case in previous years (Europol 2012).

Outside Europe, the threat of terrorism—depending, of course, on which definition one uses—has not changed significantly. As for Islamic or jihadist terrorism, the threat is now limited, partly because international groups of this sort appear to be primarily focused on local or regional conflicts and because the core of Al-Qaeda has been weakened considerably in recent years (NCTV 2012b). By contrast, the number of attacks in Turkey by Kurdish separatists seems to be increasing, and concerns are growing among counterterrorists on the situation in Syria. The civil war in that country is increasingly attracting jihadist combatants, also from various Western countries. According to the latest Terrorist Threat Assessment Netherlands (DTN), the interest of jihadists from the West and from other parts of the world for the struggle in Syria could cause this country to develop into a new jihad area (NCTV 2012b). Another region where terrorist groups have come to play an important role in the past year is the Sahel region, particularly in northern Mali and northern Nigeria. In Somalia and Yemen, however,

these groups—Al-Shabaab and Al-Qaeda respectively—appear to be losing ground (NCTV 2012b).

The weakening of these terrorist groups can partly be attributed to the more intensive and professional international cooperation in the field of counterterrorism, for example in North Africa and the Horn of Africa. Kenya is cooperating at the international level in the fight against Al-Shabaab. In Syria, the participation in the civil war of domestic and foreign jihadist groups seems to have had no effect on the attitude of the international community, although, as already noted, concerns about the influence of these groups are rapidly growing.

Another group of non-state actors operating within the international system and influencing the actions of states are **criminal groups**. The area of operations of these groups might be limited to within the borders of a state, but in most cases, criminal organisations operate transnationally. The activities such groups are involved in are diverse, but in the vast majority of cases they involve drug trafficking, arms smuggling, money laundering, or a combination thereof. These activities may be accompanied by violence and corruption and can thus affect the authority of the state and in the worst case undermine it or even take it over. This could mean that the government no longer has any say in some regions.

The presence of criminal organisations and networks is nothing new. What transnational criminal groups have done is to adapt their behaviour to certain international developments and to utilise the newly existing opportunities. These include changes in the world economy (globalisation), the rise in fragility in certain states, and technological advances, particularly in the field of communication.

In general, criminal organisations have become flatter and more network-driven organisations over the last twenty years. Using this new form of organisation of enterprises working together, they have been able to be active on different continents and to exploit the intercountry differences in legislation, law enforcement, and susceptibility to corruption. This is the main reason for the exploitation of fragile states lying on major drug trafficking routes, resulting in the further institutional, political, and social weakening of these states. Moreover, transnational organised crime can be both a cause and a consequence of fragility—the potential ability of criminal activities to threaten the stability of national states and to erode state structures is significant.

Due to their increasingly decentralised approach, criminal networks also have more opportunities to link their legal and illegal practices, primarily via the practice of money laundering. The scandal involving seven billion US dollars of Mexican drug money being channelled through international branches of HSBC bank is no exception in this regard. It is estimated that almost 50 percent of the income of Somali pirates ends up in the hands of their foreign supporters, many of whom are not necessarily engaged in illegal practices in their daily lives. Also in Latin America, government officials, legitimate businesses, and criminals are becoming increasingly intertwined.



A demonstration in Tahrir Square in Cairo on 8 February 2011. The revolution and the impact of demonstrations in the country illustrate the growing influence of citizens' movements.

Photo: Ramy Raouf

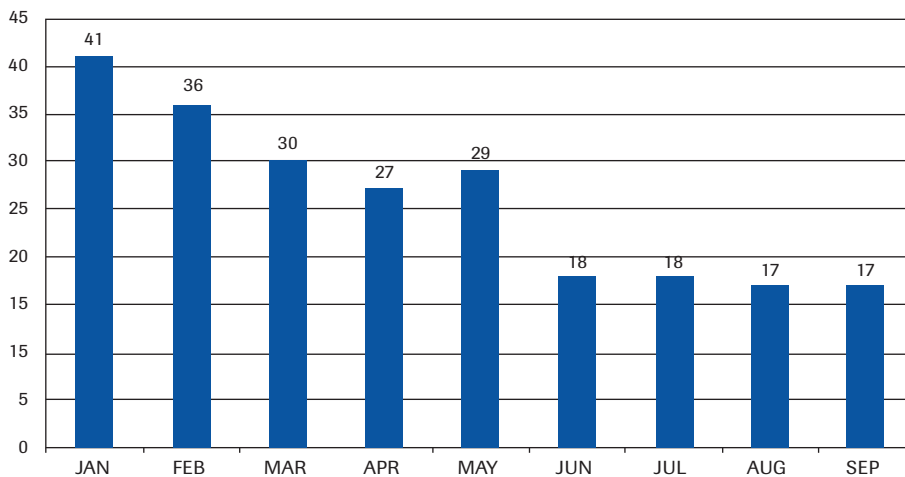
Many of the problems associated with the spread of violence and instability, as in the case of Latin America, are caused by the growing influence of criminal networks. Through extortion practices, criminal networks are able to anchor themselves at the local level. At the same time, different cultures of violence have emerged. The surge of violence in Mexico and Colombia can be explained by violent offshoots of criminal groups or by rivalry between heavily armed organisations fighting over control of criminal enterprises' existing structures.

Another possible development of which more evidence has emerged in recent years is the crime-terror nexus, cited by the US government in its document Strategy to Combat Transnational Organized Crime from 2011: 29 of the 63 organisations on the list of most wanted criminals kept at the Department of Justice are associated with terrorist groups. The exact dimensions and nature of this covenant between criminal and terrorist groups are unclear. However, within academic circles it is generally believed that cooperation

between these groups is driven only by a shared interest in porous borders and the possibilities that are associated with weak state institutions.

In this chapter, **piracy** is considered to be part of the theme of ‘criminal groups’. The trends identified for criminal groups also apply to a certain extent to piracy. However, because of the timeliness and relevance of piracy as a phenomenon, we decided to treat this issue separately.

Figure 1 Monthly comparison of incidents in the period from January to September (ICC-IMB 2012).



The number of piracy incidents worldwide decreased in the past year (see Figure 1). This is mainly due to a drop in the number of incidents in the wider area around the Horn of Africa. A number of possible reasons for this can be identified. The further implementation of best management practices by shipowners has made merchant ships more resistant to attacks by pirates. The use of (armed) military and private security also contributed to the resilience of merchant ships. However, armed private security also introduces dilemmas with regard to accountability, regulation, and the monopoly on violence. Attempts by the industry to regulate itself have thus far yielded little. States appear to be the right actors to assume this responsibility of protection. As international navies are increasingly working together and becoming better at monitoring, identifying, and intercepting pirates, this has done much to deter pirates around the Horn of Africa. The use of military operations to hinder Somali pirate groups off the coast and on land is also contributing to the suppression of pirate activities. It is therefore possible that the return on investment (risks versus benefits) has deteriorated for pirates, although it is very difficult to obtain reliable figures on this matter. However, it is also possible that pirates are merely taking a break from their activities due to the increased anti-piracy activities and bad weather, which could explain why the number of incidents was lower in 2012. Because international efforts focus primarily on controlling the symptoms at sea,

the root causes on land remain untreated and therefore the risk of a revival of piracy remains real. The integrated approach of the EU to the Horn of Africa is encouraging, but it is uncertain whether the current level of effort will yield structural solutions to the piracy problem. An exception to the global decline in piracy is the Gulf of Guinea, where the number and ferocity of incidents in the past year has increased.

Scenario framework

The picture we have sketched of the non-state actors dealt with in this chapter is a diffuse one in which the various actors have moved in different directions. What is evident is that it is no longer possible to imagine the international system without non-state actors. Cooperation between states and civil society has become uneasy due to scepticism on the part of states. There are also indications of fragmentation within civil society in the broad sense of the word because 'traditional' NGOs are becoming alienated from their base. States are engaging in increasingly successful cooperation in the area of measures against terrorism and the fight against criminal activities, including piracy. However, the question is whether this cooperation will prove to be sustainable, given that current efforts seem to be more focused on symptom management rather than on a structural solution to the problem.

2 The next five to ten years: Probabilities and uncertainties

Probabilities

- Further increase in the influence of non-state actors.
- Increase in terrorist activities by loners or lone wolves.
- Failing and torn states will increase the potential for terrorism.
- Intensified international cooperation against terrorism.
- 'Traditional' NGOs will give way to increasingly dynamic, organised citizens' movements.
- Citizens' movements will increasingly engage in international cooperation, as a result of which the global public goods discourse is expected to become more prominent.
- Piracy in the Horn of Africa and in some other regions in the coming years will remain a security problem.

Uncertainties

- Will Muslim communities become more resilient to terrorism?
- Will there be alternatives to terrorism as a political tool in parts of the Arab world?
- Will states and companies countenance NGOs and civil society movements and the related development of new forms of diplomacy and the global public goods discourse?
- Will the use of private military guards be regulated?

Box 1 **New-style citizen's movements**

New-style citizen's movements such as Occupy, Anonymous, and Wikileaks are a relatively new phenomenon within the category of non-state actors and considered to be part of civil society. They form part of what could be called the 'gray area' between traditional NGOs on the one hand, which accept the state system and try to achieve changes in a legal manner, and on the other hand those non-state actors that oppose the system and moreover do not shrink from using violence. The Occupy movement, now on the wane, is an example of a new citizens' movement in the gray area, as they are against the system but act peacefully and avoid violence.

As an emerging phenomenon, new-style citizens' movements differ from traditional NGOs because they are not institutionalised. They are transitory, loose, and flexible network ties, often focusing on a specific theme or mobilising in response to an event. They derive their strength from the use of social media in particular (see Box 3). It is therefore inherent to this kind of movement that they appear quickly but are also transient. The power of these movements in terms of the speed and extent of mobilisation, scale, and ability to grab public attention as well as act as 'spoiler' has been well demonstrated in recent years. The leaders behind these movements were clearly inspired by examples from other countries (e.g. the spread of the Arab Spring).

The emergence of these movements can be partly explained by the 'representativeness crisis' that governments—especially in Western countries—or any kind of authority in general are suffering from, a phenomenon that also extends to traditional NGOs. Groups and individuals do not have sufficient confidence in the government or in authority structures and feel increasingly unrepresented by the traditional NGOs. In response, they opt for self-organisation, protest, and mobilisation, all with the use of modern communication. If an analogy with the past is possible, these movements are somewhat reminiscent of the phenomenon of 'civil disobedience' from the 1970s.

From the perspective of the government, responding to these movements has been difficult precisely because of their fleeting nature and the effects they can achieve. The effects of their actions do not directly affect security and stability but can be a source of irritation and frustration and could also further erode confidence in the ability of governments to act. States therefore are still searching for ways to deal with this new grouping. Should they be treated as if they were a form of civil protest or should they be held liable or punished by the government? Internationally, the actions of these 'organisations' may have greater consequences, as they could increase the instability of the state and bring about chaos. Besides the fact that new citizens' movements are able to mobilise and connect great masses of people rapidly, such movements can also be contagious (think of the domino effect of revolutions during the Arab Spring). In addition, from both a national and international view, diplomatic safety could be put in jeopardy, as may have been the case as a result of the so-called Wikileaks affair.

In the coming years, not only is the role of **civil society/NGOs, or citizens' movements**, likely to expand, but also more and more international cooperation between citizens' movements (in networks and coalitions) is likely to emerge, organised around specific themes. What will play into these developments is the expected widening of the debate on global public goods. At the same time, the landscape of organisations that make up civil society is expected to change dramatically. Traditional NGOs will have to make way for more transitory forms of organisation, online connections, and changing coalitions. Those NGOs that do manage to survive will have to link up with such international coalitions and incorporate a global common goods approach into their activities. This may mean that they become more activist and turn their attention to themes like corporate and consumer behaviour and the democratisation of global institutions such as the EU, the UN, and the WTO. A significant uncertainty is the extent to which these developments will be given leeway by established interests—particularly states and businesses. Will the road be freed up for new forms of diplomacy in which civil society actors play an increasingly important role? And will governments and private actors be convinced of the global public goods approach?

We expect states to respond ambivalently to this growing role of non-state actors, although the reaction may vary per government. While governments increasingly recognise that the current global problems can no longer be solved by states alone and that the involvement of non-state actors is often a prerequisite for effective policy, this loss of territory is likely to be accompanied by resistance. This is evident, for example, in the case of the much-discussed concept of global public goods—a concept that is adhered to by Western governments in particular. At the same time, however, when there appears to be tension between global justice and the national interest—for example in the area of migration but also with trade in raw materials and weapons—self-interest still prevails. The question then arises whether this would damage the national interest in the long run, because a more stable world order is ultimately in the interests of developed countries.

With regard to the threat of **terrorists**, we see three relevant developments for Europe in the next five to ten years. The first is the growth of the threat posed by loners. Anti-Muslim, Islamic, and extreme right groups all call upon loners to act, given that such actions are difficult to track down. It is unclear what the response to this call has been. In the past year, only a few incidents occurred in Europe with people that may have been inspired by such calls.

There is also the possibility of an increase in terrorism in or from failing and torn states. We have already noted that there have been concerns with regard to the situation in Syria acting as a magnet for jihadist groups, which could be setting up training camps in this war-torn country. The situation in Mali has shown that, under certain circumstances, rebels and terrorist organisations are able to conquer much of the country in a short period of time. Developments in Somalia illustrate, however, that foreign interventions can successfully fight off such groups. One of the probabilities in the next five to ten

Box 2 Private military companies change the business of war

Private military companies, or PMCs, are non-state actors that have become an important growth market. The 2012 Monitor identified PMCs as winners because demand from shipping companies for their services has grown substantially in recent years. Since the invasion of Iraq in 2003, mainly Americans and the British have made widespread use of PMCs. The British magazine *The Economist* even went so far as to call the war against Iraq 'the first privatised war'. There are various explanations for the rise of PMCs. For example, Western militaries greatly reduced their personnel after the end of the Cold War, but the number of international peace operations has increased. In addition, there are sometimes insufficient specialist soldiers to operate and maintain advanced military systems. The wave of privatisation also plays an important role, with the assumption that, through outsourcing, the execution of public tasks can be carried out more efficiently and effectively. A more 'cynical' aspect of PMCs is that contractors who lose their lives do not end up on the official casualty lists.

In his book *Corporate Warriors*, Peter W. Singer distinguishes three kinds of PMCs: providers, advisors, and supporters. Providers deliver troops, weapons, and equipment. Advisors are more involved in the reorganisation of a force and the recruitment of soldiers. Supporters offer their services in activities such as the transport of equipment, setting up bases, food, and transport of the wounded. PMCs work not only for governments but also rebel groups and drug cartels; they even count humanitarian NGOs and the United Nations among their clientele. The phenomenon of PMCs was in great disrepute after the US security company Blackwater was involved in a shooting incident in Baghdad on 16 September 2007 which killed 17 Iraqi civilians.

Two frequently heard objections to private security firms are their lack of transparency and accountability. In this area, however, several initiatives have been undertaken. The most important is the International Code for Security Service Providers published in 2010. The code contains norms and standards including those concerning the use of force to defend people and respect for human rights as well as measures against such matters as sexual violence and torture. The code also includes a monitoring and complaints mechanism to promote compliance. More than 260 companies have signed the code, including large companies like G4S (UK) and DynCorp International (US). The idea is that governments only outsource activities to PMCs that have signed the code and adhere to it.

Globally, PMCs have become a fact of life. Countries such as Norway and the United Kingdom have made arrangements to allow private guards on board commercial ships. The market for this service worldwide is growing annually by 7.4%. The total turnover in 2014 is expected to be \$218.4 billion. Partly because of the continuing reductions in military personnel in Western countries, the rise of PMCs will become an increasingly important dimension of military and security operations in the coming years.

years is that state actors will continue to cooperate intensively with each other both in the fight against terrorism and on the problem of failing states.

A key uncertainty for the growth or marginalisation of terrorism, particularly in the Islamic world, is the extent to which Muslim communities dare to say no to terrorism. In this respect, the political changes taking place in the Arab world are both an opportunity and a threat. Possible success in reforms in countries such as Egypt, Morocco, Tunisia, and Yemen would be an important example of political change without the use of force and would thus marginalise terrorist groups. The lack of reform, however, may lead to increasing frustration and radicalisation, with even more terrorist violence as a result.

The unpredictability of **criminal groups** and transnational organised crime limits what one can say about the future regarding this topic. We can nonetheless identify a number of possible trends.

At the same time, the trend of international cooperation in the fight against organised crime is becoming increasingly apparent. This development is expected to continue in the next five to ten years, with an emphasis on more intensified regional cooperation (for example in Latin America and the Sahel). The question is whether states will be able to take into account the specific characteristics of local organised criminal networks in their regional policy.

It remains uncertain what the growing potential for terrorist activities out of failed states will mean for the development of cooperation between terrorists and organised crime. What is probable is that criminal networks will make increasing use of the growing fragility in certain parts of the world.

Although this was considered unlikely in the 2012 Monitor, the incidents of **piracy** decreased over the past year. The reasons for this, as previously indicated, are the improved self-protection of merchant ships and the activities of navies in the Horn of Africa region, although it is also possible that the reduction has a different cause. The root causes of Somali piracy lie 'on land' and not at sea and have not changed significantly over the past year. Sustainable solutions such as bolstering state capacity in the security sector and developing economic alternatives will probably not have much effect in the next five years, despite international support. Progress will be made but is likely to remain limited. This means that piracy in the Horn of Africa is likely to remain a security problem in the coming years. In the absence of structural and cohesive solutions, the number of incidents will depend on the success that navies and merchant ships book in fighting the symptoms, rather than the causes, of piracy.

The areas at high risk of an increase in piracy in the coming years are: the Horn of Africa region (including the Indian Ocean), the Gulf of Guinea, Indonesia, the Strait of Malacca, the South China Sea, and the waters around Central and South America. Piracy is likely to remain a security problem in some of these regions in the coming five to ten years. The size of the piracy problem is uncertain and depends on factors

such as the state's capability in the security sector, the lack of economic alternatives in the coastal regions, and the degree of effort and cooperation of states and non-state actors in fighting piracy. Due to the proliferation of coordination mechanisms such as the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) and Shared Awareness and Deconfliction (SHADE) and the further development and implementation of protective measures, progress can be made in tackling the symptoms in the coming years. Shipowners will probably continue to use armed private security guards. It is uncertain whether regulation in this field is sufficiently developed to avoid 'black areas' in oversight and accountability (see Box 2 on private military companies).

Scenario framework

For the coming five to ten years, we can expect the diffuse picture within the broad category of non-state actors to persist. NGOs and civil society will increasingly make use of networks and are likely to become more activist. What this means for their relations with states is uncertain. Regarding terrorism, we see on the one hand a movement in the direction of stronger states and more international cooperation in the fight against terrorism. On the other hand, the degree of fragmentation has increased as a result of failing states. In order to combat the activities of criminal groups, far-reaching international cooperation will continue to be needed, though it is likely that measures against the spread of organised crime will languish as a result of the financial crisis and that criminals will know how to exploit the fragile nature of state institutions for their personal gain. Piracy is likely to remain a security problem in the next five to ten years, although the extent of the problem and the regions where piracy will be concentrated are uncertain. The development of partnerships between navies and ship owners and the use of private security guards show that both non-state and state actors will remain active in the fight against piracy and will continue to work together.

3 Strategic shocks

Strategic shocks

- Tensions between governments and citizens' movements due to greater state control over society.
- Terrorists carry out a catastrophic attack on Western targets.
- Islamic terrorists seize power in a country in the Middle East or South Asia.
- Explosive growth of drugs consumption in China or Russia.

Tensions between governments and citizens' movements due to greater state control over society. If a major terrorist attack takes place in the EU or the US, states might respond by taking measures aimed at strengthening their grip on society. Citizens' movements can be the victims of this, which could lead to growing friction between

governments and citizens' movements on civil liberties and the right to protest. If cyber warfare increases, which is likely, then freedom on the internet may come under further pressure through comparable measures taken by the government, with possible implications for new citizens' movements that are dependent on the internet. The probability of this strategic shock is currently uncertain.

Terrorists carry out a catastrophic attack on Western targets, possibly with CBRN (chemical, biological, radiological, and nuclear) weapons or through new *modus operandi*. Such an attack would potentially be a strategic shock. This is especially true if such an attack is followed by an overreaction by governments and societies, for example in relation to certain countries (e.g. interventions) or groups (e.g. riots or extreme forms of discrimination).

Islamic terrorists seize power in a country in the Middle East or South Asia, possibly as a result of disappointment and frustration regarding the 'Arab Spring' or ineffective Western reconstruction aid. The opposite is also possible: democratisation and the strengthening of the rule of law could make the use of violence by terrorist groups obsolete. Positive changes in Egypt or Iran in particular could have a considerable impact on the region, as would a widely accepted solution to the Israeli-Palestinian conflict.

Explosive growth of drugs consumption in China or Russia. Because of a growing demand for narcotics in one or more of the BRICS, the war on drugs and the international counter-narcotics system would likely collapse.

4 Winners and losers

The 2012 Monitor identified the winners among the new citizens' movements. Although the groups listed in the Monitor lost some momentum in the past year (e.g. Occupy, Arab Spring), the winners in the future are likely to be found among similar citizens' movements. That such movements are transitory appears to be precisely the nature of this new phenomenon. Facilitated by the internet and other media, it has become possible to mobilise many people (often virtually) in a short period of time for a particular purpose (see Box 3). This will undoubtedly continue to be the case in the coming years. The losers are the traditional NGOs that have difficulty keeping up with these new developments and that are moreover losing much of their subsidies. If they are still to be considered among the winners, this would probably be because they have allied themselves with transnational civil society networks and managed to broaden their mission to a global public goods perspective. Western states are gradually losing ground to non-state actors and can therefore also be considered losers in a sense. Cooperation with civil society in addressing cross-border challenges—despite the opportunities arising from it—is not self-evident and can be hampered by differences in approach between the different actors.

Box 3 The paradox of digital media

Digital media has become an integral part of our society today, leaving its traces in all layers of society. The advent of the internet, mobile telephony, and social media such as Twitter, Facebook, and LinkedIn have brought people around the world in contact with each other and increasingly affect the daily lives of anyone. The size of social media's target groups was in the hundreds of millions in 2013. It is a factor that will gain in strength in the coming decades and will have the effect of increasing the power of communication in the entertainment and consumer industries in particular. The sheer size of social media target groups will also be a concern for those who see the phenomenon as the catalyst for activism and 'progressive' transnational initiatives in the 21st century. Representatives of this view, also known as cyber liberals, attach great importance to e-media and believe it will have far-reaching influence on diplomacy, statecraft, and bottom-up populist movements. Cyber liberals also have confidence in the ability of states to adequately react to e-media.

Often, the circumstances and effects of the above-mentioned activism and such national and international initiatives are more complex and are dependent on more than just digital media. It is therefore too easy to say, as many have, that the Arab Spring—which was coined the Facebook or Twitter Revolution by some—was the result of the use of digital media.

The assumption that digital media has brought only advantages also ignores another side of reality. Digital media not only connects individuals, communities, and societies with each other, it can also drive them apart and thereby contribute to polarisation.

Digital media can put the stability and unity of weaker states under pressure. It can also be a method of control, in particular by governments. When states with dysfunctional crisis and communication strategies and an eroded security infrastructure face social unrest, they run the risk of fragmentation. The threat of unrest and instability can persuade governments to impose new control methods—ranging from the spread of misinformation to outright censorship—in order to ensure stability.

The extent to which the international community is divided on this issue became apparent late in 2012 during negotiations between the US, other Western countries, and a bloc led by Russia on regulating the telecommunications sector. The inability of the parties to agree on the use of internet facilities and limits to freedom of expression led to a schism between the two blocks, which resulted in the failure of negotiations on the development of the International Telecommunications Union (ITU) and on concluding a telecoms treaty.

This other side of the story is often referred to as the paradox of digital media, which will be amplified in the coming years with the growing influence of digital media. This affects not only individuals or groups but also increasingly states.

In contrast to the cyber liberals, the cyber realists point to the adverse effects of the presence and influence of digital media. Their views—which to date have often been overshadowed by the dominant and more optimistic cyber-liberal perspective—will gain strength in the coming years. States will be more inclined to put restrictions on the telecommunications industry in order to set limits on the ways in which individuals try to exercise their influence using digital media. Once again, we see here the tension between privacy and freedom of expression on the one hand, and the rule of law and security on the other.

With respect to the 2012 monitor, **terrorists** are the losers in Europe. The number of terrorist attacks has shown a downward trend in the last few years (Europol 2012). Al-Qaeda is also among the losers as a result of the elimination of various leaders and a decline in its communication and planning capabilities. Despite the civil war in Syria, the outbreaks of violence in Libya, and the repression in Bahrain, in many Arab countries there is talk of reform. In particular, the relatively peaceful elections in Egypt give reason for considering the moderate forces and peaceful Muslims in the Arab world as winners, although it should be noted that the final outcome of the developments there still remains very uncertain.

Through the pursuit of their activities, transnational **criminal groups** appear to be able to threaten security and stability at both the global and state levels. In the long run, these organisations undermine state authority by compromising the legitimacy of state institutions and by undermining the administrative capacities of governments. Since they have this asset, criminal groups can be seen as winners. Using the turmoil in the world economy and the growing fragility in certain parts of the world, criminal groups continue their sometimes carefree activities while states (especially Western states) are forced to focus their attention elsewhere.

Private security companies, navies and commercial shipping can be considered winners on the basis of the past year. **Pirates** on balance appear to be losers on the basis of the last year.

5 Implications for global security and stability

The developments described above have potential implications for global security and stability. Terrorist attacks; the growing internet activism and the related vulnerability of governments, economies, and societies (including through hacking); and the actions of criminal groups can all lead to political, economic, and social destabilisation. Growing citizens' activism can have either a positive or a negative impact on global security.

There is a (slight) risk of global destabilisation due to the developments in Syria and Mali, which could lead to an increased threat of terrorist attacks. Growing citizens' activism, aided by the internet and the increase in transnational connections between citizens, can lead to more Arab Spring-like revolutions. When these revolutions are associated with violence, global/regional security can be jeopardised. But growing citizens' activism could ultimately be positive for global stability. Instead of NGOs, which increasingly operate as though they are an extension of the state, a trend may be emerging of a civil society that takes a critical approach to the government. This contributes to the 'checks and balances' that enhance the functioning of democracy. As a result of global protests against the dominance of neoliberalism and capitalism, for example, changes in the economic system may be achieved. Due to an improved regulation of financial and economic transactions, countries may be better able to absorb economic shocks.

Activities of criminal groups continue to pose a threat when they are accompanied by acts of violence, such as revenge killings within criminal networks and drug wars. In addition, criminal groups have an impact on economic security by transferring more and more activities in the legal economic sphere to the black or gray economies. The economic impact of piracy at the global level will be limited, although it certainly will have an impact on the physical safety of seafarers.

Conclusion

To conclude, we expect the trend whereby non-state actors increasingly influence the position and policies of national states to continue. In different areas and in different ways, they are able to influence global stability and security. In this chapter we have highlighted civil society, terrorists, pirates, and criminal organisations.

The picture we see in the scenario framework remains diffuse. This is mainly due to the multiplicity and diversity of actors discussed in this chapter. We do observe some shifts among the groups of non-state actors. This applies to both NGOs and civil society as well as for the spoilers within the international system. Within the field of civil society, we see on the one hand the emergence of more alliances and coalitions, but on the other hand also a fragmentation as a result of the growing gap not only between 'traditional' NGOs and citizens' movements, but also between civil society and governments. In the fight against spoilers such as terrorists, criminal groups, and pirates, the trend of international and regional cooperation continues. States should, however, be aware of the causes and combinations of criminal activities of the above-mentioned groups if they wish to fight them effectively. More effective approaches would involve searching for structural solutions to the problem of piracy off the coast of Somalia and the recognition of the potential exploitation of fragile states by criminal groups and terrorists.

Box 4 Migration

Within the theme of global security, migration is a much discussed topic. An analysis of this topic is therefore indispensable. In this box, we will throw light on the theme of 'migration' by highlighting the driving forces that will influence it in the coming years.

Migration has been a fraught topic in recent years. The reason for this is the fear that migration—especially from the Islamic world—would lead to social disruption and deteriorating cohesion within societies. There was also the fear that migration would increase the risk of terrorism. These factors have been given additional charge against the backdrop of alarming reports about the growth of the world population and the risk of large migration flows due to climate change and conflicts in the periphery of Europe. In this box we will identify the driving forces behind migration and address the question of whether an increase in migration is likely.

Migration takes place at different levels: at the rural-urban, regional, and international level. The reasons for migration are often linked to social and economic issues. Regarding international migration, it is striking that the poorest members of society do not emigrate. About three percent of the world population are migrants. This percentage is about the same as a century ago. However, the direction of the migration has changed. The decolonisation wave of the last century brought about a migration stream flowing from the former colonies to the mother country; the North-South migration has as a result changed into a South-North pattern.

The International Migration Institute (IMI) identifies three driving forces of migration: education, technology, and climate change. A direct link exists between the availability of education in the source country and the extent to which migration occurs. Better educated people have more insight into the opportunities offered by migration. In addition, highly educated people are better able to make use of these possibilities thanks to the education they received.

At the global level, the availability and quality of education is rising. The percentage of those registered for basic education in sub-Saharan Africa rose from 59 percent in 1999 to 77 percent in 2009. Second, technological advances tend to lead to an increase in migration. Between 2005 and 2010, the number of internet connections doubled, which expanded the world population's access to information. Advances in technology are also leading to an increase in the availability of cheaper means of transportation. The third driving force with respect to migration is climate change, which can induce migration flows when the quality of life in certain areas decreases, for example due to a natural disaster. Because climate change is shrouded in uncertainty, the extent to which this influence will be felt is difficult to estimate. We can say that a link exists between these two elements, but it is difficult to determine the concrete effects measured in terms of the scale of migration.



Two North-Korean soldiers standing on guard in the 'Demarcation Zone' (DMZ). The tensions between North- and South-Korea have further increased in 2012 and 2013.

Foto: Rapid Travel Chai

5

High-risk countries

Sico van der Meer

Introduction

In the 2012 Strategic Monitor, three countries were labelled high-risk countries: Iran, North Korea, and Syria. It was also pointed out that in the light of regional developments in Asia and the Middle East, the risk of instability surrounding these countries could rise in the future, resulting in conflicts and fragmentation. If this were to happen, it would also threaten international security and the security of Europe. Because the situation in high-risk countries is greatly influenced by unforeseen events, a clear scenario for the future of these countries remains difficult to sketch. In this chapter we discuss whether important developments have occurred in the past year related to these high-risk countries and what any changes might mean for international security and stability in the longer term.

Box 1 What are high-risk countries?

In the Future Policy Survey, high-risk countries were defined as countries that do not abide by generally accepted rules of conduct and that bring the stability of the international system into question through their behaviour. Some characteristics mentioned include: acting in a manner that is contrary to international agreements designed to prevent the spread of weapons of mass destruction, providing support to terrorist groups or criminal organisations, and threatening or using political, military, or economic means of power to strengthen their own position. High-risk countries usually have an authoritarian political system with restrictions on the freedom of the press. They are often guilty of violating human rights and are rarely open to diplomatic overtures or international pressure (Future Policy Survey 2010: 103-104).

Based on the Future Policy Survey report, the term 'high-risk country' is rather broadly defined. There are many countries one could think of that meet at least one of the criteria identified. After all, the majority of countries worldwide use their political and economic power to strengthen their position. But currently only Iran, North Korea, and Syria meet all the criteria simultaneously. Countries that often appear in lists of 'dubious' countries, such as Belarus, Venezuela, Myanmar, Cuba, and Turkmenistan, are more 'pariah states' than high-risk countries. While they are ruled by authoritarian regimes and have little sympathy in the international community, they do not pose a direct international threat. They are all more or less introverted, isolated states that have little time for 'the international system' but do not interfere with the outside world in a very threatening manner. In addition, there are various states that pose a threat to international security and stability but not deliberately: these are the fragile states, especially in Africa and South and Central America, where non-state actors such as criminal organisations, insurgents, and terrorist groups are often more powerful than the government. Although the term 'criminalised states' is sometimes used for these countries (Farah 2012), they do not meet the criteria for a high-risk country, if only because the government is far too weak to undermine the international system. Developments with regard to fragile states are treated elsewhere in this Monitor.

Of the three high-risk countries as stated in the 2012 Strategic Monitor, only Syria has experienced significant changes with possible regional implications over the past year. The Syrian regime is in serious trouble, and if it were to lose power, the country may be removed from our list of high-risk countries, with considerable uncertainty as to what kind of future the country awaits. This would not mean, however, that the world is a safer place as regards high-risk countries. There are countries that are potential future high-risk countries, although the distinction between high-risk countries and states that otherwise pose a risk to the international system—such as failing or fragile states—is sometimes difficult to make. Box 1 delves into the question of how to define a high-risk country.

1 Significant changes in the past year

Compared with last year, only one significant change was observed with respect to high-risk countries: the weakening of the regime in Syria. The armed uprising that began in 2011 has worsened in 2012 so that the situation now looks more like a desperate civil war. The future of the country is currently very uncertain, as is the question of whether the rulers in Syria will continue the activities that placed the country into the category of high-risk countries.

Regarding Iran, international pressure on the regime increased significantly in 2012 via a relatively broad-based international sanctions regime that is inflicting damage on the Iranian economy. Yet the regime continues to work relatively undisturbed on its nuclear programme. Israel's threats to deal militarily with the nuclear programme seem to have a stronger—and thus more serious—tone now. Although Israel has expressed this threat for years, the warnings are taking on an increasingly serious tone, raising the likelihood of military action during 2012.

Continuity also applies to North Korea. The leadership change at the end of 2011 following the death of Kim Jong-Il was, broadly speaking, run impeccably. There was very little change in policy observed besides some cosmetic PR activities designed to portray the new leader as 'modern'. North Korea's WMD activities, its international organised crime, domestic repression, and its bellicose threats toward South Korea and the US have continued relatively undisturbed and have intensified in early 2013.

No new countries have been added to the list of high-risk countries, but the slow sinking of Pakistan towards a high-risk country or a failing state steadily continues. It still appears as though it will in time become a failing state rather than a high-risk country, because the parts of the country that are now no longer under central control do not fall under any new clear-cut authority, as power is fragmented among local leaders and groups that are unable on their own to achieve the combination of activities that make a state a high-risk country.

Scenario framework

The position of the theme of high-risk countries has hardly changed within the scenario framework and thus remains in the multipolar quadrant due to the non-cooperative nature of these countries within the international system. Given the unclear situation in Syria, where non-state actors are playing an increasingly important role, there has been some movement in the direction of the fragmentation quadrant.

2 The next five to ten years: Probabilities and uncertainties

Probabilities

- The Syrian regime will not survive the current uprising and crisis.

Uncertainties

- What will the future of Syria look like? Will there be a speedy end to the current civil war, and what kind of government would then come to power? Or will a new central authority fail to appear, i.e. will the country become a fragile state?
- Will Israel intervene militarily to make Iran's nuclear programme (temporarily) harmless? Will this lead to a further escalation of conflict in the region?

As developments in 2012 were broadly similar to those in 2011, the predictions from the 2012 Monitor also remain valid on the whole. With regard to Syria and Iran, however, some new developments expected in the next five to ten years are worth mentioning.

Given events in the past year, it has become more likely that the Syrian regime will not survive the civil war. This means that a regime change is likely in the near future. How this will work out exactly is still uncertain, but it is possible that a (partially) modified regime will adjust its policy on the issues that have made the country a high-risk country thus far. In this sense, developments could turn out positively. Although this means that Syria could soon no longer be a high-risk country, this is by no means guaranteed. Moreover, the country could slide into the status of a fragile state, which also entails significant risks to international security and stability. Indeed, should the regime fall, it is questionable whether a new central authority will take its place. The opposition fighting against the current government is so divided that a fall of the regime may lead to a fragmentation of the power structure in the country. The ensuing chaos could give terrorist groups and criminal organisations, for example, a free hand, which could constitute a danger to national as well as regional and international security and stability.

Regarding Iran, the likelihood of armed conflict with Israel has risen. Although Israel has for years been threatening to militarily eliminate Iran's nuclear programme, its threats over the past year seem to have become more serious. Israeli politicians, including Netanyahu at the General Assembly of the United Nations, have recently been speaking of a 'point of no return' that the alleged nuclear weapons programme could soon reach. The idea is that once that point has been reached, Israel would eliminate the nuclear weapons potential of Iran. Were Israel indeed to decide to carry out an air strike on Iranian nuclear facilities, this could lead to a regionally escalating conflict which the whole Middle East could be sucked into. An escalation of the conflict would then most likely affect the rest of the world if it is accompanied by terrorist attacks on Israel and its allies and on international targets in countries in the region that are associated with Israel (Eisenstadt & Knights 2012). This could also affect the supply of oil and gas from the Arab region, with inevitable negative consequences for the world economy.

Scenario framework

Based on the above findings, in the next five to ten years a slight shift in the scenario framework is likely to take place in the direction of the fragmentation quadrant (but still within the multipolar quadrant). This shift will mainly be caused by Syria's uncertain future.

3 Strategic shocks

Strategic shocks

- Conflict between Israel and other countries in the region.
- Withdrawal of Iran from the Nuclear Non-Proliferation Treaty (NPT).
- Implosion of the central government in Pakistan.
- Complete collapse of central authority in Syria.

All the strategic shocks discussed in the previous edition of the Strategic Monitor are still possibilities. However, some strategic shocks have become more likely.

A conflict between Israel and other countries in the region has become more of a realistic possibility, particularly because of the increased risk of escalation related to Iran's nuclear programme.

Withdrawal of Iran from the Nuclear Non-Proliferation Treaty (NPT), in connection with the above-mentioned risk of escalation related to the Iranian nuclear programme, has become more likely.

Implosion of the central authority in Pakistan also becomes steadily more likely.



Kim Jong-un, the son and successor of Kim Jong-il who died in December 2011. Since the arrival of Kim Jong-un, tensions between North and South Korea have increased significantly.

A potential new strategic shock is:

A complete collapse of the central government in Syria, as a result of which the country slips down to the level of a fragile state. In particular, the growing influence of non-state actors with transnational objectives, such as extremist terrorist groups, may lead to further international instability and insecurity.

4 Winners and losers

In 2012, particularly President Assad's regime in Syria moved in the direction of loser status. The regime has so far been unable to restrain the rebellion in its own country and will in all likelihood not come away from this conflict unscathed.

Besides Syria, there are other countries that can be designated as losers. The situation in Syria is indirectly also a blow for Iran, since Syria is Iran's only ally in the region. To a lesser extent, the Iranian regime has also had to deal with a direct blow in the form of new international sanctions imposed in 2012, which did considerable damage to the Iranian economy, leading to problems at all levels of Iranian society. For now, however, it seems that the regime has been able to resist the pressure coming from the sanctions and to make no concessions on the nuclear issue. In this sense, Iran's loser status is not as bad as it would seem to be.

Because the succession of Kim Jong-un following the death of his father Kim Jong-il proceeded flawlessly, North Korea can be regarded as a winner. In the meantime, the country continues to pursue all the activities that make it a high-risk country. Given that the dreaded chaos from the change in power would have been a problem for the entire region, there are no direct losers in this matter. The international community hopes for a 'soft landing' for this high-risk country, leading to gradual reforms. A 'hard landing' would involve an implosion of the central government, chaos, and possibly international conflict. As long as such a hard landing does not occur, the soft-landing scenario remains among the possibilities.

Pakistan remains a loser due to the steadily crumbling power of the central government. The international system of disarmament and non-proliferation treaties also remains on the losing side, because it has failed to get North Korea and Iran to stop their (alleged) development of weapons of mass destruction. This issue is discussed further in the chapter on the proliferation of weapons of mass destruction.

5 Implications for global security and stability

The consequences of these developments for international security and stability are significant. Even though there were relatively few changes identified in 2012 for the theme of high-risk countries, the fact that there are high-risk countries is a source of constant concern.

Regarding international territorial security, a foreign attack on Iran cannot be ruled out given the increasing severity of Israel's warnings to Tehran to make concessions with regard to its nuclear programme.

In terms of economic security, the instability of high-risk countries has direct negative effects on the stability of neighbouring countries and thus indirectly on the global economy. If the situation in the Middle East were to escalate—either through a military escalation related to Iran's nuclear programme or a collapse of the Syrian central government—this would probably also have global economic consequences. Unrest in the Middle East could lead directly to rising oil prices.

International ecological security is especially in danger in Pakistan. If this country slips further towards the status of a high-risk country or a failing state, its nuclear arsenal will be of great concern to the rest of the world. If, for example, the Pakistani regime were to decide to wage war against India as a last resort in the hopes of winning the support of its own population, then possible nuclear explosions could have ecological consequences worldwide.

Physical security will mainly be a problem with the conflicts in Syria, the Iranian nuclear programme, and with a Pakistan slipping further into chaos. Physical security will then be at stake mainly in the conflict region concerned, although the escalation of conflicts

in the Middle East and Pakistan may also lead to intensified international terrorism. The consequences for social and political stability are likely to remain largely confined to the region in which the high-risk countries are located.

Conclusion

In conclusion, except for the weakening of the Syrian regime, there was continuity from the previous year. Just as in the previous edition of the Strategic Monitor, there are still three countries that are labelled high-risk countries: Iran, North Korea, and Syria. Iran is under pressure. It remains uncertain how the situations in Syria and Iran will develop and what the reaction will be in the region. These two countries are designated as losers (and potentially dangerous). At the international level, the danger of 'spillover' effects appears to be keeping people on their toes. Regarding Pakistan, it should be noted that its political instability makes it a potential high-risk country.

Since the coup d'état in Mali the humanitarian aid for the country has been increased from throughout the world.

Foto: Daouda Guirou (WFP)



6

Fragile states

Jort Hemmer

Introduction

The broad landscape of fragile states has not changed significantly over the past few years. Most of the developments and trends discussed in the previous Strategic Monitor have continued into 2012. The past year was marked by unrest in parts of Sub-Saharan Africa and Central Asia as well as difficult transition processes in the Middle East and North Africa (MENA). International policy towards fragile states was primarily focused on situations where the failure of states translated into armed violence, organised crime, radicalisation, illegal migration, and humanitarian crises. This is occurring against the background of a changing international playing field in which the influence of Western donors in these states is gradually decreasing (Hemmer & Van Beijnum 2012).

Two trends that are expected to assert themselves in the next five to ten years are the rise of radical Islamic groups in Africa and the changing division of labour in addressing problems in fragile regions, with Western actors trying to control security risks remotely and together with local players. The first trend could have implications for global security and stability: the political commitment to reduce the terrorist threat in Africa is therefore likely to intensify.

Meanwhile, and not for the first time, the idea of ‘fragility’ is under fire. Events such as the upheavals in the MENA region and the crisis in Mali are sowing doubts about the usefulness of this concept in predicting and addressing contemporary forms of instability and violent conflict and their transnational effects (see Box 1).

1 Significant changes in the past year

Given the structural and persistent nature of their problems, it is not surprising that the regions that were considered very fragile in 2011 also received negative attention in 2012.

The Horn of Africa has been plagued by the ongoing conflict between the two Sudans, especially at the border between the two countries. The shutdown of oil production—which is the mainstay that drives both economies—also aggravated the political and social unrest in both countries. Somalia in turn brought an end to a lengthy transition period with the appointment of a new president and government and the reform of its parliament. It is uncertain whether this is really a new chapter for the troubled country. The central question is whether the successes that have been achieved mainly by military means over the past year, such as the stabilisation of Mogadishu, the rolling back of the influence of terrorist group al-Shabaab, and the curbing of piracy, can be consolidated—and if so, how. In Ethiopia, the unexpected death of Meles Zenawi, the prime minister since 1991, has suddenly put the relative stability of this regional power under pressure. To date, however, the uncertainty following Zenawi’s death has had no tangible repercussions. And in the run-up to elections in Kenya in March 2013, hostility



A US soldier greets a boy in Bamako, Mali. After the coup in March/April 2012, France launched an intervention in the country under a UN mandate in January 2013.

Photo: The US Army

between different tribes has increased, while Kenya's contribution to the armed struggle against al-Shabaab is rendering the country vulnerable to attacks.

In the Great Lakes Region, the Democratic Republic of Congo (DRC) was afflicted by a proliferation and increased activity of armed movements in 2012. After allegations that neighbouring Rwanda was supporting the main rebel group in the east of the DRC—known as 'M-23'—some donors decided to suspend aid to Rwanda. In West Africa, Mali was rocked by a coup in March 2012. Exploiting the ensuing chaos, radical Islamic movements grasped power in the north of the country. In the space of just a few weeks, Mali was transformed from a perceived paragon of good and stable governance into a global headache. Elsewhere in the region, sectarian, religious-inspired violence in Nigeria—including targeted attacks on churches, mosques, and government buildings—took the lives of hundreds of people.

The fragility of the political constellations in Iraq, Pakistan, and especially Afghanistan were undiminished in 2012. The concern is that Afghanistan will fall back into the

Box 1 'Fragility': A fickle idea

The unexpected uprisings in the MENA region, including the collapse of Syria—an unfree country but hitherto considered relatively stable—and the free fall of 'model country' Mali, have sparked the discussion about the concept of 'fragility' and its applications (see, for example, Beehner & Young 2012; Kaplan 2012; Leigh 2012). Some recurring observations in this discussion are that an agreement on what exactly fragility entails is lacking—witness also the proliferation of definitions—and that the tendency to label all countries that go through a period of instability as 'fragile' persists. The result is that fragility is threatening to become a catch-all term that lacks policy relevance and could even encourage a standard approach in countries that require a specific approach.

As a result of the symptom-driven assigning of this label, its predictive value has become worthless—a criticism that also holds for the Failed States Index, an annual ranking of 'failed' states. Some fragile states are also opposed to the way in which they are identified. They point to the stigmas and apparent arbitrariness that underlie this categorisation.

In short, resistance against the careless handling of the concept of 'fragility' is growing. Even the version of the standard definition previously used in the 2012 Strategic Monitor—i.e. states that are unable or unwilling to fulfil essential governmental functions and to provide certain basic services to their populations—is open to interpretation. It is therefore high time that we impose order on this conceptual chaos and take a critical look at the future use of the label 'fragility' and its policy implications.

grip of the Taliban following the planned 2014 withdrawal of international forces and disintegrate into a civil war.

In the past year, however, all eyes were focused on the transitions in the MENA region—transitions that in general proceeded with much difficulty. The new leaders of Tunisia and Egypt are only at the beginning of their attempts to recover the impaired trust between the government and citizens. The situation in Libya remained as unpredictable as it was explosive: the violent power struggle that erupted after the fall of Muammar Gaddafi is still undecided. In Syria, the international community is divided and seemingly powerless to prevent the popular uprising, which began in 2011, from slowly degenerating into a bloody civil war whose effects are being felt regionally. Although the position of President Bashar al-Assad is under pressure, various initiatives to find—or to force—a way out of the crisis have so far failed to bear results.

The rise identified in the 2012 Strategic Monitor of non-traditional actors in fragile states such as Brazil, Russia, India, China, and South Africa (the BRICS), Turkey, and the Gulf States has also continued in 2012. The business-like approach of these non-traditional actors is welcomed by many politicians and businessmen in fragile states, but they also face the criticism that their way of operating aggravates the disparity between rich and poor in these countries. Struggling with economic and financial problems closer

to home, many traditional Western donors have been marking time. In setting policy priorities, they are now much more keen to protect their own interests. This manifests itself mostly in lean development agendas with particular attention to opportunities for their own private sector and to regions that pose transnational security threats.

Scenario framework

Compared with the scenario framework in the previous edition of the Monitor, there is continuity. The interests and involvement of the BRICS and other non-traditional actors in fragile states are increasing, while the role of Western, traditional actors in these states is declining. This trend is part of a more general evolution towards multipolarity, although fragile states remain within the multilateral quadrant, just like last year.

2 The next five to ten years: Probabilities and uncertainties

Probabilities

- The MENA region, the Horn of Africa, the Great Lakes region, and Afghanistan will be sources of instability and insecurity in the future.
- The decreasing preparedness and capacity of Western actors to be physically present in fragile states and/or regions. This is increasingly left to regional partners, with Western actors resorting to technological support and aid from a distance.

Uncertainties

- The future of fragile states remains uncertain due to their instability.
- The apparent rise of radical Islamic groups in parts of Africa, which creates the risk of sanctuaries emerging for extremist organisations in Africa.

As noted in the 2012 Strategic Monitor, the future in fragile states and regions is difficult to predict. However, it is likely that the areas that are currently the largest source of instability and insecurity internationally, including parts of the MENA region, the Horn of Africa, the Great Lakes region, and Afghanistan, will continue to be so in the next five to ten years. The abrupt emergence of new crisis zones, however, cannot be ruled out, as the recent developments in Syria and Mali demonstrate.

Moreover, two striking trends emerged over the past year that are worth discussing. The first is the apparent advance of radical Islamic groups in parts of Africa. The fall of the regime in Libya and the related influx of weapons and recruits have expanded the capacity of such groups in the region. Al-Qaeda in the Islamic Maghreb (AQIM) and related movements have a strong presence in northern Mali and a scope that covers Algeria, Libya, Mauritania, and Niger. In Nigeria, Boko Haram is fighting for

the introduction of sharia law nationwide and is moreover sowing terror among the civilian population. Although it has suffered some serious blows on the battlefield in 2012, the Al-Qaeda-linked al-Shabaab is still a significant player in much of Somalia. Neighbouring Yemen also houses an active branch of Al-Qaeda.

The fear is that Africa, and the Sahel in particular, will become a sanctuary for these and other extremist organisations, and that forms of cooperation may arise between them (Karin Leigh 2011). It has thus become more likely that the policy focus on and commitment in this region will further increase in the next five to ten years, with Mali appearing to emerge as the main battleground in the short term. A relevant observation is that several of the jihadist ‘newcomers’ who populate the region seem to be executing primarily a domestic agenda, contrary to what their rhetoric sometimes suggests (see, for example, Worth 2012).

A second trend is the new division of labour that seems to have arisen in the way the problems of fragile regions are addressed, especially when it concerns security issues. The willingness and capacity of Western traditional actors to be physically present in these regions is diminishing. Instead, they seek refuge in a resort to technological tools and undertake cooperation with regional partners. Leaders of terrorist movements in Afghanistan, Pakistan, Yemen, and Somalia are eliminated by drones. In Somalia, it is the troops of the African Union (AU) that protect the capital and hunt for al-Shabaab. To restore order in Mali and to win back control of the north of the country, the organisation of West African states (ECOWAS) is preparing a military intervention, thereby encouraged by their Western allies. And the hunt for the notorious Lord’s Resistance Army (LRA) in Central Africa is being conducted by a coalition of countries from the region itself with the support of the United States. This trend, in which Western actors try to represent their security interests from a distance and via local ‘intermediaries’, is likely to continue in the next five to ten years.

This development is an illustration of the change in global relationships, with fragile states making increasingly louder claims to their place in the world, sometimes in cooperation with each other. International agreements such as those laid down in December 2011 in the New Deal for Engagement in Fragile States—agreements that provide guidance on how engagement with such vulnerable areas should proceed—attribute a stronger, more guiding role to governments of fragile states (IDPS 2012). As a result of this professionalisation of relations, the traditional relationship between provider and recipient of aid, in which Western donors often determine the conditions, is slowly but surely coming under pressure.

Scenario framework

The rise of extremist organisations in parts of Africa has resulted in the category of fragile states moving slightly towards the fragmentation quadrant. The observed increase in ad hoc and non-institutionalised collaboration indicates shifting global relations and a multipolar tendency. This development fits into a scenario characterised by increasing fragmentation.

3 Strategic shocks

Strategic shocks

- Islamic radicals seize power in the Middle East or South Asia.
- Genocide.
- Implosion of central authority in Pakistan.
- Radical Islamic organisations seize power in parts of Africa.

Strategic shocks from the Future Policy Survey and the 2012 Strategic Monitor:

Islamic radicals seize power in the Middle East or South Asia. How the transitions in the MENA region will proceed remains highly uncertain, and the likelihood that extremists will try to take control of the government somewhere in the region remains real.

Genocide. Developments in the past year have led us to the conclusion that parts of the MENA region, the Horn of Africa, and the Great Lakes region are at the greatest risk of large-scale crimes against humanity and genocide.

Implosion of central authority in Pakistan. The collapse of nuclear-armed Pakistan is a pessimistic but still conceivable scenario.

An additional potential shock is:

Radical Islamic organisations seize power in parts of Africa. The intransigence of al-Shabaab in Somalia, the territorial gains of AQIM in Mali and its surroundings, and the destabilising effect of Boko Haram in Nigeria unambiguously demonstrate that Africa is particularly vulnerable to forms of violent extremism and an interesting area for jihadist groups.

4 Winners and losers

The 2012 Strategic Monitor noted that ‘the involvement of the BRICS and other non-traditional actors in fragile states is aimed primarily at the conclusion of mutually beneficial transactions with central governments’. A possible consequence is that this ‘ratifies or even strengthens [...] the imbalanced relationships’ in countries where power and wealth are already highly concentrated among the administrative and business elites (Hemmer & Van Beijnum 2012: 111-112). In this scenario, the parties involved in these transactions are the winners and those parts of the population that do not benefit from the economic growth of their countries are the losers. This conclusion of the 2012 Monitor still applies. After decades of mainly ‘aid-oriented’ investments, Western actors currently

seem to be playing a supporting role at a time when the commercial opportunities in fragile regions seem to be increasing.

5 Implications for global security and stability

Radical Islamic groups seem to be on the rise in Africa. It is feared that this development will negatively affect global security and stability. For the time being, it is mainly the regions where these extremists are active that are experiencing the effects. Given the generally limited capability of these groups and the domestic agenda that the majority of them seem to have, there appears to be little danger for the outside world. However, this does mean that Western targets run a higher risk in these regions and that the fear of terrorist attacks and spillover effects could spur many Western countries to try and curb these threats.

6 Implications for global security and stability

Europe is expected to be involved in international efforts to bring a halt to radical Islamic groups in Africa. It is likely that these efforts will take shape primarily in a multilateral context and will be aimed at delivering relatively small, specialist contributions to peacekeeping operations and other missions that will strive to promote security and the rule of law in the relevant fragile regions. Furthermore, Europe will probably continue to be involved in the near future in activities aimed at combating organised crime, illegal migration, humanitarian crises, and other transnational effects of fragility.

Conclusion

Whether out of fear of negative spillover effects, out of an interest in new growth markets, or out of a desire to fight poverty and defend human rights, Western countries will continue to monitor and try to influence developments in fragile states and regions—regardless of the precise label these states will receive in the future. In giving shape to their commitment, however, they must take into account the fact that the rules of the game are currently being rewritten and that governments of fragile states will probably increasingly determine on their own the conditions governing the commitment.

View of the Chinese city Xiamen.
According to recent research, this
Chinese megacity is one of the
fastest growing cities in the world.
Foto: Jako Busan





Globalisation

Peter van Ham

Introduction

At the core of the chapter on globalisation in the 2012 Strategic Monitor was the concept of global governance. Globalisation was understood as an ongoing process of global political, economic, and cultural integration and a thickening of the web of international relationships. In addition to the question of what possibilities the international community has for controlling the globalisation process, the crucial issue was what sort of guiding influence Europe still has on international developments in an era characterised by increasing unpredictability. The unpredictability of the globalisation process is largely the result of the spreading financial and economic crisis. One of the conclusions of the 2012 Strategic Monitor was that this crisis emphasises the fact that globalisation is not without risks and that these risks are worrisome and acute. In addition, it was concluded that the opportunities for political control were shrinking. The latter was partly due to the declining influence of the Western powers, whose dominant role is being replaced by a power vacuum that other regions and emerging powers are only too happy to fill based on their own values and interests. Also partly due to the crisis, the dissatisfaction and scepticism of citizens have increased, resulting in a further decline in faith in institutions such as national governments and international organisations. The previous Monitor also foresaw a further shift towards a 'hybrid world'—i.e., a world in which major policy processes are controlled by a multitude of both state and non-state actors. In addition, it was observed that neoliberalism as the dominant economic ideology had come under strain, and it was uncertain how relevant and decisive international multilateral institutions could still be in the light of the ongoing power shifts.

This chapter will discuss the main events of the past year in the area of globalisation and will touch upon the probabilities and uncertainties for the next five to ten years. We will pay special attention to the possibilities of regulating financial markets (see Box 1) and the dangers in Europe of political instability and radicalisation caused by the financial and economic crisis (see Box 2).

1 Significant changes in the past year

In the past year, the developments described above continued. The process of globalisation has experienced more continuity than change. It is a process that is characterised by shifts in economic, political, and to a lesser extent military power, one that is driven by developments that have been unfolding for several decades in technology, communication, and transportation. The move towards a world order in which non-state actors—from NGOs and businesses to criminal and terrorist networks—are increasingly important has continued, thereby accentuating the development of a more 'hybrid world'.

There have been no significant changes in trends but rather a confirmation of the previously observed trend towards fragmentation in the field of governance. Indeed, the

Box 1 Financial regulation as a challenge

The global economic and financial crisis has made it clear that the negative effects of globalisation bear upon all countries. The huge trade and financial links between countries and markets lead to interdependence. The existing post-war institutional infrastructure—based on the IMF and the World Bank—is no longer adequate. In response to the financial and economic crisis, the G20 has since 2008 proved to be an important informal forum where the leaders of the nineteen most important countries plus the EU meet to coordinate their policies and to propose solutions. The G20 represents two-thirds of the world population and accounts for 85 percent of total world production.

Despite the momentum for improved financial regulation and the emergence of the G20, however, the international community has failed to take any real steps towards stronger international management in this area. Instead, regulation has remained mostly light touch, with robust multilateral and binding global governance out of the question. This is due to a number of reasons. First, key international actors have other ideas and interests with regard to the necessity, urgency, and direction of possible reforms. The second reason for the lack of coordination is that the financial sector is very complex and multifaceted. The sector includes not just banks but also a variety of financial institutions ranging from pension funds to insurance companies. The financial products in this sector are often complicated, and there is a lack of transparency, as a result of which it remains difficult to control and regulate.

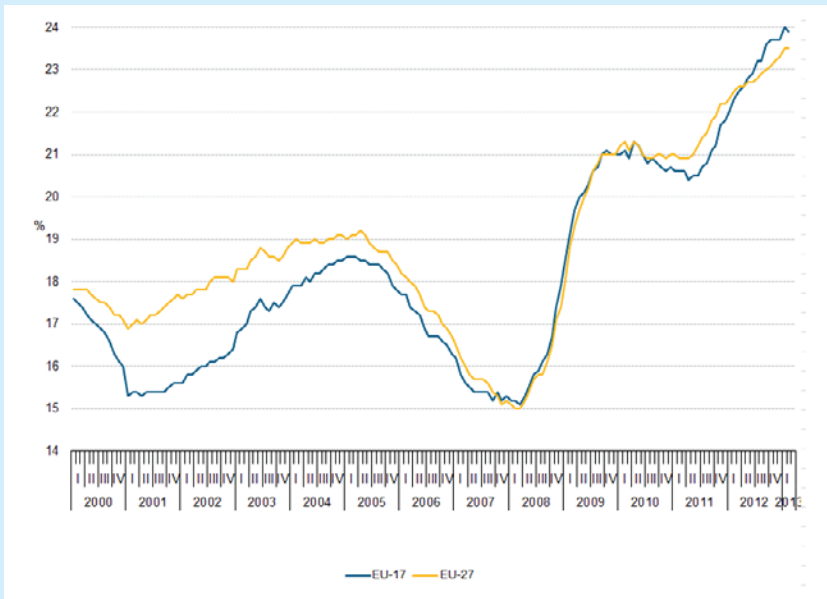
Third, the ongoing crisis demonstrates that the economic policies of countries (e.g. Greece) may have direct adverse consequences for other countries in the form of financial risks, declining growth, etc., which in turn give rise to frictions between countries. The experiences of recent years have proven the existence of an unmistakable governance deficit: the need for policy coordination and cooperation is great, but the mechanisms for achieving them are inadequate. The negative effects of the global economic crisis, however, are felt worldwide. The hope must therefore be aimed at the emergence of a growing political awareness that countries must address this governance deficit for their own—enlightened—interest. Although such a cultural shift is not yet forthcoming, the closer cooperation within the G20 can potentially contribute in this regard.

demand for legitimate and effective governance of the many processes of globalisation has remained high, partly under pressure from the globalisation process itself. Western countries—including the US—are witnessing a decrease in their economic and political influence. The reform of existing international organisations from the UN to the IMF is not keeping up with the need to make room for more influence for emerging powers. In addition, the need for improved governance of economic and financial regulation remains undiminished. Existing initiatives (such as the coordination between central banks via the Basel Committee) are encountering many obstacles. As further elaborated in Box 1, policy coordination through the G20 only takes place to a limited extent. Such more informal arrangements were unable to fill the leadership vacuum in 2012 due to their lack of decisiveness and legitimacy.

Box 2 Political instability and radicalisation in Europe

Youth unemployment is one of the major problems caused by the financial crisis. In the EU, there are currently more than 5.5 million young people without work. In Greece and Spain, youth unemployment is over 50 percent, in Portugal and Italy, over 30 percent, and in France it is around 25 percent. Figure 1 shows the trend in youth unemployment since 2000. It shows that since the start of the economic crisis, youth unemployment in the EU has increased dramatically. In the absence of economic growth, this large group of young people out of work is in a fairly hopeless situation and is already being called the lost generation: they are the losers of globalisation. The economies in the southern part of the eurozone have been hit particularly hard by the financial crisis and have committed themselves to implementing tough austerity measures for many years in order to be eligible to receive support from the European Central Bank and from the European emergency fund.

Figure 1 Youth unemployment in Europe 2000-2013 (Eurostat 2013).



In Greece, Spain, and Portugal, outrage over the strict guidelines that their own governments must comply with is growing. This is putting the already fragile support for these relatively young democracies under pressure. Add to that the knotty problem between Catalonia and the central government in Madrid and we see a scenario unfolding in southern Europe of political instability and even growing radicalism and separatism. Extremist parties—both on the left and the right of the political spectrum—can count on more support among the population, which is directing its dissatisfaction towards both its own government and Brussels. The consequences are potentially far-reaching. First, it undermines the broad support for the process of globalisation and for further European integration. When large social groups no longer see any (personal) advantage in integration, their support for the EU disappears.

Second, this dissatisfaction undermines confidence in national democracy, as individual European governments have less say in determining the level and allocation of public spending. Because southern Europe only has a short history of democracy, growing anti-democratic sentiment in this region is a reason for concern. This also applies to Central European countries, including Hungary, where the nationalist party Jobbik can count on much support. Third, this trend of *Politikverdrossenheit* (disillusionment with politics) results in radicalisation, with the risk of increasing support for extreme anti-establishment groups. This can manifest itself in relatively moderate support for organisations such as Occupy but also in radical groups and movements that use public dissatisfaction in order to legitimise violence.

In this regard, it should be noted that the actual economic and financial integration of OECD countries has increased steadily in recent decades. This is less true for developing countries and the BRICS. China, for instance, is closely intertwined with the world economy in terms of trade, while the Chinese financial market remains largely closed to foreign investors. At the same time, as will be explained in the chapter on Economy, beneath the surface of globalisation a trend of 'regionalisation' is occurring, in the sense that economic developments in the OECD countries (the US, Europe, and Japan) are no longer inextricably linked with those of the BRICS and other non-OECD countries. The latter are characterised by their own economic dynamism. According to some observations, in this respect we can even speak of a kind of 'deglobalisation' in the world economy.

The key changes in the EU have carried on in the past year. To cope with the euro crisis, steps are being taken to move towards deeper economic integration and political union, and even the prospect of a European federation lies ahead. However, it remains uncertain whether European political integration is attainable. The financial and economic stability of the EU also remains uncertain. The economic crisis, which is affecting southern Europe particularly hard, is leading to radical and long-term austerity measures that national governments have to follow, in the opinion of 'technocrats' in Brussels, in order to remain eligible for economic and financial aid. Rising unemployment, particularly among the youth, will lead to a growing risk of social unrest, with a real chance of escalation and a growing aversion to existing parliamentary democracy (see Box 2).

We therefore conclude that the trend towards fragmentation within the international governance structure has continued in the past year. The factors that give rise to this conclusion have persisted. There has not been an increase in international cooperation in the political, economic, and financial areas. Existing international organisations remain under pressure to provide effective multilateral solutions, which are rarely achieved and only with much difficulty. The major multilateral and transnational governance structures remain active but are experiencing increasing problems with their legitimacy and effectiveness in a rapidly changing world in terms of the distribution of power.

More informal, so-called multilateralism-light arrangements such as the G20 have only been able to reverse the governance deficit to a limited extent.

Scenario framework

No significant changes have occurred in the scenario framework in the past year.

Globalisation as a driving force remained squarely in the fragmentation quadrant in 2012.

This means that non-state actors play a greater role in the international system than state actors and that effective international cooperation is lacking.

2 The next five to ten years: Probabilities and uncertainties

Probabilities

- Globalisation as a process of economic, political, and cultural integration and the thickening of the web of international relationships continues, but the opportunities for managing and controlling this process will come under pressure as a result of fragmentation and shifts in the distribution of power.
- The Western system of values, reflected in the neoliberal model and the democratic system, will further lose its appeal.
- The representativeness crisis that national governments (particularly in Europe) and international institutions are suffering will continue.
- Due to the economic crisis, there is a greater risk of radicalisation and extremism.

Uncertainties

- Will existing international institutions be able to adapt to changing international relations?
- Will the G20 take on the role of world economic leadership?
- Will the European Union be able to extricate itself from the economic crisis?

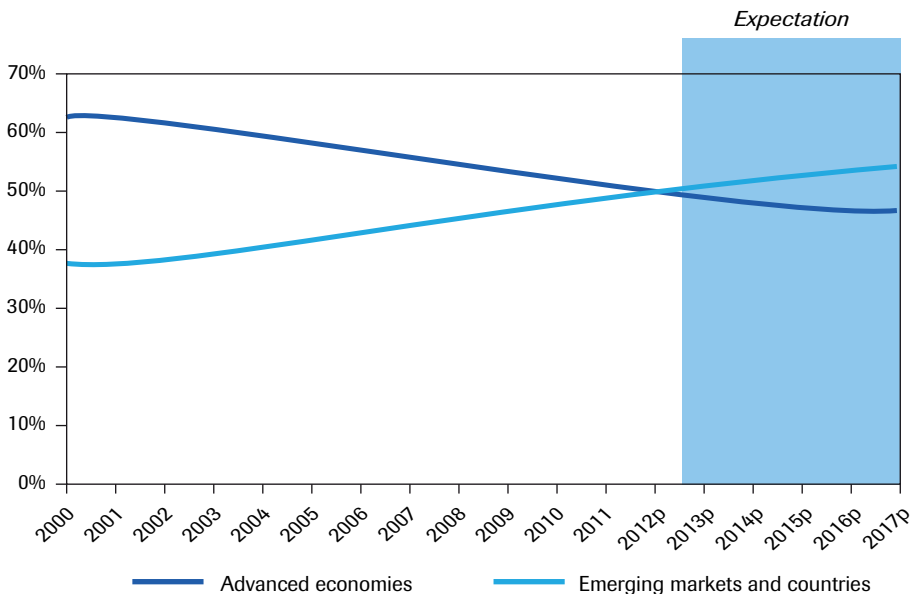
When previewing the next five to ten years, a distinction should be made between on the one hand the progress of actual globalisation as it is driven by developments in the fields of economy, technology, communications, etc. and a further internationalised business world with a stronger presence of non-Western companies (see box 3), and on the other hand the ability of the international community to control this process. It is evident that both dimensions are closely interrelated. An example is the global financial system with its 'hot money', which is increasingly being seen as a threat to the stability of the world economy and thus requires regulation. When considering what developments in the field of globalisation are imaginable, several scenarios are possible, ranging from the development of a new, effective, and legitimate multilateral system, and increasing regionalisation with bloc-to-bloc mercantilism to fragmentation, rampant nationalism, and deglobalisation. The most likely scenario is a continuation of globalisation together

Box 3 The rise of large, non-Western corporations

The annual ranking of the world's largest corporations conducted by Forbes—known as the Global 2000—confirms the continued rise of the non-Western private sector. The emerging economies in particular have seen their share in the ranking rise significantly. The US (524 companies) and Japan (258 companies) still top the list, but China's share has increased significantly with fifteen new companies on the list. The shares of South Korea (68 companies) and India (61) have also risen considerably. The emergence of Thailand, the Philippines, Saudi Arabia, and the UAE in the list is striking. China has two corporations represented in the top ten of the list, with the Industrial and Commercial Bank of China (ICBC) at number 5 and PetroChina in seventh place. Brazil's Petrobras is tenth in the ranking. According to an investigation by CNN, in 2012, four of the ten largest companies in the world were from non-Western countries (Sinopec Group, PetroChina, State Grid, and Toyota).

with a trend of fragmentation—especially with regard to possibilities for controlling the globalisation process. The question is whether this will happen without the occurrence of major shocks, crises, or game changers.

Figure 2 The size of the economy as a share of global GDP, expressed in PPP terms (PwC 2012).

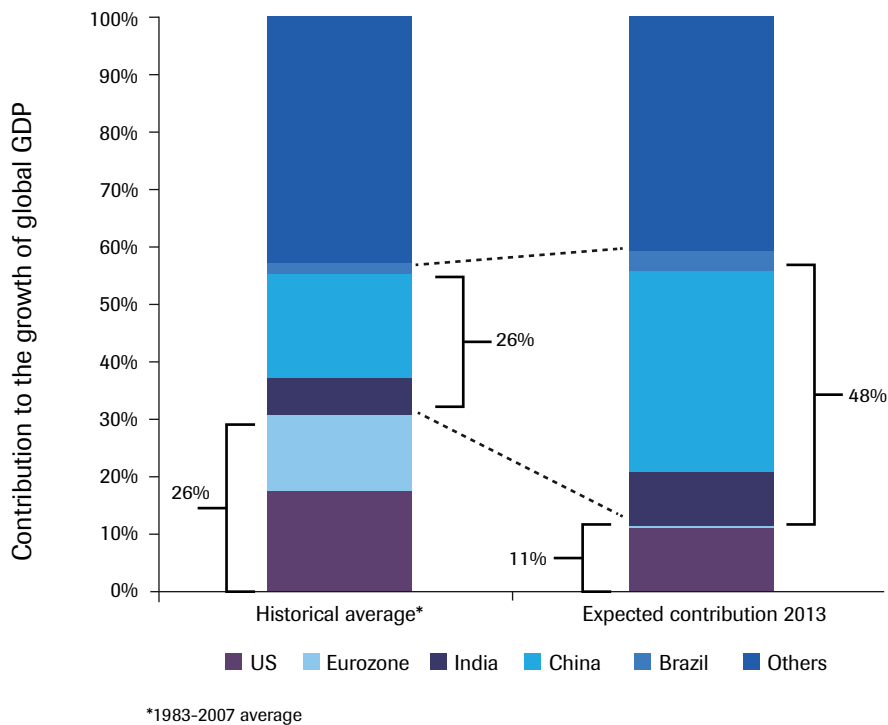


The International Monetary Fund (IMF) classifies 35 economies with a high GDP per capita and a significant level of industrialization as advanced economies.

The process of decoupling, in which emerging powers act as independent poles of growth, and regionalisation will probably continue. For example, Figure 2 illustrates that in 2013, emerging and developing countries together made up a larger share of the world economy than the industrialised countries for the first time since reliable economic statistics became available.

In addition, Figure 3 shows that the same emerging economies and developing countries will increasingly determine the growth of global GDP.

Figure 3 China, India, and Brazil will be responsible for half of the growth in global GDP in 2013 (PwC 2012).



The ongoing economic crisis undermines the appeal of the Western capitalist model. The rise of the BRICS, the Gulf States, and countries such as Turkey and Indonesia will be accompanied by other norms regarding the relationship between state and society. As a result, the neoliberal model—with the capitalist ideology known as the Washington Consensus still an ideological driver behind the process of globalisation—will come further under pressure, for example within the IMF. It is after all inevitable that countries such as China, Russia, and the Gulf States will want to spread their autocratic social model within international institutions (see the concept of the ‘Beijing Consensus’ as an

alternative to the Washington Consensus). Note in this regard that it is almost certain that the influence of these countries within the world economy and particularly within Europe will increase. China's willingness to contribute to solving the debt problems of some southern European countries reveals the new global economic and political power configuration, for any Chinese contribution to a bailout of these countries would not occur without implicit and/or explicit political obligations. It would also at the very least dent the image of the neoliberal model. At the same time, however, the ongoing communications revolution will lead to more people power, as a result of which the aforementioned megatrend—the decline of neoliberalism—could be mitigated. In any case, as a result of the ongoing economic crisis, more people will feel like 'losers' of globalisation, with a greater risk of radicalisation and extremism as a result.

In the coming years, the multilateral system as an instrument to control the process of globalisation is likely to further fragment. Central to this is the question of whether the Western countries are willing to make space for emerging countries and whether the latter are willing to take on some of the burdens and responsibilities of international governance. The uncertainty in all of this focuses on the European Union and its ability to find a sustainable solution to the euro crisis.

Scenario framework

For the next five to ten years, there will be a shift in the scenario framework in the direction of the non-state and non-cooperative poles within the fragmentation quadrant. This does not differ from the trends that were considered probable in the previous edition of the Monitor. Compared with the 2012 Strategic Monitor, the scenario outlined in this edition assumes that there will be a slight decline in the importance of the state as well as less cooperation. The differences are, however, negligible.

3 Strategic shocks

Strategic shocks

- The eurozone falls apart.
- Social unrest in Europe in response to the economic crisis.
- A large-scale cyber attack on Western countries' critical infrastructure.

The shocks identified in the 2012 Monitor remain relevant and conceivable (a breakup of the eurozone, social unrest in Europe in response to the economic crisis, the vulnerability of critical infrastructure to cyber attacks). The probability that the eurozone will fall apart is undiminished. The risk of social unrest within eurozone countries has increased.

The eurozone falls apart. This risk is still present in the light of the fragility of the European economy, the difficult decision-making involved in finding a sustainable approach, and the socio-economic problems in the southern eurozone countries in particular.

Social unrest in Europe in response to the economic crisis. The risk of a serious disruption of society with political consequences in one or several eurozone countries has increased.

A large-scale cyber attack on Western countries' critical infrastructure. Such a shock is imaginable precisely because of the spread of certain technologies and the vulnerability of open societies.

4 **Winners and losers**

Due to the uncertainty of the process of globalisation, there are no clear winners we can designate in terms of driving forces. There are, however, losers, which we can divide into three categories. First, there are the geopolitical losers, among which we can count Europe and the US. Their political influence in the world is waning, the consequences of which are being emphatically exposed by the economic and financial crisis. This means in particular that the US will be forced to play another, probably more modest, role. For Europe, this means that the role of free rider on the back of American *Realpolitik* is no longer sustainable. Second, there are the ideological losers, especially the waning soft power of the Western model, which is based on neoliberalism. China has repeatedly stated that it is pursuing an ideologically 'neutral' policy, but this means nothing more than the abolition of the basis of neoliberal institutions such as the IMF and the World Bank (as well as the policies of the G20). Third, there are the actual, real losers: the large and growing group of people in the world who do not benefit from globalisation. Globalisation often means a threat to traditional forms of life, security, and identity. Too often we assume that these groups are mainly to be found outside the West. However, the economic and financial crisis has now made it clear that even in our modernised society there are large groups of losers and laggards that have neither the skills nor the mentality to take advantage of the possibilities of an open and fluid society.

5 **Implications for global security and stability**

The reduced governability of global policy processes has a corresponding negative effect on security and stability. Due to the waning capabilities and willingness of the US to act as a leader, a power vacuum is left that is only partially being filled by other actors (BRICS, international organisations, and non-state actors). For the next four years, the US under President Obama will probably not make a clear claim to a leading role on the world stage, thus creating the risk that possible strategic catastrophes (such as an Iranian nuclear weapon) cannot be averted. For the EU, the current trend towards



A woman in Madrid holds a protest sign with the text 'We are workers, not assholes' during a strike against new austerity measures. Internal tensions within Spain have risen as a result of the economic crisis.

Photo: Maldita La Hora

strategic irrelevance will persist: it will play a weak role in global security matters. Indeed, a possible collapse of the EU would be the death knell for existing transatlantic partnerships, especially NATO. In anticipation of this, NATO is already moving towards an alliance of global partnerships, which reinforces the trend of coalitions of the able and willing. In the area of security as well, we see more fragmentation. The dystopia of an approaching 'G-zero' world—where leadership is scarce or even non-existent—continues to exist, and it is becoming less likely that this is a self-defeating nightmare.

Conclusion

The process of globalisation is likely to continue, but the governance necessary to steer the risks of globalisation in the right direction continues to lag behind actual developments. This applies in particular to the global financial-economic and monetary system. Imbalances are therefore likely to become more acute. In addition, it is striking that in the process of globalisation, the centre of gravity (especially in terms of economic

growth and activity) is shifting to the emerging countries, mirroring the ongoing shifts in the global distribution of power. Finally, wherever large numbers of 'losers of globalisation' are found in certain generations and countries, this indicates a growing danger of socio-economic unrest and possible radicalisation.



Amsterdam Stock Exchange.
Foto: Sebastiaan ter Burg



Economy

Peter A.G. van Bergeijk

Introduction

The 2012 Monitor concluded as regards the driving force Economy that the international financial and economic system faces very serious problems. These problems focused on the European Union, which was still unable to find a sustainable solution to the euro crisis, and the US, which was suffering from a slow economic recovery and high public and private debt. At the same time, the BRICS and other countries and regions outside the OECD area continued their ascent, thereby demonstrating the shift of political and economic power from the 'North' to the 'South'. This shift was expected to continue. Finally, it was concluded that attempts to address the financial-economic crisis and global economic imbalances through global and regional cooperation had only partially had an effect.

1 Significant changes in the past year

Seen against the picture sketched in the 2012 Monitor, there is continuity in terms of the development of the world economy. What is striking is the decoupling that is occurring under the influence of the financial-economic crisis between the OECD economies and the emerging markets, in particular the BRICS countries (Brazil, Russia, India, China, and now also South Africa). As was predicted in the previous Monitor, the growth poles of the world economy are shifting to the emerging markets; this is a previously initiated trend that is being accentuated by the crisis (Lin & Rosenblatt 2012). As a result of this shift in economic growth, the fragmentation of the world economy is accelerating, with the risk that decreasing cohesion between the major players could further undermine support for international policy coordination. Equally important is that import volumes in the emerging markets have recovered already since 2010 but that import volumes of the OECD area are still stagnating below the level of 2008. Also in the area of investment flows, the decoupling is visible in the form of substantially higher growth outside the OECD countries. In 2011, the share of developing countries and emerging markets in investment flows was greater than that of the OECD for the first time in history.

It is important that the diversion of investment flows to emerging markets not only occurs for investors located in the OECD area but also for those located outside of this area. Trade and investment are increasingly taking place within the group of emerging markets and developing countries. Opposite trends are occurring by which globalisation continues outside the OECD but a process of 'deglobalisation' becomes increasingly likely within the OECD. The effect that will eventually be visible at the global level is still not entirely clear. But two key indicators show that we can no longer take globalisation for granted as in past decades. In the first place, the KOF Globalization Index has registered a stagnation in the degree of globalisation since 2009. Second, the CPB World Trade Monitor of the Netherlands Bureau of Economic Policy Analysis has registered a decline in world trade since May 2012.

Contrary to what was previously expected, economic decoupling does not make non-OECD countries immune to the downturn in the industrialised countries—mutual economic relations are simply too strong. This means that growth prospects everywhere must be adjusted downwards. The decoupling is taking place primarily in the area of policy, as was apparent at the annual meeting of the International Monetary Fund in October 2012 during which opposing policy visions dominated the discussion.

On one side we have the OECD countries that have been hit by falling growth and rising public debt (see Table 1), as well as by sluggish credit growth (caused by lower supply from banks as well as lower demand on the part of consumers and businesses).

Table 1 Key economic data (IMF 2012).

	US	EMU	China	Japan	Brazil	Russia	India
GDP (US \$ billion)	15,6	12,1	8,3	6,0	2,4	2,0	1,9
Economic growth 2012-3	2,1%	-0,2%	8,0%	2,0%	2,8%	3,8%	5,5%
Share of world production***	21,9%	16,9%	11,6%	8,4%	3,4%	2,7%	2,7%
GDP per capita*	49.800	34.100	9.150	36.200	12.030	17.700	3.850
Inflation rate (consumer prices)	2,0%	2,3%	3,0%	0,0%	5,2%	5,1%	10,3%
Unemployment	8,2%	11,1%	4,10%	4,5%	6,0%	6,0%	n/a
Budget deficit**	8,7%	3,3%	1,3%	10,0%	2,1%	-0,5%	9,5%
Gross government debt**	107%	94%	22%	237%	64%	11%	68%
Current account***	-6,8%	1,9%	2,7%	1,3%	-0,9%	1,4%	-1,0%

* international dollars, ** as a percentage of GDP, *** as a percentage of world GDP

The policy response of the leading OECD economies has consisted of a combination of fiscal consolidation (expenditure cuts and tax hikes) and monetary easing. The problem with monetary easing in the leading OECD economies is that interest rates of the central banks are close to zero and therefore cannot be reduced any further. Hence they are forced to opt for 'quantitative easing'. The debt-GDP ratio in the OECD area is now approaching the levels that characterised the war economies of 1945, and a further increase is expected in the future.

On the other side, we have the non-OECD area which presents a significantly different picture: debt ratios are falling and are also significantly lower than in the OECD (see Table 1). Also their room for manoeuvre on monetary policy also differs substantially. The policy of quantitative easing by some OECD countries, the US in particular, is seen by those outside the OECD—in particular China—as risky partly because of the unprecedented scale of the operations and because of the threat of global inflationary pressure and increasing instability of international capital flows. Within the OECD, these risks are downplayed, for example by the president of the Federal Reserve, Ben Bernanke. All in all, the OECD countries are steering themselves towards a policy environment in which debt management and a monetary tightrope walk are setting the

tone for major national restructuring, rising unemployment, recurrent austerity measures and, for the time being, economic stagnation.

Against this background, the tensions surrounding economic policy and their impact on other economies are increasingly visibly. The divisions with regard to policy and the related tensions are impeding a multilateral and broad-based approach to the problems in the world economic system.

Scenario framework

Since the previous Monitor, the predicted developments have persisted. The 2012 Monitor indicated that a certain degree of cooperation as well as influence of the state exists, partly because of the increase in economic and political cooperation to bring an end to the euro crisis. But it was also concluded that cooperation was by no means easy. In the past year, multilateral consultations have been persistently difficult, and governance structures have been weak. Nonetheless, the world remained within the multilateral scenario in 2012.

2 The next five to ten years: Probabilities and uncertainties

Probabilities

- Global economic growth will continue to falter with global unemployment, inflation, and debt ratios increase.
- Economic problems that should be manageable will tend to escalate.
- The share of the leading economies (United States, European Union, and Japan) in the world economy will fall below 50%.
- The European currency union will survive.
- Agreement on appropriate international policy will become more difficult.

Uncertainties

- Can the global debt ratio be stabilised?
- Can the exit of countries from the eurozone be prevented?
- Will OECD economies recover earlier than expected?
- How will the eroding economic hegemony of the United States influence global decision-making and policy coordination?
- Will sufficient confidence in the US dollar remain?
- Will the economic resilience of non-OECD countries remain powerful enough?

In the past year, attention has focused on the Southern European debt problems. From a global perspective, however, Europe is not the main risk factor. The combination of a higher debt ratio with an ongoing current account deficit in the United States is a much more explosive mixture, especially given the political inertia that exists in raising the debt ceiling. Box 1 delves deeper into this issue.

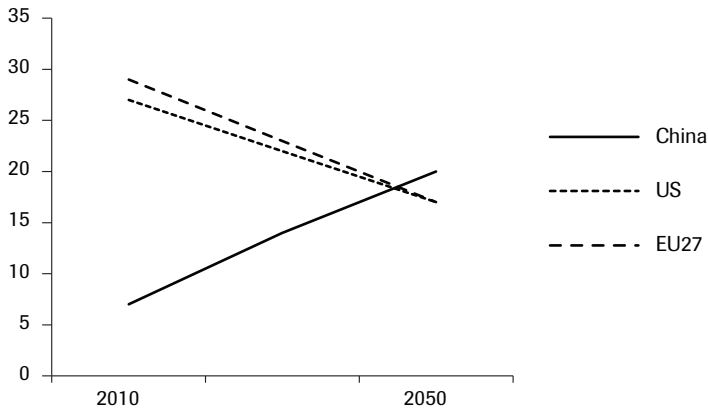
Box 1 US debt

Economists have argued for several decades now that the US current account deficit is not sustainable in the long term. In general, countries cannot have continuous current account deficits because every deficit leads to an increase in the foreign debt. If debt becomes too high, confidence in the country will drop and the tide will turn. However, the US has had a current account deficit since 1991. One reason these deficits can still be financed is the role of the dollar as the key international currency. This allows the US to finance its deficit by printing money. Second, the US stock exchanges and financial markets are so important and attractive that investors still flock to the US. The keyword in this context is *confidence*. If that confidence were to disappear, then a hard landing of the US economy would be inevitable, with all the negative consequences for the world economy and the global monetary system.

What is important to understand is that the current debt crisis is not a regional but a global problem that is also highly relevant for countries with healthy financial and economic policies. The forecasts of international institutions show that stabilisation of the world debt ratio is still possible, but that our room for manoeuvre is decreasing rapidly. Disappointing interest rate developments, declining tax revenues, or weak economic growth could lead to an exploding global debt problem. The likelihood of this scenario has increased.

It has thereby become less likely that a global response to the crisis can be formulated in the coming years. First, the so-called Washington Consensus has fallen into disrepute because the outbreak and persistence of the crisis have belied confidence in the functioning of financial markets. This Consensus consisted of promoting open economies with well-functioning markets and a small efficient government. Second, other development models—especially the Chinese-led ‘more-or-less market economy’—have become an alternative to the neoclassical economic approach. Third and most importantly, the economic leadership of the US and EU is eroding. This is not the result of a shrinking of the developed economies but rather the emergence of new economic powers. In itself, this rise should be welcomed, but it contributes to the fragmentation of the global economy, thereby reducing the opportunities for generating international public goods and for achieving effective international agreements. Certainly in the longer term, it is less likely that sufficient international support can be created for such a multilateral approach. Figure 1 illustrates the decrease in the economic power of the current economic leader—the United States—and the European Union on the basis of their share of world production. Moreover, Figure 1 shows that the economic power of the future economic leader China will be much more limited than what the United States has now. Analyses of other concentration and fragmentation metrics show that the cohesion of the international system in the coming decades will decrease further and that this limits the opportunities for effective international policy and for effective action by international institutions.

Figure 1 Shares of the US, EU27, and China in world production (Faure et al. 2012).



Scenario framework

In terms of the economy—one of the driving forces identified—clear changes have occurred in the scenario framework relative to the 2012 Strategic Monitor. While the previous edition still indicated a certain degree of state influence and cooperation—which put this driving force in the multilateral scenario—this Monitor depicts a different picture. The absence of an adequate response to the economic crisis and the decoupling of the emerging markets from the OECD economies have ensured that Western states have lost much of their influence. States are open to cooperation, but any cooperation that takes place remains difficult and suboptimal. Over the next five to ten years the world is likely to move towards the fragmentation scenario.

3 Strategic shocks

Strategic shocks

- Changing role of China in the Third World.
- Completion of the Doha world trade talks.
- A US dollar crisis.

The changing role of China in the Third World. China has long played an important role in developing countries, an important motivation being access to and the exploitation of raw materials. Remarkably, China is acting as a mediator between North and South Sudan. This is a role that China previously would never have taken on because it goes against China's traditional norms and principles of international relations. A broader and more active geopolitical role that also extends to other continents has important implications for the sustainability of the multilateral system.

Completion of the Doha world trade talks. A successful completion of the current round of world trade talks would give a clear signal and enhance the sustainability of the multilateral approach (also in other areas). Support for trade and economy is important in times of global recession, also in order to restrain growing protectionism.

A US dollar crisis. In response to the ongoing US current account deficits, the high US debt, and political impotence in Washington, financial markets lose confidence in the US dollar, which would lead to monetary instability and could seriously affect global economic growth.

4 Winners and losers

The financial and economic crisis has only losers in absolute terms. Everywhere one goes, economic growth lags behind its potential, economic prospects are limited and adjusted due to problems in trading partners, and long-term plans have to be adjusted downwards. However, there are countries and regions that have done relatively better. Although the pie is not growing or just barely, their share of the pie is. This has important implications for these countries' economic and related military and political dominance. For the relative losers, much-needed deleveraging is leading to cuts in all government spending, including defence. These changes translate into a changing role and significance for the relative winners in international organisations such as the IMF, the World Bank, and the WTO. A scenario in which the multilateral approach is counted among the losers has become more likely. A major risk is that the industrialised countries stick too much to established positions and that the emerging countries search for solutions outside the multilateral system (Molle & Van Bergeijk 2011). Even in industrialised countries, support for the multilateral free trade system is decreasing. This is not only a result of the economic slowdown and high unemployment but also the fact that emerging countries differ significantly in terms of culture and history.

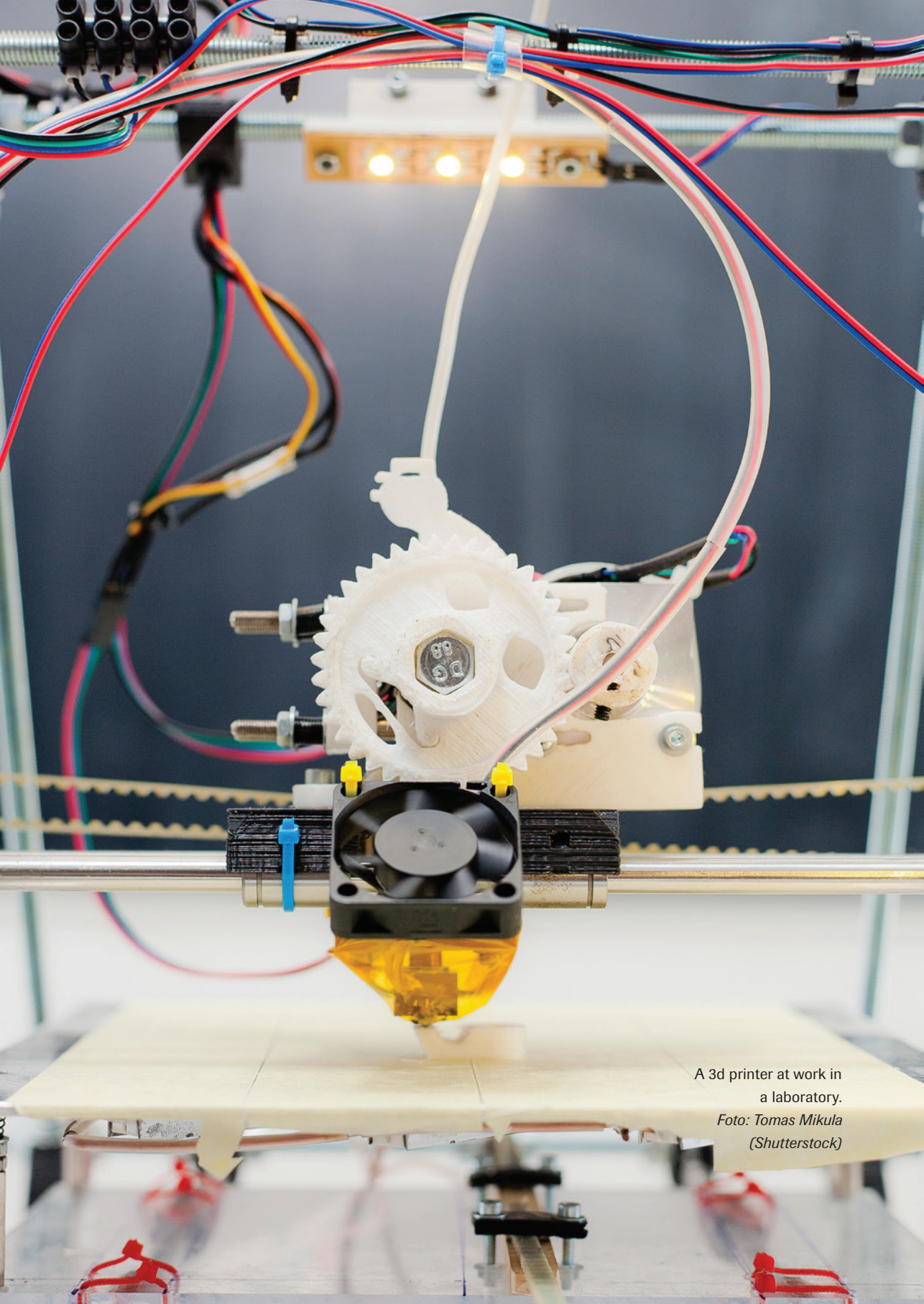
5 Implications for global security and stability

Economic hardship and opposing views on the policies needed to ensure recovery are a breeding ground for instability and insecurity. Decoupling also translates into greater economic support for military expenditure outside the OECD, while within the OECD, defence expenditure and spending on international cooperation have come under pressure.

Conclusion

In 2012, there has been a decoupling between the OECD economies and emerging markets, with decreasing cohesion between the major players and a further shift in growth and power as a result. The share of the US, Japan, and the EU—the current

leading economies—in the global economy is likely to continue to decline in the coming years. With this shift, the world economy has become more fragmented, and a process of deglobalisation within the OECD economies has become more likely (see also the chapter on Globalisation). This fragmentation of the world economy makes international cooperation and consensus on the solution to the economic crisis a more complex and difficult matter. As a result, the multilateral approach has lost influence. In the future, these developments could further undermine public support for international policy coordination. This is ominous in the light of the severe macroeconomic and monetary imbalances in the world economy, in particular with regard to the dollar. It is expected that unemployment, inflation, and debt ratios will cause the global economy to eventually stagnate, with an ensuing escalation of economic problems. As one of the driving forces, however, the economy is surrounded by uncertainty. It remains unclear whether global debt can be stabilised, how the dwindling economic share of the US, the EU, and Japan (the OECD area) will express itself, and whether the economic resilience of non-OECD countries will prove to be strong enough to withstand economic instability.



A 3d printer at work in
a laboratory.

*Foto: Tomas Mikula
(Shutterstock)*

9

Science and technology

Lennart Landman

Introduction

The 2012 Strategic Monitor predicted that in the area of science and technology, the dominance of (Western) state actors would shift towards non-Western and non-state actors. New technology is increasingly being commercially developed and is freely available to all players, as the previous report concluded. Yet state actors are still dominant in some areas, such as space. From this diffuse image, the 2012 Strategic Monitor noted a shift towards the fragmentation scenario and for that reason placed science and technology in the fragmentation quadrant. The developments outlined in the previous edition appear to have partially continued in the past year. However, there have also been a number of significant changes. In this chapter, we will reassess the conclusions of the 2012 Strategic Monitor based on the latest developments in science and technology.

1 Significant changes in the past year

The developments of the past year showed a trend towards fragmentation as well as some elements in the direction of a greater role for the state. The overall picture is therefore quite diffuse.

Developments in recent years have broadened the freedom of access to new technologies and knowledge for non-state actors. 3D printers that produce objects in plastics are now being sold for anywhere between several hundreds to thousands of euros. As a result, print products are becoming publicly available. In open-access online libraries, design files of a growing number of parts and complete products are publicly shared. In the past year, certain open-source projects received much attention for developing designs for a handgun and for a self-replicating 3D printer.

In the digital domain, hackers remained active in 2012, extending the trend of growing cyber crime (Symantec; Sophos 2012). State-sponsored digital attacks have increased in the past year, but identifying the culprits remains difficult. It is suspected that recent attacks on the energy sectors of countries such as Iran, Saudi Arabia, Qatar, the US, Canada, and Vietnam are the work of state-sponsored actors, although to date, hard evidence is lacking. Such attacks aim to both steal information and Research and Development (R&D) designs (cyber espionage) and disable systems (cyber sabotage). In addition to companies, military organisations, ministries, and think tanks in primarily Western—but also non-Western countries—have been targeted in the past year. Often, the work of Chinese hackers is suspected, although Russia, Iran, Israel, and the United States are also likely to have been active in this area in 2012.

Although digital security was discussed in various international forums over the past year, a common conceptual framework and shared norms are still lacking. No concrete progress has been made in the area of an international cyber security convention. At the national level, states have expanded their (integrated) digital security policy and thus

Box 1 The increasing complexity and impact of cyber crime

The complexity of viruses and attacks has increased rapidly in recent years. These types of crime focus on such things as stealing credit card data and plundering online bank accounts. In addition, private data has become an increasingly popular target. Especially individual consumers and their mobile devices remain a weak link in the protection against cyber crime. In early 2013, the US Cyber Crimes Watch published its annual Cyber Crime Statistics. The report showed that 75 million so-called scam emails are sent every day; that at the global level roughly 65 percent of internet users have had to deal with cyber crime, and that 25 percent of cyber crime remains unsolved.

There are different types of cyber crime. At the global level, malware—better known as malicious software—and computer viruses are the most common form of cyber crime (54 percent), followed by online scams (11 percent) and internet fraud (10 percent), also known as phishing. A recent report published by Norton shows that young people, women, and inhabitants of emerging countries are most at risk of becoming a victim of cyber crime (Norton 2012).

Enormous costs are associated with cyber crime. In the past year alone, the costs due to cyber crime in 24 countries amounted to some 388 billion dollars (Norton 2012).

both their abilities and powers in this area. The control and prevention of cyber crime is currently one of the priorities of governments (see Box 1 for further details).

Several states have worked on legislation in the past year to enable them to exercise control over parts of networks and telecommunications. During the World Conference on International Telecommunications in Dubai, proposals to place internet protocols under the supervision of states were supported by a majority of countries, including Russia, China, the African countries, and countries in the Middle East. In some cases, citizens have opposed such legislation, which in their eyes limits the freedom of the digital world. Protest movements arose against the Stop Online Piracy Act (SOPA), the Protect IP Act (PIPA), and the Anti-counterfeiting Trade Agreement (ACTA).

The field of robotics has developed further. Just as with 3D printers, small commercial drones have become cheaper and more accessible to individuals. More and more states are adding military robots to their arsenals, including both armed and unarmed aircraft (UAVs). The United States has frequently used its UAVs during attacks in Afghanistan, Pakistan, Somalia, and Yemen as well as for operations (including intelligence operations) over the Philippines, Iran, Libya, Mali, and Syria. Non-state actors such as Hamas and drug cartels from Central America have also used UAVs, but the US still leads in the area of military robotics. This year the US launched the first armed unmanned surface vessel.

In the field of space, SpaceX became the first commercial company to supply the space station ISS last year. Continuous development of space drones such as the experimental X-37B (US) and Shenlong (China) is perpetuating multipolar tensions over military space programmes. Commercial non-state space initiatives are developing steadily, but this area continues to be dominated by state actors (with the exception of satellite capacity where commercial parties have a certain presence).

Scenario framework

On the one hand, non-state actors gained influence in the past year. In terms of security policy, they were characterised by non-cooperation, resulting in fragmentation. On the other hand, states tried to enhance their grip on technology issues, whereby the international cooperative element was largely missing. In this sense, a certain degree of multipolarity exists.

2 The next five to ten years: Probabilities and uncertainties

Probabilities

- New technologies will be widely available for both state and non-state actors.
- Government regulation of technology and control of the digital space will likely increase.
- The development of an 'internet of things' makes it more likely that a cyber attack, sabotage, or disruption would have significant social, economic, or military consequences.
- Although with drones, a human operator retains final control, a discussion is likely to arise on the gray area of sanctioned autonomous acts.

Uncertainties

- To what extent will state actors retain their technological superiority in future conflicts, given that non-state actors have access to the same technologies as states?
- Are governments able to regulate and control digital space, and will citizens accept the negative consequences of this?
- Will weapons systems from space—or against targets in space—be used?
- What are the risks of biotechnology and nanotechnology for the human race and the environment?

For the next five to ten years, it is likely that a number of developments in the field of science and technology will continue. This will make new products and applications available, but it can also bring social and international political changes with it. There are also implications for the armed forces (see Box 2).

Box 2 Armed forces and technology

Over the past few years, militaries around the world have been downsized, both in terms of materiel and personnel. At the same time, the qualitative capabilities and responsibilities of materiel and personnel have increased, and more and more tasks are being centralised—with the help of technology—by the individual soldier and the weapons platform. In Europe and the US, this trend is reinforced by the pressure of shrinking defence budgets, which gives rise to attempts to get more value for one's money. In the BRICS countries, defence spending has increased in recent years—a trend that is part of the modernisation of their forces.

The defence priorities of the United States will in the coming years be focused on power projection and smaller and more rapidly deployable forces. In concrete terms, they will focus on special operations forces (supported by information and high-tech materiel), maritime capabilities (including unmanned USVs), unmanned or manned long-range surveillance and strike capabilities, and digital warfare. China seems to be following American technological developments closely and has invested in aircraft carriers, stealth aircraft, missile technology, space, drones, and cyber warfare capabilities. Within Europe, the prioritisation is unclear due to the lack of a common strategic vision. European efforts within the EU are likely to focus on limited stabilisation and reconstruction operations that rely less on defence technology.

The gap in military technology between Europe and the US remained large in 2012. Under pressure from spending cuts, modernisation of the armed forces in the EU will probably occur more slowly than in the US, with some small European countries possibly delaying modernisation plans for years to come. This gap could conceivably be reduced in the future through improved European defence cooperation and the development of a common European defence industry. But in times of economic crisis and budget cuts, it is uncertain whether and to what extent the political will for this can be found.

The most likely technological developments are:

- continued robotisation and automation;
- further digitisation;
- increased connectivity to networks;
- increase in numbers and quality of sensors;
- increase of capacity in data aggregation;
- further developments in algorithms and smart software;
- further opportunities in creating and manipulating nano-, bio-, and neurotechnologies.

The above developments will converge and reinforce each other in the coming years, making a number of products and applications—as well as their further implementation—possible.

Sensors for images, sound, temperature, materials analysis, GPS, and generic reprogrammable sensors will probably become cheaper and will be used in a combined fashion in many products, from consumer devices to buildings, roads, and lights. Devices and sensors will increasingly be connected to digital networks, the so-called *internet of things*, allowing large amounts of data to be aggregated. The development of better algorithms and software ensures that these massive data sets (*big data*) can be used to generate (*real-time*) insights. This can involve situational awareness in crisis situations, the optimisation of business processes, or the monitoring of and developing insight into complex ecological, sociological, and social phenomena. As a result, society's vulnerability to failure, malfunction, or deliberate disruption will increase.

These technologies will also be used to automate and robotise more functions. The development of better artificial intelligence and new materials will make more, smaller, more efficient and/or autonomous robotics possible. On the one hand, these will be individual machines designed to take on a single task or a group of tasks. On the other hand, large groups of small machines will work together in swarms to accomplish their task. Military robots will increasingly be automated. Although a human operator will retain ultimate control over the use of force, a discussion is likely to arise on the gray area of sanctioned autonomous acts, especially in combat situations where artificial intelligence yields a greater chance of survival via its quicker and more efficient actions.

In the field of biotechnology and genetic engineering, cheap genome analysis will make more personalised medical treatments possible. Implants and prostheses for, amongst others, senses will be improved in the coming years.

Online collaborative networks make it increasingly possible to use the knowledge and skills of the collective via open-source. A growing group of people with internet have access to not only education, advice, software, entertainment but also designs that can be printed out on 3D printers. The 'digital divide' between those who benefit from digital technologies and those who do not will become smaller. However, people without internet access—some 4.6 billion in 2012—will increasingly be at a great social and economic disadvantage.

The digitisation, automation, and robotisation of production and services and the increasing demand for high-tech and digital products and services is resulting in qualitative knowledge becoming more valuable for economic activities (Brynjolfsson 2011). Parts of the industrial design and production processes will be more decentralised to collaborative networks or individuals who generate bottom-up innovation. It is likely that these parts of the production process will be placed closer to the product developer and the consumer. The United States and Europe are strong in terms of knowledge and have large consumer groups, so they are well positioned to benefit from this development. It is uncertain whether the developments expected in the next five to ten years will significantly affect international economic relations. The growing importance of digital production and the portability of digital designs and products is likely to lead to further tensions among companies as well as states regarding the protection of intellectual property against espionage, piracy, and patent infringement.



Soldiers prepare drones on the deck of the USS Tortuga.

Photo: Official US Navy Imagery

In the next decade, technological superiority is likely to become more diffuse. With the further integration of computers, sensors, network connectivity, databases, and artificial intelligence in personal devices, the individual has more and more possibilities within his/her reach. Through digitisation, global marketplaces, and 3D printing, new technologies and products will rapidly become commercially available to a wide audience. Hence, non-state actors will have more opportunities to assert their influence. These developments is likely to strengthen the position of central nodes in networks that have access to large amounts of sensors, information flows, and databases and that have the capacity and resources to transform this information into products and services. Examples include not only Google, IBM, and Huawei but also intelligence services and online criminal syndicates.

As a result of the benefits of automation and big data, more and more elements of the economy and society will *de facto* be run by algorithms that determine optimal choices. The increasing complexity of systems and the issues they deal with will lead to a decline in humans' understanding of, insight into, and control over these systems. Our dependence on these algorithms entails risks of disruption when they crash or when data sets are misinterpreted.

These technological developments cause our dealings with each other to change, while empathy and solidarity are coming under strain (Konrath 2011). The generations growing up in the digital age may be less inclined to conform to contemporary social and political structures and to support the approach to issues of general interest such as ageing and the protection of international law. It is, however, uncertain to what extent this trend will be articulated in the coming years due to the influence of other social and political variables.

Due to technological developments, the social and security challenges that states face are becoming more complex and difficult to control. Partly because of this, states are likely to try to get a better grip on these challenges. Governments will probably attribute more powers to themselves in an attempt to regulate the use of certain technologies. At the same time, technology will also be used for the benefit of governments, for example to support policymaking with data analysis and mathematical models. Also, an increasing number of techniques may be used to monitor parts of society for any undesirable behaviour: this can be large group processes such as riots and mass hysteria or at the individual level, such as recognising patterns of behaviour that are associated with fraud, crime, or terrorism. In the context of national security, governments will collect large amounts of information through social media, the internet, cameras, transactions, and so on.

Attempts by governments to regulate the availability of dangerous technologies such as print weapons, hacker tools, or modified biological and genetic mass are likely to increase. It is also likely that states will expand their powers in the future to safeguard the functioning of critical parts of the digital infrastructure in times of emergency. We cannot rule out the possibility that governments will use means that could also influence the systems of innocent citizens and businesses.

It is uncertain whether these measures are sufficient for states to tackle the increasing influence of (non-cooperative) non-state actors. They also bring up fundamental questions regarding constitutional rights such as due process and privacy. It is uncertain, for example, to what extent the public or politicians will allow the monitoring of behaviour to be applied. Threats will increasingly have a transnational character. State intervention will increasingly be based on bilateral agreements with stakeholder countries but more ideally on multilateral governance agreements and arrangements with civil society and other non-state stakeholders.

Scenario framework

Technology is a catalyst for development and change. Actors that quickly recognise and implement the potential of technological developments can therefore obtain significant advantages. This applies to both cooperative and non-cooperative associations of state and non-state actors. As a result, the main development in the scenario framework for the next five to ten years cannot be estimated with much certainty. Given that non-state actors have in the past shown themselves to be adaptive and states generally change slowly, it is slightly more likely that non-state actors will gain more influence and will be more

non-cooperative than cooperative in the area of security. This means that a movement in the direction of the fragmentation scenario can be expected, although the overall image remains diffuse.

3 Strategic shocks

Strategic shocks

- Western military superiority is neutralised.
- Large-scale failure of information systems and payments systems after a cyber attack.
- A massive Chinese cyber attack on US military networks, satellites, and command centres.
- Development of foolproof digital identification, verification, and traceability.
- Uncontrollable nanotechnology or biotechnology brings widespread and serious damage to people and the environment.

Relative to the previous edition of the Strategic Monitor, a number of strategic shocks within technology and science have remained the same.

Western military superiority is neutralised. Because many new technologies are readily available to various actors—both non-state actors and emerging powers—this shock has become slightly more likely. The military rise of the BRICS, especially China, also contributes to this.

Large-scale failure of information systems and payments systems after a cyber attack. As a result of the increasing integration and digitisation of critical equipment, the vulnerability to this shock has increased. Although this strategic shock is not unlikely, we cannot say much about its probability given the speed with which developments in the digital world are taking place.

A massive Chinese cyber attack on US military networks, satellites, and command centres overwhelms US digital defence and makes the deployment of US armed forces impossible. Although there are warnings in some circles of a digital Pearl Harbor, this shock is not likely.

Development of foolproof digital identification, verification, and traceability. Cyber attacks and crimes can be traced back to the source: cyber crime and ‘hacktivism’ decline dramatically; states will no longer be able to deny responsibility for a cyber attack, making it occur less frequently, but cyber attacks will have greater political impact. This shock has become somewhat more likely as a result of technological developments and the call for more regulation.

In addition to the strategic shocks already mentioned in the previous Monitor, we have added a new strategic shock: **uncontrollable nanotechnology or biotechnology brings about widespread and serious damage to people and the environment.** This shock has become slightly more likely because these materials are often used, but an incident of catastrophic magnitude seems unlikely.

4 Winners and losers

The winners and losers are among both state and non-state actors, whereby the category of non-state actors in general can be seen as the winner. Cyber criminals have significant leeway, and the profits of cyber crime continue to increase. Drug cartels also understand how to take advantage of technological developments such as drones. Despite the fact that some hacktivists were arrested over the past year, many other hacktivists were able to book successes. This form of activism seems to be gaining legitimacy. Governments are able to implement effective countermeasures only to a limited extent against such non-state actors. States are still losers in the relative sense, and it is uncertain whether this will change in the coming years.

In general, the further development of decentralised and digital production, 3D printers, and open-source information gives the non-state actor more opportunities. Actors who play a central role in networks and big data, such as Google and IBM, can be declared winners. The growing importance of high-quality knowledge in economic activities means that states with a strong knowledge infrastructure have a comparative advantage. Emerging economies using technologies that are available across the world can more rapidly catch up, but states that lag behind are likely to see the economic gap grow. Low-educated people in developed countries run the risk of being left out as their jobs become more and more automated and they are unable to make the transition to new work. The considerable number of people without access to the internet in a world undergoing large-scale digitisation are clear losers.

5 Implications for global security and stability

Developments in the field of science and technology affect larger processes and trends within the global system. First, globalising technologies make it possible for more players to participate in global economic, social, and political structures. Social and economic development, inclusion, and interdependence can have a dampening effect on local and regional instability, but at the same time rapid development can lead to adjustment problems within existing power structures at both the national and international levels. As a result, actors that don't have a technological connection are more intensely hit, causing economic and social disparities to grow and the risk of deprivation and political violence to increase.

In the digital domain, the increase in state-sponsored hackers and offensive military cyber programmes have a potential impact on global stability and security. Norms and regulatory mechanisms for cyber attacks are largely missing, and it is uncertain whether dampening mechanisms that in other cases prevent conflicts from escalating will also work for digital attacks.

The further development of defence technologies such as drones, missile technology, and military space initiatives are a source of tension between China and the United States.

Finally, the vulnerability of societies as a result of digitisation and the dependence on networks has increased. Due to free access to a wide range of technologies, the number of opportunities for non-state actors to pose a threat with limited resources has increased.

A cyber attack could mean that government agencies or national infrastructures are consciously switched off, but viruses can also have unintended effects on other systems at hospitals, banks, utility companies, or individuals. The disruption of critical infrastructure by a large-scale cyber attack can seriously affect national security. The complexity and diversity of systems means not only that there are many vulnerabilities but also that it is harder to simultaneously infiltrate or switch off these various systems on a large scale.

Developments in the field of biological, pharmaceutical, and genetic technology will make more medical treatments possible. These treatments will not necessarily be cheaper or more readily available, which in turn could put greater pressure on the health care system and its financial sustainability. A health care system in which money makes a big difference in longevity and quality can lead to polarisation.

Conclusion

Developments in technology and science continue unabated and seem to be happening more and more rapidly. In the coming years, developments in especially the digital domain will be influential, but also increasingly in nanotechnology, biotechnology, neurotechnology, and genetic technology. In terms of security, digital threats, robotisation, sensors, and artificial intelligence will determine a large part of the future. Technology has the potential to dramatically change social, economic, and international political systems, but it certainly does not stand alone. Social and political choices and processes determine how a new technology is implemented. Non-state actors seem to be very good at exploiting technologies due to their lack of restraint as well as their ability to adapt. The organising power of states remains significant, however, and has so far been able to make technology work to its advantage. In the next five to ten years, the non-alignment of non-state actors and the power of state actors will form an interesting field of tension.

Rocket launch for one of the
American army's 'Cluster Fights'.
Foto: Juvetson



10

The proliferation of weapons of mass destruction

Sico van der Meer

Introduction

Regarding the proliferation of weapons of mass destruction, no major changes have taken place in 2012. This does not mean that there are no major developments to report on. In a number of worrying cases, the situation has deteriorated further. Steadily increasing risks include the situation regarding Iran's nuclear programme, weapons of mass destruction in Syria, and in particular the nuclear developments in North Korea and control of nuclear weapons in Pakistan. Of special concern is the slowly declining support for the multilateral non-proliferation regime—a development that is extra troubling in the light of the deteriorating situations just mentioned.

1 Significant changes in the past year

Broadly speaking, there was continuity with respect to the 2012 Monitor as far as weapons of mass destruction (WMD) are concerned: no new owners of WMD were added, no new efforts to acquire WMD emerged, and no WMD were used. Nevertheless, the worrying developments that were reported last year have intensified.

The most important crisis regarding WMD is currently Iran's nuclear programme. In the past year, tension surrounding this situation has grown because international negotiations with Iran failed and pressure on the Iranian regime has meanwhile increased. This is not only due to stronger warnings from the International Atomic Energy Agency (IAEA) but above all to a more concerted policy of economic sanctions by the international community. Although the sanctions were not mandated by the UN, much international support exists for the boycott of Iranian oil exports and the financial sanctions that have been initiated by the United States, which is hitting the Iranian economy hard. From a security perspective, however, the escalating rhetoric from Israel is especially worrying. Although this country has for years alluded to a military intervention in order to force Iran to put an end to its nuclear programme, in the past year Israel seemed to be seriously heading towards a military confrontation with Iran. The vehement speech by President Netanyahu at the UN General Assembly is one example of this. Partly influenced by Israel's rhetoric, calls for a preemptive strike have also increased in some political and military circles in the United States. The tension in this already unstable region has further increased as a result of these events.

Also in the Middle East, chemical weapons in Syria are a concern. It had been a well-known fact that Syria, one of the few countries that has not signed the Chemical Weapons Convention, possesses these weapons of mass destruction. In 2012, however, the regime in Damascus publicly announced that it did have chemical weapons and even threatened to deploy them against any possible foreign intervention forces. The biggest concern is that the chemical weapons will fall into the hands of terrorists while the armed uprising in Syria continues to rage. Terrorist groups that spread chemical weapons or other related material across the region are a dangerous scenario. The use

Box 1 Little has come of nuclear disarmament

Although the United States, Russia, the United Kingdom, France, and China promised in the 1968 Non-Proliferation Treaty that they would work towards the dismantling of their nuclear weapons—albeit without any mention of a deadline—together they still own enough nuclear weapons to destroy the earth many times over. The ‘unit of measurement’ for nuclear weapons is generally the warhead—these come in many shapes and sizes, but the simplification for comparison purposes gives a clear picture of the distribution among the nuclear powers. The most authoritative estimate of the number of warheads per January 2012 was:

Figure 1 Estimated number of warheads per country (SIPRI,2012).

Country	Number of warheads (estimate)
Russia	10000
United States	8500
France	300
China	240
United Kingdom	225

In addition, there are three states that have not signed the NPT. They probably have the following number of nuclear warheads:

Figure 2 Estimated number of warheads from countries that have not signed the NPT (SIPRI 2012).

Country	Number of warheads (estimate)
Pakistan	110
India	100
Israel	80

North Korea claims to have withdrawn from the NPT itself, but this is being disputed on legal grounds. Despite three nuclear test explosions, the country appears to possess no usable warheads.

The United States and Russia together own more than 97 percent of all nuclear weapons in the world. It is therefore often suggested that these two countries must first dismantle large amounts of their nuclear arsenal before other nuclear weapons states can even begin to think of reducing theirs.

of chemical weapons in Syria itself—by government forces or by insurgents—is a risk that would result in many victims, including among the civilian population.

The situation in North Korea and Pakistan also remains worrying. North Korea continues to work steadily and apparently unhindered on the development of nuclear weapons and long-range missiles (in addition to its alleged existing arsenals of chemical and

Box 2 Very fine cracks in the multilateral system

The multilateral system of treaties on non-proliferation and disarmament of weapons of mass destruction has been very successful. In particular, the Nuclear Non-Proliferation Treaty (NPT), dating from 1968, fulfils the role of an example: all but three countries in the world have become parties, it enjoys wide support, and it has an effective verification organisation (the International Atomic Energy Agency, or IAEA). The Chemical Weapons Convention, dating from 1997, is also a success, with nearly universal membership, effective verification, and even a deadline for actual disarmament. Various 'smaller' treaties in specific areas act as pillars for the non-proliferation regime. For example, some treaties focus on specific aspects such as nuclear tests (Comprehensive Test Ban Treaty, or CTBT) or the means of delivery (The Hague Code of Conduct). This multilateral system has contributed significantly to international security. It has created an international norm by which weapons of mass destruction are seen as something objectionable, something that only pariah states would begin to develop. The great powers already possess these weapons, and this has been difficult to reverse. Most importantly, the treaty system provides an effective way to build mutual trust between states. As a result of proper authentication methods, states dare to rely on diplomatic agreements for their security instead of weapons.

Despite its success, the system is far from perfect. From the beginning, cracks had been visible. In recent years, these appear to have slowly become larger. The more international support for the treaties crumbles, the greater the danger that the whole regime will collapse. Here is a list of areas of concern, which is by no means exhaustive:

The main problem is the discrimination aspect of the NPT. The distinction between countries that may possess nuclear weapons (the five permanent members of the Security Council) and the rest of the world which is not allowed to possess these weapons has long been considered both inevitable and temporary. In the treaty, the possessor states promised—albeit vaguely—to dismantle their nuclear weapons over time. Forty years later, many countries complain that the non-owners have complied with the agreements while the possessors have not made much progress in eliminating their nuclear weapons. Many have expressed their dissatisfaction with the lack of pressure on those countries that have remained outside the treaty and that have built up a nuclear weapons arsenal. The self-evidence with which especially the West accepts Israel's nuclear weapons, but also the nuclear 'deal' that the US made with India in 2008, have provoked outrage. Not participating in the NPT apparently pays off—this is the criticism that is heard. The ease with which North Korea was able to withdraw from the NPT in 2003 and subsequently build nuclear weapons is also seen as a weakness of the system. There are fears that Iran will do the same, thus giving the NPT its final blow. The fact that Iran as an NPT member is being dealt with more stringently than non-members such as Israel or India is also leading to criticism that double standards are being applied.

In addition, much criticism is directed at the Biological and Toxin Weapons Convention (BTWC), especially in the US, which is leading the group of member states that are trying to block the creation of a treaty verification organisation. Critics believe that the signing of the treaty would mean little because there is nobody to monitor the treaty. The Comprehensive Test Ban Treaty (CTBT) has not even entered into force due to the refusal of great powers

like the US to ratify it. And the Conference on Disarmament in Geneva has taken no decision for many years due to serious divisions, as a result of which a potential ban on the production of nuclear weapons material (Fissile Material Cut-Off Treaty) has not gotten off the ground. Finally, in recent years there has been a tendency, especially with the US, to prefer to work with 'coalitions of the willing' rather than in the context of multilateral negotiations in which everyone can participate. Examples are the Proliferation Security Initiative (PSI) and the Nuclear Security Summit (NSS) process. If such trends continue, the very fine cracks in the non-proliferation regime could become more serious fissures that eventually lead to its collapse.

biological weapons). In early 2013, North Korea conducted its third nuclear test explosion, shortly after a successful launch of a long-range missile. This trial was the prelude to rapidly rising tensions with South Korea and the US in the spring of 2013. In Pakistan, the stability of the central government remains questionable. Large parts of the country are *de facto* no longer under central control. The risk that the central government will lose control over parts of its nuclear arsenal is not yet significant but is slowly increasing (Tertrais 2012).

Support for the multilateral non-proliferation regime also remains a source of concern. The five nuclear weapons states as recognised in the Nuclear Non-Proliferation Treaty (NPT) still possess nuclear weapons, in contrast to their treaty obligations (see Box 1). They are making major investments in modernising their nuclear arsenal, whereas according to the treaty they should be gradually dismantling their nuclear weapons (Lewis 2012). This will undoubtedly be a sensitive issue at the next Review Conference of the NPT in 2015.

The agreement to work on a WMD-free zone in the Middle East, made at the NPT Review Conference in 2010, is also far from proceeding smoothly. The UN conference on this issue, which was scheduled to take place in Finland in December 2012, was postponed until further notice. The continued refusal of countries like the US to ratify the CTBT was a source of much international criticism in 2012. Criticism was also heaped on the US and Russia, both of which once again missed the CWC deadline of April 2012 for the destruction of their chemical weapons stockpiles.

The Review Conference of the Biological and Toxin Weapons Convention in December 2011 also made little progress in giving this fairly powerless treaty more momentum. Once again, the great powers such as the US are playing a dubious role in the eyes of many member states. Declining support for the multilateral non-proliferation regime is discussed further in Box 2.

Scenario framework

The changes described here do not result in a change in the scenario framework in comparison with the 2012 Monitor. The theme 'proliferation' still falls into the multilateral quadrant, despite the developments in several sub-themes (e.g. failure to reach international consensus on Iran and North Korea, and the slowly crumbling support for treaties like the NPT) that point to the multipolar/fragmentation quadrants.

2 The next five to ten years: Probabilities and uncertainties

Probabilities

- International pressure aimed at influencing the nuclear programmes of Iran and North Korea will continue, but it seems likely that both countries will concede little.

Uncertainties

- What will happen to Syria's chemical weapons?
- How will the tense situation surrounding the Iranian nuclear programme develop? Will Israel intervene, and if so, what are the consequences? How far will Iran go in the construction of its alleged nuclear weapons capability?
- Will Pakistan's nuclear weapons remain in the hands of a strong central government?
- Will the North Korean regime remain stable? Will North Korea's threat to use nuclear means remain just a threat?
- Will support for the multilateral disarmament and non-proliferation regime decline further?

Looking ahead to the next five to ten years the picture is full of uncertainties. In the short term, the situation surrounding Syria's chemical weapons in particular is uncertain. Will these weapons remain under state control or will non-state actors (rebels, terrorist groups) be able to lay their hands on them? Although both the Syrian regime and the rebels are aware of the risks of using chemical weapons (they will lose all international support), both parties could still use these weapons if they see no other way out. The use of chemical weapons against combatants, civilians, and any foreign intervention force cannot therefore be ruled out.

In addition, it is uncertain to what extent the situation surrounding the Iranian nuclear programme will escalate. Will Israel carry out an air strike on Iran, with or without the support of its allies? What would the consequences be, and to what extent will this lead to further escalation and conflict in the Middle East? If Israel does not attack, will Iran eventually develop a nuclear weapon? For the time being, Iran seems only to want to acquire the capability to develop a nuclear weapon (the so-called Japan option), but once that stage is reached, a decision to develop nuclear weapons is relatively

easy to take. In that case, further instability in the Middle East is likely. Iran would then have more room for manoeuvre to push forward its own agenda in the region, and other countries will probably be sucked into an arms race (also in terms of defensive measures) in order to restore the strategic balance in the region.

In the medium term, it is uncertain how the situation in Pakistan will develop. Based on developments in recent years, it is conceivable that the country will be transformed into a high-risk country or a failing state. Whether the central regime will collapse or parts of the intelligence and military forces will overtly split off (taking with it nuclear weapons and nuclear material), however, is highly uncertain. It is also uncertain whether scenarios in which US and/or Indian special forces will try to bring nuclear material to safety are realistic. A total implosion of the Pakistani state will in any case lead to major instability in the region. The use of nuclear weapons against India in the final stage of a collapse of the government is a risk—the Pakistani regime could try to remain in power by waging war with a foreign enemy—while nuclear material that falls into the hands of extremist terrorist groups would cause worldwide concern.

In addition, the future of the North Korean regime remains uncertain in the medium term. In the short term, it seems very likely that the situation on the Korean peninsula will remain deadlocked. The new leader Kim Jong-un seems unwilling to give up the country's nuclear, chemical, and biological weapons. Whether the threat of the use of nuclear weapons remains just a threat has become more uncertain in view of the tense situation. If the regime nevertheless were to falter in the longer term, doomsday scenarios cannot be ruled out. South Korea in particular should be afraid of this happening. Nevertheless, China will probably not let this happen, so the *status quo* situation seems to be the most likely in the medium term.

Finally, support for the international system of disarmament treaties, with the NPT as the core, remains uncertain. Due to the lack of progress in the area of disarmament and non-proliferation, the already existing cracks in support for the treaty system could lead to a collapse of the system (see Box 2). This is less likely in the short term, however; it is more likely to be a steady long-term development.

Scenario framework

For the scenario framework, the probabilities and uncertainties described above mean that non-proliferation will move slightly towards the multipolar and fragmentation quadrants in the coming years but without leaving the multilateral quadrant just yet. The uncertainties relating to Iran, North Korea, and Pakistan, for example, are not new, and the fight against the proliferation of weapons of mass destruction will continue to be carried out mainly through multilateral channels.

3 Strategic shocks

Strategic shocks

- Non-state actors in the Middle East acquire and use weapons of mass destruction.
- The central authority in Pakistan collapses and nuclear weapons fall into the hands of other (non-state) groups.

The likelihood of the strategic shocks identified in the 2012 Strategic Monitor—the deployment of nuclear weapons in a regional conflict, an attack on European soil, and the collapse of the regime in North Korea—is unchanged. As a result of the developments in the past year, two strategic shocks can be added:

Non-state actors in the Middle East acquire and use weapons of mass destruction. This scenario has become more realistic specifically with regard to chemical weapons in Syria. It is not inconceivable that amid the chaos in Syria, terrorist groups obtain chemical weapons or materials to fabricate them in a makeshift fashion, after which they could be used against Israeli or Western and pro-Western targets in the region. Such a scenario could lead to further escalation and armed conflict in the region, with all the ensuing consequences for the international community. Escalation in the Middle East is traditionally bad for the world economy and could moreover lead to more acts of terrorism elsewhere.

The central authority in Pakistan collapses and nuclear weapons fall into the hands of other (non-state) groups. Although it is unlikely that Pakistan's nuclear weapons could be used effectively if they fall into other hands, we can assume that this scenario would generate a significant psychological threat, causing India and/or the United States to carry out possible preventive military action, which in itself could result in further escalation.

4 Winners and losers

The balance of winners and losers as described last year has changed on only one point. Last year, Iran was still counted among the so-called 'winners' because it was able to book progress on its disputed nuclear programme relatively undisturbed due to the lack of unanimity within the international community. In 2012, this winner status has largely evaporated. Partly due to a more severe tone taken by the IAEA, the international community has closed ranks and significantly increased the pressure on Iran. In particular, the economic sanctions initiated by the US (albeit by bypassing the UN) have received relatively broad international support, causing significant damage to the Iranian economy. Although Iran still does not belong to the group of losers—it has, after all, made no concessions—we no longer consider it a winner.



Nuclear missile silo.

Photo: John Wollwerth (Shutterstock)

5 Implications for global security and stability

Various developments within the theme of 'proliferation' may have implications for global security and stability. Regarding territorial security, the likelihood of conflicts in the Middle East and in Pakistan and the region has risen. International economic security is threatened by the growing risk of an escalating conflict in the Middle East, given international dependence on oil from this region. Rising tensions on the Korean peninsula could also undermine economic stability in North East Asia.

Ecological security is at stake when nuclear weapons are used, which could occur in the case of chaos and conflict in Pakistan and its vicinity. Physical security might be a problem if conflicts in the Middle East and Pakistan and their peripheries escalate. Especially if weapons of mass destruction were to be deployed, there would be large numbers of casualties. International social and political stability will be less affected. If the situation in the Middle East and Pakistan gets out of hand, any serious social and political consequences are likely to be limited to these areas.

Conclusion

The developments of the past year concerning the proliferation of weapons of mass destruction have demonstrated a degree of continuity with the 2012 Monitor. Despite this continuity, existing worrisome developments have intensified, as was the case with tensions regarding Iran's nuclear programme which have been rising. An Israeli attack on Iran would lead to a rise in tensions in the Middle East and the region and would affect global stability. In addition, the presence of chemical weapons in an unstable Syria remains a concern, and the stability of the regimes in North Korea and Pakistan is still uncertain. Looking ahead to the next five to ten years, there are therefore more uncertainties than probabilities. For example, it is uncertain whether the decline in support for the multilateral disarmament and non-proliferation regime will continue. Within the scenario framework, the theme 'proliferation' remains in the multilateral quadrant, despite developments in subthemes that are moving it towards the fragmentation and multipolar scenarios. During the next few years, efforts to combat proliferation are expected to be carried out mainly through multilateral channels. It remains unclear, however, whether sufficient agreement among the great powers can be reached on this point.



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A burnt-out car in Athens. The unrest in the Greek capital has increased tremendously since the economic crisis.

Foto: Mendhak



Polarisation and radicalisation

Edwin Bakker

Introduction

In the 2012 Strategic Monitor, polarisation and radicalisation were found to take on many forms and motivations, ranging from the Islamist anti-Western ideology to ‘confused, frustrated’ ideas of loners. It was also concluded that there was no significant risk of instability and insecurity for Europe as a result of radicalisation and polarisation. Outside of Europe, Pakistan and Afghanistan were qualified as risk areas. It was considered possible that a positive outcome of the Arab Spring would lead to a decline in the risk of radicalisation and polarisation in North Africa and the Middle East. In this chapter, we map out the most important developments of the past year with respect to polarisation and radicalisation and ask whether the expectations from the previous Monitor need to be adjusted—and if so, to what extent. The most important international events of the past year—with a possible positive or negative impact on polarisation and radicalisation—were the Arab revolutions, the trial of Anders Breivik in Norway, the death of Al-Qaeda leaders, and the escalation in the conflict between Hamas (Gaza) and Israel. In conclusion, we consider what the world can expect in terms of this theme in the coming years and what this means for global security.

1 Significant changes in the past year

In the area of radicalisation, there have been no significant changes since the 2012 Strategic Monitor. With regard to animal rights activists, the extreme left, and the extreme right there was no evidence of an increase in radicalisation. So-called ‘go-it-alone threateners’—a type of threat that still receives much attention since the attack in Norway by Anders Breivik—have not been active either. One exception was the (supposed) loner Mohammed Mehra who carried out attacks against mostly Jewish targets in and around Toulouse.

In Afghanistan and Pakistan, the situation regarding security, terrorism, and radicalisation is still worrisome. The battle there is attracting jihadist foreign fighters from Europe, but at the same time many members belonging to the core of Al-Qaeda are being disabled with the use of e.g. drone attacks. This makes it increasingly difficult for the network to maintain its image as guardian of the global jihad (NCTV 2012). Its communications and planning capacity has also been affected (AIVD 2012).

Al-Qaeda-like groups are not only coming under fire in Afghanistan and Pakistan. In Yemen and Somalia, several leaders were eliminated. The Somali movement known as Al Shabaab is losing more and more ground (DISS 2012). By contrast, the news from Syria is anything but positive. The initially peaceful protests have ended up in a bloody civil war. Moreover, there are increasing indications that the size and influence of jihadist elements are growing and that the violence is spilling over into Lebanon. The struggle in Syria is also increasingly attracting the attention of jihadists in several Western countries. In addition, the violence leads to growing friction between Sunnis and Shiites in the region (NCTV 2012).

Regarding the Arab revolutions, the concern is that extremist Muslims will use the enlarged political space in an attempt to grab power for themselves. In Egypt, political developments seem to be leading to increasing polarisation, radicalisation, and violence. In addition, tensions between Christians and Muslims could rise further. Violent riots in response to news about the anti-Islam film *Innocence of Muslims* show how radical groups exploit such events to set groups of people against each other and recruit people for violent campaigns against diplomatic missions in particular, as was the case with the American consulate in Libyan Benghazi. In Afghanistan and Pakistan, militant anti-Western and anti-democratic forces regularly manage to strike, not only with attacks on NATO troops, for example, but also with actions against their own government or population. The most poignant example of this was the attack on the 14-year-old Pakistani Malala Yousafzai who publicly defends the right to education for girls in Pakistan.

Scenario framework

The various developments in the field of polarisation and radicalisation give rise to persistent concerns in particular with regard to the Islamic world. There seems to be a growing potential for radicalisation in some countries, particularly in Syria. Within the scenario framework, these developments are located in the fragmentation and multipolar quadrants, and there has been little or no displacement since the previous Monitor. This is less true for the situation in Afghanistan, Pakistan, and Syria, which is pushing the theme 'polarisation and radicalisation' in the direction of the fragmentation quadrant (see also the chapters on high-risk countries and fragile states).

2 The next five to ten years: Probabilities and uncertainties

Probabilities

- Despite a possible slight increase in radicalisation and polarisation, the state will remain the dominant actor in the international system.
- Exceptions include the developments in Syria, Somalia, Pakistan, Afghanistan, and possibly Yemen, Lebanon, and Libya, where the authority of the state is affected by militias, terrorist organisations, and separatist movements.

Uncertainties

- How will the Arab world develop after the 'Arab Spring'?
- How much space will arise for radical elements after the withdrawal of Western troops from Afghanistan or a further deterioration of the central authority in Pakistan?
- What impact would possible military interventions in Iran, Syria, and the Arab and Islamic world have in general?
- How significant is the risk of chain reactions and a negative spiral of polarisation, radicalisation, and terrorism as a result of attacks in Europe and the US?
- How will the social and political consequences of the economic crisis be vented?

Box 1 The economic crisis and polarisation & radicalisation

In the past year, the world was regularly confronted with images of serious riots in Greece and Spain during demonstrations against austerity measures. In addition, the extreme right became active in a number of countries, particularly in eastern Germany which has been hit by relatively high unemployment. This raises questions about a possible link between the economic crisis in Europe and polarisation and radicalisation. Polarisation can be measured by looking at support for radical left-wing or right-wing parties in opinion polls and elections and the rhetoric and positions taken by various parties in political debates, which could indicate that political and social divisions have been exacerbated by the crisis. Paul Krugman, an American neo-Keynesian economist, argues in his book *End This Depression Now* (2012) and in his columns for the *New York Times* that a direct link exists in the United States between growing income inequality and political polarisation. Whether this polarisation also leads to an increase in radicalisation (violent or otherwise) remains unclear, however. So far, the crisis in Greece has not led to a growth of violent left-wing extremism, even though anarchists take an active part in demonstrations and they do not shun violence. The same goes for the extreme right in Greece. The academic literature on violent radicalisation and terrorism shows time and again that no direct correlation exists between poverty and economic decline on the one hand and the growth or decline of the phenomenon of terrorism on the other. There may be a link between the use of political violence by groups or individuals and the phenomenon of relative adversity—i.e., a subjective feeling of dissatisfaction because they feel deprived compared with others. Increasing social and economic polarisation could in this sense augment the potential for radicalisation.

Recent developments in the area of radicalisation and polarisation lead us to conclude that a potential threat comes primarily from the radical Islamic or anti-Islamic angles. With regard to the next five to ten years, the risk seems to be concentrated there. In addition, the social and political consequences of the economic crisis require special attention.

The main uncertainty is the development of the Arab world following the various political upheavals. The fear is that Islamist groups will significantly expand their influence on the new regimes. Over time, these regimes could pose a threat to stability in the region. Possible developments concerning radicalisation in the region are not only negative in nature. In Egypt, the Muslim Brotherhood won the election but does not seem to be adopting an aggressive attitude towards Israel and the West. International cooperation in the fight against extremism and terrorism also continues unabated, as a result of which the supposed perpetrator of the attack on the US consulate in Libya was tracked down in Egypt.

Internal developments in Egypt show that steps can very well be taken towards political cooperation and the development of a democratic rule of law (e.g. through elections). At the same time, due to political divisions and religious differences, this is an extremely difficult process full of tensions, the outcome of which is uncertain. In some countries,

however, the first step towards establishing such a democratic system can already lead to regression. In Syria and partly also in Lebanon and Libya, radicalisation is increasing as is the use of violence by various political groups, such as the attack on the director of the Lebanese intelligence in Beirut.

For the next five to ten years, quite different scenarios are possible for the Middle East: from an increasing degree of democratisation and cooperation among communities, groups, and countries to chaos, lawlessness, and power vacuums that radical forces are able to exploit. Two significantly uncertain and complicating factors are the possibility of an international military intervention in the civil war in Syria and a possible Israeli attack on Iran's nuclear facilities. The first event could lead to a further increase in jihadist foreign fighters, including from Europe, with possible attacks in Europe and the US. The second possibility could lead to a sharp rise in anti-Western sentiment in Iran and the rest of the Islamic world. Incidentally, it is also conceivable that an intervention in the Arab world would lead to approval, especially among the political elite of those countries who consider Iran a threat.

For Europe, the ongoing economic crisis and the serious social and political consequences are a factor that could have a negative impact in the area of radicalisation and polarisation (see Box 1).

In particular, growing youth unemployment could enhance the susceptibility to radicalisation of the extreme left and the extreme right, an example of which is the violence in Greece. In addition, violent outbursts of 'confused-frustrated' loners and Islamist groups are conceivable. Against the background of the economic crisis, groups in places such as Catalonia that are pursuing far-reaching autonomy or even secession appear to be making political gains. This could lead to increasing tension between Catalonia and Madrid, but it can also be a source of inspiration for other regions that believe they would be better off seceding. A series of terrorist attacks by Islamists followed by anti-Islamic actions and a possible spiral of violence is a second threat that could lead to increased polarisation and radicalisation. Developments in Germany and the United Kingdom have demonstrated that a dynamic of escalating violence can arise between supporters of radical Islam and anti-Islam militants (NCTV 2012).

Scenario framework

In terms of the scenario framework, the possible negative developments mean a shift towards less cooperation between states and a greater role for non-state actors within the multilateral quadrant. A positive development in the Middle East could lead to a strengthening of the state and/or more cooperation. All in all, polarisation and radicalisation in Europe appear to be increasingly developing within a multipolar context. Outside of Europe, in fragile states such as Somalia, Afghanistan, Pakistan, and Syria, the fragmentation quadrant applies.

3 Strategic shocks

Strategic shocks

- Western military interventions in the Islamic world.
- Islamist extremists seize power in the Middle East.
- The EU falls apart.
- The Islamic regime in Iran falls.
- Wide recognition of the Palestinian state.

There are no direct strategic shocks to be expected with respect to the driving force of polarisation and radicalisation. This is because polarisation and radicalisation often involve processes that do not take place after one or two incidents and that therefore only have an impact on the field of security and international cooperation over time. Nevertheless, there are trigger events imaginable that could put such a process into motion or accelerate it or give it another—violent—form.

Western military interventions in the Muslim world. A possibility is, for example, an intervention—whether successful or not—in Syria or Iran.

Islamist extremists seize power in the Middle East, for example in Saudi Arabia. Such overthrows could spread to neighbouring countries.

The EU falls apart as a result of an intensifying economic and political crisis and increasing socio-political instability and radicalisation in member states.

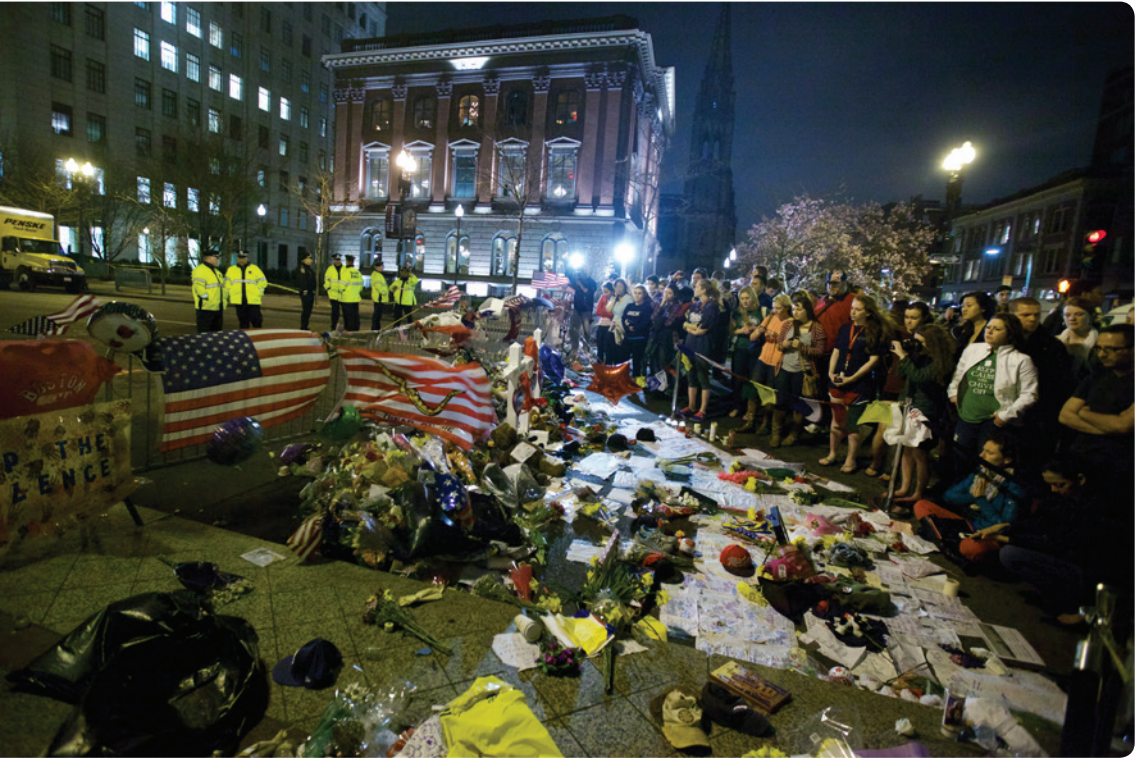
The Islamic regime in Iran falls. This shock could lead to a strengthening of democratic forces in the region. Iranian state support for radical Islamists will also necessarily decline.

Recognition of the Palestinian state by both the United Nations and Israel. Just as with the fall of the regime in Iran, this shock could have a positive impact on the development of polarisation and radicalisation.

4 Winners and losers

In contrast to the 2012 Strategic Monitor, the main losers in Europe are the far-right and anti-Islamic groups. The main reasons for this are the attacks carried out by Anders Breivik and his subsequent trial, which have put these groups in a bad light. The absence of a major attack by jihadists in the West can be cited as another reason.

Outside Europe, jihadist groups in Syria are gaining influence. In Mali, such groups have even taken over the north of the country. Elsewhere, Al-Qaeda groups are losing



People visit the memorial for the victims of the attack in Boston on 5 April 2013.

Photo: Vjeran Pavic

ground, including Al Shabaab in Somalia and Al-Qaeda in Yemen and in the Pakistan-Afghanistan border region. Partly as a result of drone attacks, the leaders are being disabled and the capacity of Al-Qaeda to control the movement is being weakened (AIVD 2012). The death of Osama bin Laden was a boost for President Obama after negative news about the US economy and possibly contributed partly to his election victory. Other winners are the non-violent Islamists and moderate Muslim groups in a number of countries in the Arab world. Their position in countries such as Tunisia and Egypt seems to be stronger now than at the time of publication of the 2012 Strategic Monitor.

5 Implications for global security and stability

Developments in the area of radicalisation and polarisation since the 2012 Strategic Monitor have had little direct consequences for the territorial security of nations. Mali, where radical Islamists and separatists control the north of the country, and Afghanistan, where more areas are coming under the control of the Taliban, are an

exception. There are also regions with comparatively higher prosperity levels or valuable raw materials where certain political forces could seize the economic crisis to drum up support for more autonomy or even secession. However, the probability that economic security will be affected by this driving force is small. Conversely, potentially negative social developments as a result of the economic crisis could lead to political and social tensions that could make certain sectors of the economy targets. In this regard, we can think of actions by radicals or extremists against banks and multinational companies or actions directed at critical infrastructure with the aim of paralysing the state and the economy, of which the possible impact on social and political stability in this case would be slightly larger.

Conclusion

In summary, the key developments in the field of polarisation and radicalisation are taking place in the Middle East and include both opportunities and threats. Looking ahead to the next five to ten years, a slight increase in radicalisation and polarisation is likely. The state will remain the dominant actor in the international system, but Syria, Somalia, Pakistan, and Afghanistan remain the exceptions. In particular, the events in Syria will have negative consequences. The desire to participate in the struggle is strong among a part of the Muslim youth, and there are some who have actually taken that path. In political terms, the economic crisis is dominating views on polarisation and radicalisation. To date, however, there are no signs that indicate that increasing youth unemployment, for example, is leading to increased social discrepancies and an increase in radical ideas—whether it be of a leftist, rightist, or Islamist persuasion.

An oil service vessel.

Foto: Extra Zebra



12

Natural resources

Christof van Agt

Introduction

In the area of natural resources, the 2012 Strategic Monitor outlined a situation characterised by sweeping developments. The nuclear disaster in Fukushima and the deep sea ‘blow-out’ in the Gulf of Mexico underlined the complexity and vulnerability of the energy sector and led to considerable social unrest over the extraction of oil and gas and the use of nuclear energy. In the light of developments following the Arab Spring, concerns grew about the security of oil and gas supply from the Middle East and North Africa. This concern was partly fuelled by growing disagreements in the area of energy between Russia and the EU and fears of a rising ‘resource nationalism’ (see Box 1). Finally, it has become clear that the introduction of new techniques for the extraction and replacement of fossil energy has effects on other natural resources. This is particularly true with regard to the use of water in extracting shale oil (causing water shortages) and the replacement effect of biofuel production on food production. The 2012 Strategic Monitor concluded that the global distribution of power had become polarised partly due to the perception of increasing scarcity of natural resources. As a result, confidence in the multilateral system, which promotes open markets, has come under pressure.

In this chapter, we will map out the developments of the past year and look ahead to what the future holds. The emphasis is on oil and gas and the security of energy supply in relation to the risk of instability in certain countries and regions. We pay particular attention to the position of the EU. The extraction and use of fossil fuels also touches on other issues such as climate change, the development and use of alternative and more sustainable energy sources, food and water issues, and issues of good governance and social stability. This is part of a wider range of natural resources and thereby related to issues of (impending) scarcity, as with rare earth metals, minerals, and phosphates. Where relevant, we will discuss these interrelationships and themes.

1 Significant changes in the past year

The predicted growth of the world population coupled with high economic growth in emerging countries such as China and India have led in recent years to growing concern about the future availability of natural resources. Will supply keep up with the expected exponential growth in demand (Chatham House 2012)? When we examine the physical or geological availability of fossil fuels (oil, gas, and coal), there is no cause for concern. First, exploration has resulted in the discovery of new oil and gas reserves in the Gulf of Mexico, the Norwegian waters, and around Cyprus. Combined with earlier discoveries of large oil and gas fields off the coast of Brazil, the Caspian Sea, Sub-Saharan Africa, and the prospect of exploration and exploitation of the Arctic (see chapter on Climate Change), physical scarcity does not appear to be the greatest danger (see Figures 1 and 2). A second reason is that the application of new techniques has allowed large-scale extraction of oil and gas from tar sands and shale rock, as a result of which very large new supplies of gas and oil have become exploitable, particularly in North America

Figure 1 Proven gas reserves in the world, by region in billion cubic meters
(BP Statistical Review 2012).

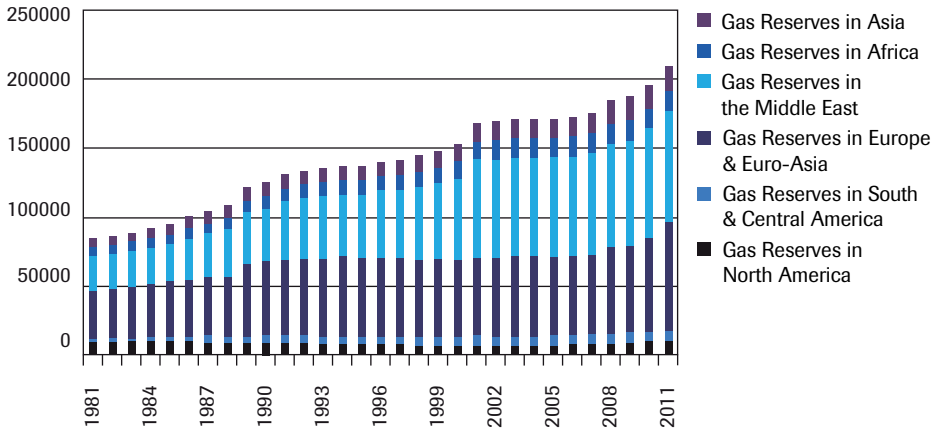
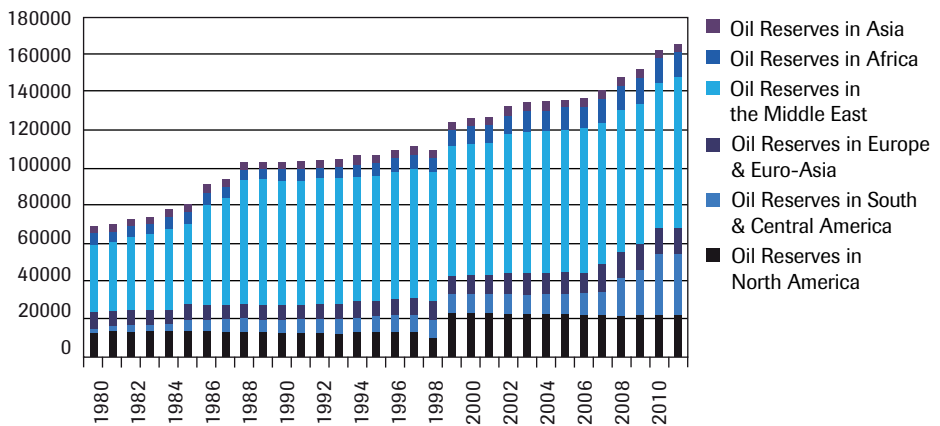


Figure 2 Proven oil reserves in the world, by region in millions of barrels
(BP Statistical Review 2012).



(see Box 2). A third key factor is that the use of alternative energy sources and increasing energy conservation efforts are leading to decreasing pressure on the stocks of fossil fuels. Together, these three factors have led to shifts in markets and societies that allow us to put concerns about actual scarcity into perspective (BP 2013). A new environment is materialising in which the risks for the security of supply lie mainly in the technological complexity of energy extraction and conflicting claims on natural resources. In this environment, the increasing import dependency of especially Asia and the EU as well as the socio-economic stability in countries that are still highly dependent for their income on oil and gas exports merit our attention: these countries are heavily dependent on developments in oil and gas prices for their internal stability.

The year 2012 has shown that political instability in certain countries and regions is the greatest risk factor for the supply of oil and gas. For the Middle East and North Africa, this depends in particular on the impact of the Arab Spring and its possible effects on the region and its surroundings. It is clear that the process of democratisation and reform has proceeded with much difficulty in countries such as Egypt, Morocco, and Tunisia, where progress has already been made. Elsewhere, the situation is very uncertain (Libya), while in other countries, progress fails to materialise (Iran). In some cases, the revolution is threatening to escalate into a civil war. The uprising in Syria, for example, has resulted in an explosion of violence, with more than 70,000 people estimated to have been killed and more than a million people made refugees. The effects of the violence and rising tensions are also felt beyond the Syrian borders in Lebanon and Turkey. When the stability of these countries is not safeguarded, a risk of spillover effects exists, with all the dangers this could bring to stability in a region that is already under great stress.

This brings us to the Israeli-Palestinian conflict, which has once again escalated around the Gaza Strip. The threat of an Israeli and/or American attack on Iran's nuclear facilities increases the risk of unrest and instability in the region. Such an event could have far-reaching consequences for the safe supply of oil and gas—through the critical transit function of the Strait of Hormuz or the Suez Canal—to Europe and Asia (China and Japan). In addition, it is still feared that regimes in the Gulf countries will run into trouble as a result of the 'contagion' effect of the Arab Spring. Should this happen to Saudi Arabia, the effects on energy markets are likely to be limited, as this is a country that prefers to maintain reserve capacity in order to absorb shocks in the international oil markets and to control the volatility of these markets. In contrast, oil production in Iraq reached its pre-Gulf War level in the past year, and this production level will continue to rise in the future (IEA 2012). The Gulf States have also taken measures to prevent unrest and have reduced their export dependence on the Strait of Hormuz with the construction of oil pipelines. Qatar's gas exports do remain dependent on the Strait of Hormuz. Lastly, we should also mention the South Caucasus, where tensions are rising between Azerbaijan and Armenia over Nagorno-Karabakh. The South Caucasus is an important area both as a producer of oil and especially gas (Azerbaijan) and as a transit region.

It is important to note that fossil energy increasingly comes from countries with more authoritarian rule or must pass through the territories of such countries. In this respect, 2012 was not a good year. In Russia, the reappointment of Vladimir Putin as president has meant a clear move towards an authoritarian state, for example with laws limiting the freedom of NGOs. Developments in Ukraine also give reason to be pessimistic. Relatively new energy producers such as Azerbaijan, Turkmenistan, and Kazakhstan also have authoritarian rulers. The problem is that the current regimes are less inclined to stick to international agreements and are prone to use oil and gas as a political weapon despite their dependence on exports. Due to its own dependence, the West—and this is particularly true of the EU and its member states—is restrained in exercising pressure on these countries when it comes to violations of human rights and democracy.

The assertiveness of authoritarian regimes shows that in the global market for energy and natural resources, state actors and geopolitical considerations are of great and perhaps growing significance. China is trying to satisfy its hunger for energy and natural resources by buying companies and negotiating exclusive contracts. This 'market-oriented' trading conduct by government-controlled state-owned enterprises is feeding into fears of increasingly aggressive 'resource nationalism'. The American pursuit of energy independence through the development and production of bio-fuels and the extraction of oil and gas primarily from shale rock reflects the importance that states attach to security of supply.

Geopolitical considerations also play an explicit role in the external energy policy of the EU, with policy being dictated by market power—i.e., the scope of the European market—and foreign and security policy considerations. The geopolitical element can be seen in the restrictive EU policy towards the dominant gas export monopoly of Russia and the support for routes that pass through the South Caucasus and Turkey for the supply of gas from new sources in the Caspian region. The latter is an example of the EU explicitly trying to reduce its dependence on Russia. The most recent Russian initiatives to oppose such moves by the EU include the recent launch of a Euro-Asian Union between Russia, Kazakhstan, and Belarus and the beginning of the construction of a second gas pipeline from Russia to Ukraine. Taken together, these developments point to a further polarisation between Brussels and Moscow in the field of energy. However, private companies and state-owned enterprises appear to be on better terms on the basis of multilateral market considerations. This was demonstrated clearly when China's largest foreign takeover so far—of a private Canadian oil and gas company—was recently sanctioned by the governments involved.

This also underlines the fact that the multilateral system of rules and institutions in the field of natural resources was under pressure once again in 2012. This multilateral system can be considered weak or undeveloped in a number of dimensions. The Energy Charter which serves as a regulatory framework is not being applied by all producers or emerging economies, such as China and Russia. Emerging economies are also poorly represented in the existing international organisations. Thus, apart from a diplomatic dialogue, there is no commonly agreed regime between producers and consumers on energy and the trade in energy. A positive point was Russia's accession to the World Trade Organization (WTO), with the main question for our purposes being the extent to which accession will have consequences for Russian policy on energy issues. On the negative side, we should point to the assertiveness of state actors mentioned above and, related to that, the strategic game that countries such as Russia and China are playing, the difficult progress in negotiations on a new climate treaty, and the increasing divergence in the positions of the EU (dependent on unstable regions) and the US (increasingly self-sufficient and eventually an exporter of energy). It is clear that without cooperation between these two powers, yet more strain will be placed on the global free trade regime.

Box 1 Is there a risk of 'Resource Nationalism'?

The global market in natural resources is highly dependent on international political developments. The volume of trade in natural resources has doubled over the past decade. Forecasters predict that the demand for raw materials will continue to grow until at least 2030. This growing demand for natural resources is primarily driven by the ongoing, rapid economic development of emerging economies. The extraction and production of natural resources remain concentrated in a few countries. In the case of most natural resources, the three largest producers control around 50 to 60 percent of global production.

Due to the rapidly growing demand for resources from emerging economies, a tight market in natural resources, and mismanagement in a number of states (some of which are failing states), the security of raw materials supply has come under pressure both nationally and internationally, even in parts of the world where in principle there are no physical or geological deficits.

In December 2012, the British think tank Chatham House published a report on 'resource security' and future developments involving natural resources. This report indicated that strains in global markets for raw materials would lead to the disruption of the supply of raw materials, highly volatile raw material prices, accelerated environmental degradation, and political tensions over access to natural resources. These developments could threaten the security and stability of countries and regions as well as the global security of supply, partly because higher risk margins would discourage investment (Chatham House 2012).

The Chatham House report warns of the danger of rivalry between countries and the emergence of 'resource nationalism'. This phenomenon implies that, in response to the risk of scarcity of raw materials or reduced access to natural resources, countries will keep their resources to themselves (by introducing export controls, for example) or make state companies buy up resources abroad in order to secure their supply of raw materials.

Due to increasing demand, problems involving raw materials will occupy an even more important place on the international agenda in the future, as the report predicts. In response to emerging 'resource nationalism', we believe a joint approach from the international community is needed. Without it, there is a risk of conflict. At the same time, however, it is clear that few effective international agreements exist in this field and that producers and consumers are divided.

Scenario framework

The events and trends of 2012 have led to a movement within the scenario framework towards a more multipolar constellation, in which the role of the state is more prominent and cooperation between states takes place with increasing difficulty. Concerns about the physical scarcity of natural resources may be put into perspective as a result of new discoveries, alternative resources, and new techniques. The greatest risk factor for the security of energy supply in 2012 appeared to be the political instability of mostly authoritarian states. In general, the global market for energy and natural resources in the past year was more strongly dominated by state actors and geopolitical considerations.

At the same time, there was also talk of multilateral initiatives and movements in this market. These developments ultimately led to a point in the multilateral scenario that is characterised by a mix of state actors, market forces, and cooperation. However, the trend is towards the multipolar scenario, in which states remain the primary actors, and where cooperation is difficult.

2 The next five to ten years: Probabilities and uncertainties

Probabilities

- The availability of fossil fuels will continue to increase.
- Political instability will be the biggest risk factor for the security of energy supply.
- The US will be more energy independent.
- The pressure to pursue a coherent external EU energy policy will increase.
- The development of sustainable energy will continue.

Uncertainties

- Will the Arab Spring spread to the Gulf States?
- Will energy-exporting countries be jeopardised by falling prices?
- How fast will the resources in the Arctic be explored and exploited?
- What will be the effect of the economic crisis on efforts to make energy use more sustainable?
- What are the effects of oil and gas exploration from shale rock in both a geopolitical and economic sense?

The 2012 Monitor considered it likely that the future energy policy of producers and consumers would be of an asymmetric nature. In addition, it was concluded that the energy policies of the individual European member states would not be uniform, in contrast with the ambitions of the EU. In the medium term, investments in major energy projects will be delayed and commercial interests will come under pressure also within the EU.

The expectations of the 2012 Monitor should in some cases be adjusted and in other cases supplemented. It is likely that the Middle East, North Africa, the Caucasus region, and Central Asia will be characterised by instability, which could have serious consequences for security of energy supply. Although it will be no easy task, the EU will be under increasing pressure to achieve a uniform, external European energy policy. The reason is that the energy dependence of the EU will not decline significantly in the next five to ten years. One positive probability is the increasing availability of fossil fuel sources as a result of the exploration and exploitation of new extraction areas and

Box 2 Walking on shales

An important factor of uncertainty is the impact of large-scale extraction of oil and gas from shale rock, which was made possible thanks to the application of new techniques. The new techniques make it possible to break shale and other rocks, which in turn allows for the gas and oil reserves that are present in the rocks to be exploited. This 'revolution' has some potentially very far-reaching consequences for the oil and gas markets, the global distribution of power, and the stability of countries. These effects have led some commentators to speak of a game changer.

The first consequence of the shale oil revolution is that the commercial recoverability of unconventional oil and gas reserves has increased substantially. According to the latest available estimates, the growth in the oil supply that is needed to meet the expected increase in global demand until 2020 could be covered by extracting from unconventional oil sources (BP 2013).

The extraction of oil and gas from shale rock has taken off mainly in the US, supported by an active government policy aimed at energy independence. Although the US is still an importer of oil and gas, according to the latest forecasts (IEA/OECD 2012) the country will be the world's largest gas producer by 2015. By 2020, the US will have developed into the largest oil producer too, surpassing Saudi Arabia in this regard. In the foreseeable future (2030), the US could be self-sufficient in the field of fossil energy and could even become a major exporter of oil and gas.

For the US, this development has potential positive effects on the trade balance and the competitiveness of its businesses. Imports of oil and gas will decrease, and US companies will benefit from relatively cheap energy. Internationally, the picture is more mixed. Although there is less reason to fear scarcity of fossil energy since it is likely that other countries will want to use these techniques to their advantage (including Ukraine and Poland in order to reduce their dependence on Russia), oil and gas prices in the international energy markets will come under pressure—especially if the US is going to be active as exporter. This means that countries that are dependent on the export of oil and gas for government revenue will see their income diminish. In countries such as Russia and the Gulf States, where this income is used to keep the population satisfied through for example subsidies, there may be a greater risk of social and political instability as a result of the reduced revenue. In addition, where the US is much less dependent on oil and gas from overseas regions, we have to question whether it will be willing to use its military presence to protect trade routes and ensure free passage through the Strait of Hormuz, the Suez Canal, and other international waterways.

The shale oil revolution shows how technological innovations can lead to large and unforeseen upheavals. At the same time, it is once again clear that energy markets and market choices for certain energy sources and techniques are strongly intertwined at the global level. A present-day example is the export of cheap American coal to Europe. In the US, this coal is no longer used as a result of the availability of cheaper shale gas. This strengthens the competitive position of coal in electricity generation in Europe where,

along with the subsidised electricity from renewable sources, it pushes aside gas—which is more expensive but cleaner—from the market. Producers can run their power plants more cheaply on coal than on cleaner gas. This example thus shows that the interdependence goes beyond the energy markets alone, as the shale oil revolution also impacts the climate and the environment. First, greenhouse gas emissions have decreased significantly in the US. At the same time, the increased availability of cheap unconventional fossil energy could lead to further global warming and environmental pollution and could render the use of government-supported renewable energy sources relatively too expensive. As a result, the use of other natural resources including water could also be at risk (IEA/OECD 2012).

The opportunities for import-dependent regions such as the EU and Asia to apply this technology to their advantage are limited. Within the EU, these limitations have to do with geological uncertainties and—in the case of the recoverability of stocks and given the higher population density—the considerable influence of environmental movements, with the risk of social protest and resistance. It is therefore more difficult for the EU and its member states to follow the US example and make themselves less dependent on imports of fossil fuels, also in view of the EU's relationships with existing energy producers.

techniques. Apart from fossil fuels, however, the scarcity (perceived or real) of other natural resources—particularly water and food—will increase, partly due to market interferences. The development of renewable energy will continue under the influence of government policy, market forces, and entrepreneurship (in a world where sustainability is becoming increasingly important), although this will not lead to a viable alternative to fossil fuels in the medium term and will be strongly influenced by price developments in the markets for fossil fuels. Finally, it is likely that the market position and trade relations of countries—in particular Russia—will come under pressure. Polarisation in the field of natural resources may increase, in part due to state intervention.

With regard to uncertainties in the next five to ten years, those outlined in the 2012 Monitor remain largely relevant. For example, it was considered uncertain whether there would be incidents in the energy relations between the EU, Russia, North Africa, and the Middle East in the medium term. Continuing uncertainties include the question to what extent the government will accommodate the necessary investments and to what extent the shift to a more sustainable fuel mix during the economic crisis and the wider availability of fossil energy will remain affordable.

A number of new, related uncertainties can be added to the uncertainties outlined in the 2012 Monitor. It is, for instance, uncertain whether the Arab Spring will spread to the Gulf States, with all the risks of radicalisation that this would entail. The extent to which instability in the Middle East (Israel-Iran, Syria) will affect the supply of oil and gas also remains uncertain. And it is not known to what extent countries that are heavily dependent on oil and gas exports for their income (such as Saudi Arabia, Iran, and Russia) will struggle as a result of falling prices for these goods on the world

market. With regard to new extraction opportunities and the increase in available natural resources, the speed with which the Arctic will be opened up for exploration and exploitation of the resources there presents an interesting uncertainty. Persisting uncertainties include the effects of the economic crisis on sustainable energy and the extent to which national interests in an open energy market will be jeopardised, partly as a result of European behaviour. Despite the long-awaited accession of Russia to the WTO, it remains uncertain to what extent the country will implement a broader free market policy in the medium to long term.

Another key factor of uncertainty is the impact of the large-scale wager placed on the extraction of oil and gas from shale rock, in particular by the US but also by other countries. Apart from the fact that there has been a significant increase in available and recoverable reserves of oil and gas as a result of the application of new techniques (see IEA/OECD 2012), this development has potentially very far-reaching consequences of a geopolitical nature for the international oil and gas markets and thus for the income of countries dependent on exports of these fuels, but also for the climate, the environment, and the use of renewable energy (see Box 2).

Scenario framework

On average, the developments described in the 2012 Monitor generated a movement towards the fragmentation and multipolar scenarios. Taking the developments of the past year into account and looking forward to the next five to ten years, this movement has changed slightly. Starting from the current position in the multilateral scenario, the trends of declining cooperation and increasing instability lead to a new movement towards the multipolar scenario, in which states remain the most important actors. With regard to security of supply and technological developments, however, there has also been a movement towards the network scenario, in which cooperation takes place between various actors. On average, the subject of natural resources is most in line with the multipolar scenario.

3 Strategic shocks

Strategic shocks

- An Israeli attack on Iran.
- Violence escalates in the Middle East/Southern Caucasus.
- A collapse of oil and gas prices.
- A breakthrough in the field of alternative energy.

An Israeli attack on Iran and in particular on the nuclear installations of the country, will dramatically increase the risk of turbulence and instability in the region. This shock,

which may entail an escalation in the Palestinian-Israeli conflict, has become more realistic.

Escalating violence in the Middle East and the Southern Caucasus will have profound implications for the production and transit of oil and gas, which would negatively affect the world economy.

The collapse of oil and gas prices in part due to the growing and more diverse energy supply coupled with the continuing crisis and economic stagnation in Asia. This shock would have consequences for countries that depend heavily on revenue from oil and gas exports and therefore have an interest in keeping global market prices high. Russia is vulnerable in this respect.

A breakthrough in the field of alternative energy still does not belong to the category of shocks that have become a reality, although the probability has increased as a result of the use of new production methods and continuing technological research. The materialisation of such a shock could have far-reaching consequences for the global energy market.

4 Winners and losers

The configuration of so-called winners and losers in the global energy market is practically unchanged from the previous year. In the 2012 Strategic Monitor, the emerging energy producers in the Middle East, Russia, and Turkmenistan, along with the state-run oil and gas companies such as those in China, were designated as tactical winners. The United States was named a winner as a result of its tangible, enlarged domestic supply of oil and gas. The US can be seen as a winner yet again this year, as it has become even more energy independent due to the application of new technologies, for example the extraction of shale gas. Depending on the development of prices in the world markets for energy and natural resources, the emerging producers are also winners once again. At the same time, these countries are often economically and politically vulnerable because for their income they are critically dependent on exports of raw materials. On the other hand, their position is strengthened by the fact that Europe, and the West in general, is cautious about criticising these exporting countries, for example in the case of unacceptable human rights situations, because they are increasingly dependent on energy from these countries.

Due to its energy dependency, the EU remains vulnerable to market developments and political instability in its periphery. Moreover, the EU could struggle to meet its climate targets because it has less incentive to use gas in electricity generation. The reasons for this are the ample supply of coal from the US and the low price for emission rights. Russia is also in a vulnerable position as a result of price fluctuations and increasing competition from emerging producers.

Box 3 The geopolitics of miscommunication: ‘Just another metal’ or ‘high-tech rarities’?

Rare earth metals are found in ores and minerals but are not rarer than lead or gold. The demand for these elements has grown significantly on a global level due to the rise of mobile telecommunications (Buijs & Sievers 2011). When they were first discovered, earth metals were labelled rare in order to distinguish them from more concentrated, naturally occurring metals. Two centuries later, this relative rarity combined with current economic trends and global shifts is having an alarming effect on ongoing discussions about natural resources. To what extent is the concern about the availability of these metals justified?

The extraction of rare earths gradually began to be concentrated in China in the 1990s in order to save costs and spare the environment elsewhere. China then decided to significantly restrict the exports of these earth metals. The price increases that ensued led to the opening of both old and new mining areas. They also encouraged a more diverse supply, more sustainable use, and deeper insight into the best policies with regard to rare earths. Supposed scarcities and alleged disagreements between countries appear to be strongly influenced by cyclical developments and therefore form a shaky foundation for effective policymaking. Recent technological developments and the reopening of mines, in addition to new discoveries, contradict the need for a specific policy for these metals outside the usual free market framework. China will also have to comply with an upcoming ruling by the WTO dispute settlement procedure on China’s decision to restrict the export of rare metals. If it does comply, China will strengthen confidence in market-oriented multilateral cooperation and also stimulate security of supply and the sustainable use and re-use of rare earths.

5 Stability and global security

A guaranteed and stable supply of natural resources is essential for global economic development and thus for political and social stability. This has started to become more important in the light of the explosive economic growth of the emerging economies—China and India in particular—and their growing importance for global economic growth. In this regard, the picture with respect to natural resources is rather mixed. On the one hand, there are reasons for nuancing the often assumed (imminent) shortages in this area. This is especially true where fossil fuels are concerned. But in the case of rare earth metals, the picture is less disturbing than is often made out to be (see Box 3). In other areas—such as food and water—there is cause for concern, especially in the light of demographic trends. On the other hand, natural resources as a whole are extremely vulnerable—first, because of the above-mentioned interferences (energy, water, food, etc.) and second, because supply and demand are not located in the same place and the supply is vulnerable to political instability and conflict. The vulnerability of supply pertains to certain unstable regions where production is concentrated (e.g. Middle East) but can also be the result of conflicts beyond these regions. An example is the rising tension between China and Japan over the possession of several islands. A further escalation of this conflict could affect passage through



Oil refinery in Altona, Victoria (Australia). More and more countries are putting energy independence high on the political agenda.

Photo: Azza-Bazoo

strategic international waterways and thus the transport of energy, which in turn would impact energy prices in the world market and ultimately the global economy. In addition, the intervention of states in the international markets for raw materials is a factor of instability, especially the Chinese with their hoarding of raw materials. A further increase in ‘resource nationalism’ would undoubtedly have a detrimental effect on the world economy and on the distribution of power between countries and thus indirectly on global security. The risks of direct consequences—in the form of wars over raw materials or over water—are less significant. It should also be noted that the multilateral regime of rules related to raw materials is weak.

Conclusion

In the past year, concerns about the scarcity of natural resources were put into perspective. The availability of fossil energy is expanding and will become more diverse in the medium term. The danger of polarisation has, however, increased, and the political instability of exporting countries or transit countries now appears to be the greatest risk factor for security of energy supply. States are becoming more dominant, and the global energy market is thus being determined more by state actors and geopolitical considerations, but multilateral frameworks and transactions between market forces also remain important. This illustrates the tension in the world when it comes to the availability and security/certainty of natural resources supply. A stable and secure energy supply remains essential to preserving economic, political, and ecological stability in the world system.



Ice caps in Greenland. Due to climate change raw materials, such as oil and gas, will become exploitable in the Arctic in the future.

Foto: Christine Zenino

13

Climate change

Rosa Dinnissen and Louise van Schaik

Introduction

In the 2012 Strategic Monitor, climate change was seen as a catalyst for various security risks. Due to the melting polar ice, new shipping routes and options for resource extraction in the Arctic could open up in the future. Without clear international agreements on the use of these routes and raw materials, tensions may arise, as the previous Monitor concluded. The implications of recent developments in the Arctic for possible security risks will be further explored in Box 1. Scarcities and natural disasters resulting from climate change could lead to migration and political and social unrest in various parts of the world. In the long run, food security and access to clean drinking water could come under strain in some parts of the world. Box 2 examines issues surrounding water and food problems related to climate change.

The exact magnitude of the above-mentioned risks is difficult to estimate given the scientific margin of error in climate science and the importance of other factors such as economic and political interests. During the past year, the impact of climate change on security risks appears to have further increased. In this chapter, we will map out the climate developments of the past year and discuss their significance for the probabilities and uncertainties of the future.

1 Significant changes in the past year

The debate on climate change and climate security has intensified in recent years. Recent findings by PricewaterhouseCoopers (2012), in co-operation with the World Bank and BP, show that global warming will probably be higher than was estimated in 2007 by the Intergovernmental Panel on Climate Change, the UN climate panel. The panel emphasises the relationship between climate change and extreme weather events such as hurricanes, heat waves, and drought. The US East Coast was ravaged by Hurricane Sandy in November 2012, and recent research has shown that such hurricanes pose a greater risk when temperatures rise. In 2012, extreme drought led to crop failures in the United States, while Ethiopia and India experienced extreme flooding. Such events led to a deterioration in global water and food security.

Regarding the speed and severity of climate change, 2012 gave little cause for optimism. It became apparent that the sea ice in the Arctic is melting at a faster pace than researchers originally assumed, as a result of which ice volumes in the Arctic reached their lowest levels ever in 2012 (see Box 1). In the past year, new findings were published on the environmental effects of black carbon and methane: both substances are considered to be key drivers of climate change along with CO₂ because they generate additional heat in the atmosphere. As a result, the consensus among climate scientists has grown in 2012. On the basis of recent findings, more and more 'climate sceptics' recognise that a relationship between greenhouse gases emitted by humans and climate change might very well exist. Not all climate sceptics have changed their minds: due



Drought and the problems it poses to agriculture and food security in the Horn of Africa have increased in recent years.

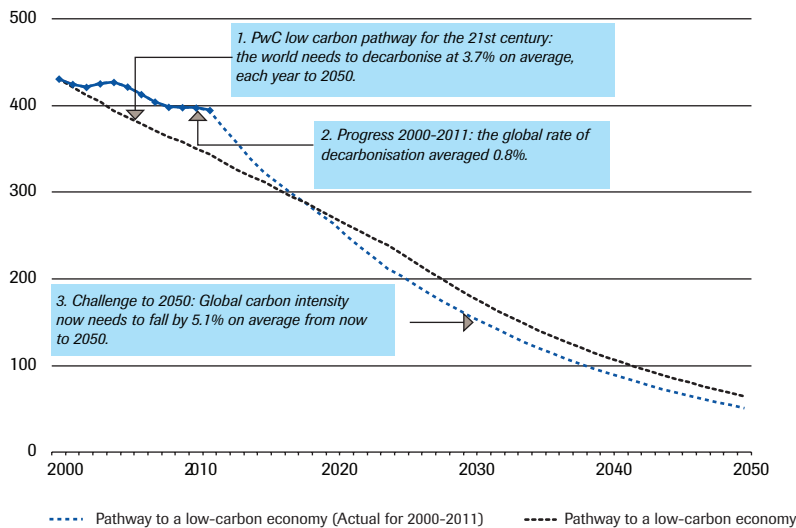
Photo: FMCS

to the complexity of the matter, considerable disagreement still exists about the speed, nature, and extent of the effects of climate change.

Climate change has occupied a less prominent place on the political agenda in the United States, Asia, Africa, and Latin America than in Europe. National interests that conflict with an active climate policy still dominate. Partly as a result of this, attempts to achieve international cooperation and to reach agreement ran into difficulty in 2012. The US stresses that the emerging economies, its main competitors, are evading their international responsibilities because they have yet to commit themselves to reducing emissions. The emerging countries in turn use the fact that the US is not a participant to the Kyoto Protocol as an excuse to get out of firm commitments. In comparison with the EU and other progressive countries, both emerging economies and the US have adopted a negative stance towards making legally binding commitments at the international level that would be subject to independent international supervision. They do want to implement a climate policy eventually—not because of international responsibilities but because of domestic considerations such as local air pollution and dependence on fossil fuels.

At the climate summit in Durban in 2011, Europe was able to establish agreement—in collaboration with other progressive countries from Latin America, Africa, and the Pacific—on a second term for the Kyoto Protocol reduction commitments for developed countries. The summit participants also agreed to continue negotiating and to conclude a new treaty by 2015 (Van Schaik 2012). Given the positions of the various parties, we cannot rule out that in 2015, as in Copenhagen in 2009, these parties will fail to conclude a treaty with binding emission reduction obligations. The difficult negotiating climate was illustrated by the limited progress that was made at the ‘Rio +20’ sustainable development summit held in 2012 and the recent climate summit in Doha.

Figure 1 Low Carbon Economy Index (PwC 2012).



We use the carbon intensity for countries as a measure of progress towards a low carbon economy. The carbon intensity of an economy is the emissions per unit of GDP and is affected by a country’s fuel mix, energy efficiency and the composition of the economy (i.e. extent of activity in carbon-intense sectors).

The lack of agreement is reflected in the dissensions over the use of nuclear energy as an alternative to fossil fuels. In the area of standards for biofuels and research into new forms of energy, opinions are likewise divided because the production of biofuels entails indirect CO₂ emissions and thus can lead to higher food prices and deforestation. To counteract this indirect effect, the European Commission came up with a proposal in 2012 to set a ceiling of five percent for the use of food crops for biofuel production (Ros 2012). In addition, the International Renewable Energy Agency (IRENA) was established in 2009 and is dedicated to encouraging the widespread adoption and sustainable use of renewable energy. However, its work is still in its infancy (IRENA 2012). In contrast, the development of new technologies for climate change adaptation and renewable energy steadily continues. The market for renewable energy and the

question of energy dependence are particularly high on the European Union's agenda. The reason for this is that the dependence on imports of fossil fuels from potentially unstable regions is a great risk for EU member states in terms of security of fossil energy supply.

In what is seen as a worrying development, since the onset of the financial and economic crisis in 2008, the rate at which CO₂ emissions are being pushed back has declined. If one wants to achieve the desired emission reductions by 2050, then radical 'decarbonisation' is needed, according to research by PwC (2012). This is illustrated in Figure 1 and Table 1.

Table 1 Degree of 'de-carbonisation' worldwide and per country of the largest 'consumers' (PwC 2012)

Country	Change in energy-related emissions 2010-2011	Actual growth in GDP (PPP) 2010-2011	Carbon intensity	Change in carbon intensity	Annual average change in carbon intensity 2000-2011	Required annual 'de-carbonisation' 2012-2050
World	3.0%	3.7%	395	-0.7%	-0.8%	-5.1%
Brazil	1.7%	2.7%	197	-1.0%	-0.7%	-4.1%
China	9.4%	9.1%	754	0.2%	-1.4%	-6.1%
EU	-3.6%	1.5%	213	-5.1%	-2.3%	-5.2%
India	6.9%	6.8%	817	0.0%	1.9%	-7.0%
Indonesia	0.9%	6.5%	377	-5.2%	-0.1%	-4.9%
Japan	0.1%	-0.7%	281	0.8%	-0.8%	-4.8%
Russia	2.9%	4.3%	510	-1.4%	-3.9%	-6.0%
US	-1.9%	1.7%	374	-3.5%	-2.1%	-5.1%
South Africa	1.5%	3.1%	781	-1.6%	-1.4%	-5.6%

Scenario framework

The distribution of power within the international community was described in the 2012 Monitor as multipolar, whereby the fragmentation scenario applied: the international system was characterised by opposing blocs, with the US and the emerging countries as the main antagonistic players. Their disagreements concerned in particular the concluding of agreements on CO₂ reductions. In other areas, especially those related to renewable energy, there was more room for progress due to the influence of the market and companies. A year later, the picture does not differ very much. International cooperation is being determined by market-economic developments and mainly by national interests. Although cooperation is still difficult to get off the ground, state actors—especially emerging countries with a less extensive and active civil society—appear to be taking a more dominant position in relation to non-state actors such as NGOs. With the absence of binding rules, the world is therefore shifting towards the non-cooperative, multipolar direction compared with the previous year.

Box 1 Climate change and ‘the Arctic Five’

In recent years, the focus has primarily been on the effect of climate change on the Arctic and the melting of the ice cap, and the consequences thereof. About 25 percent of the world’s undiscovered oil and gas reserves are in the Arctic region (US Geological Survey 2012). Due to global warming, this new, resource-rich area will be accessible for exploration and exploitation in the future. Given the presence of raw materials, the countries neighbouring the Arctic—also known as the Arctic Five¹—see the Arctic as a strategic priority. With a view to securing their political and economic interests, they are seeking to strengthen their presence in this ‘no man’s land’.

Map of the Arctic coastal states (SIPRI 2012)



For example, in June 2012 the United States began its largest mission ever in the waters of northern Alaska to investigate its ability to guarantee maritime safety, law enforcement, the prevention of pollution, Coast Guard missions, and national security. Denmark also went on an expedition to Greenland in July 2012 in order to prove that the Arctic region belongs to the Danish kingdom. Such operations are expected to increase in scale and frequency in the future (Perry & Andersen 2012).

1 United States, Canada, Russia, Norway and Denmark.

A latent potential exists for conflict in the Arctic region. This is illustrated by the ongoing dispute between Canada and Denmark over the strategically located island of Hans. It shows that, despite the fact that there are no conflicts as yet between the Arctic Five, the Arctic could become an area fraught with tension in the future. Alongside the issue of 'ownership' of natural resources, the opening up of (strategic) waterways and access to them as well as the risk of harm to the quality of life there all play a role in this.

It would be misleading, however, to portray developments in the Arctic as only leading to tensions in the region. Russia and Norway resolved their territorial dispute already in 2010. Thereafter, the melting sea ice and the areas that opened up as a result led to the establishment of an agreement between Norway's Statoil and Russia's Rosneft in May 2012. With this deal between the two companies, Russia and Norway have agreed to work together in the energy-rich Barents Sea and Okhotsky (Perry & Andersen 2012). How the Arctic will develop in the future remains uncertain, also since it is not clear when the exploration and exploitation activities can be developed on a large scale.

2 The next five to ten years: Probabilities and uncertainties:

Probabilities

- Ongoing climate change and global warming, with effects on the Arctic and food and water problems as a result.
- Increase in certainty within climate science.
- Further development of sustainable energy.
- Increase in food and water shortages due to extreme weather conditions.
- Absence of binding agreements and lack of international cooperation.

Uncertainties

- How will climate politics develop in the future?
- Is a climate agreement with binding reduction targets feasible by 2015 (with emission reduction targets up to 2020)?
- Will the release of new areas with raw materials in the Arctic, and food and water shortages lead to tension and conflict?
- Where will the negative effects of climate change first be demonstrated?

Based on the developments of the past year, more certainty is likely to pervade the climate science community in the coming years about the gravity of climate change. Measurements are becoming more extensive and more precise, as a result of which predictions regarding the effects of climate change will become more accurate in the future.

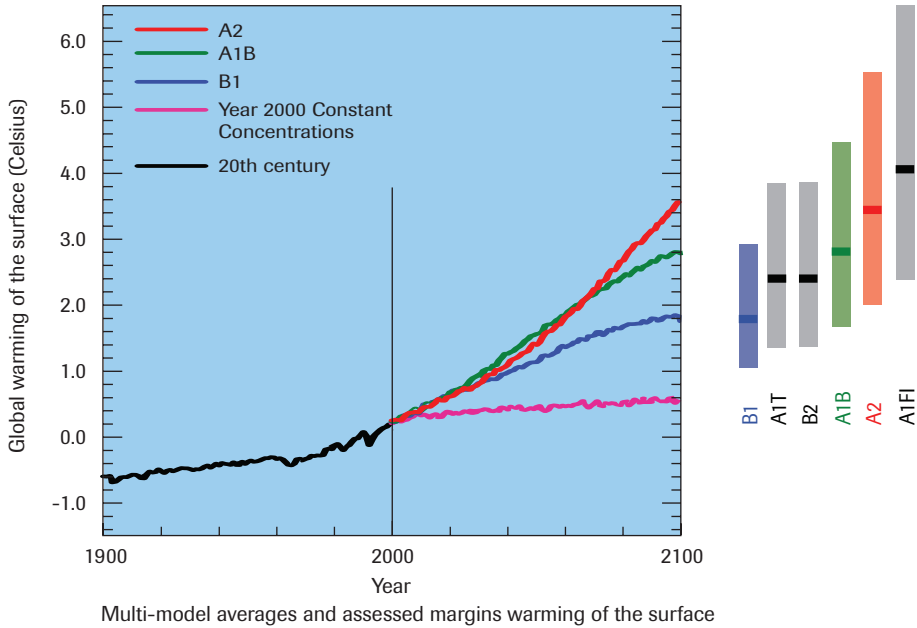
Given that CO₂ emissions are the main cause of climate change and global warming, it is striking that global emissions increased by 3.0 and 2.6 percent respectively in 2011 and 2012. The expectation is that they will rise even further in the future, in part due to the lack of effective international arrangements. Studies predict that by 2100, a temperature rise of between one and about four degrees can be expected (IPCC Fourth Assessment Report 2007). In Figure 3, this projection is shown graphically with their corresponding margins of error. The decline in political attention to climate change and the economic crisis have also led to reduced interest in climate issues by NGOs.

Given the expected further rise in emissions, the Arctic ice cap is likely to melt at an increasing pace in the coming period. If, as a result, new areas in the Arctic become accessible for resource extraction, tensions in the region between the Arctic Five could increase. The high cost of possible future missions in combination with existing opportunities for joint initiatives are likely to deter countries from engaging in large-scale conflicts in the Arctic in the future (Perry & Andersen 2012).

With the world population expected to grow by two billion in the coming decades, the problem of food and water scarcity will become an important theme in relation to security on political agendas worldwide in the coming years (see Box 2). Climate change resulting in extreme weather conditions plays an important role in this regard. Addressing food and water shortages and possible tensions will require more than the commitment of individual companies and countries and therefore requires international cooperation. The pressure to reach binding agreements—also in combating climate change—is likely to increase as a result. In addition, more attention is expected to be paid to specific areas and regions that run the highest risk of scarcity leading to instability. In this context, the ‘Belt of Instability’ is an area that is vulnerable to the impacts of climate change and its effect on water and food.

How high climate change will be put on the international agenda in the future depends on specific events and other driving forces. The economic crisis and unrest in the Middle East have led to climate change issues occupying a less prominent place on the political agenda. With dramatic events such as Hurricane Sandy, however, the debate on climate change could flare up again. In the course of 2013 and 2014, the fifth IPCC report will be published. The publication of this report is expected to lead to an increase in attention on climate science, although this is unlikely to match the commotion that erupted following the publication of the 2007 IPCC report. The crucial question in the coming period is whether the international community will be able to achieve far-reaching and binding agreements in the field of climate change (and related issues) within the framework of global public goods. In 2011, the UN climate process was saved from oblivion by the agreement on a new deadline for negotiations on a new climate treaty. At Doha, however, less progress was booked, with the main blocs still in disagreement. Especially the emerging economies and the US have remained reluctant to commit themselves to international legally binding agreements on emissions reductions. It is therefore uncertain whether the agreement to continue negotiating a climate treaty—which must be concluded by 2015 with emission reduction targets up

Figure 3 Expected changes in the climate up to 2100 (IPCC Fourth Assessment Report 2007).



to 2020—will be adhered to. International cooperation on the climate is expected to remain difficult to achieve. Should the international community nevertheless manage to conclude agreements, then it remains to be seen how ambitious and binding they will be and to which countries they will apply. If it is the EU’s aim to play a significant role in the geopolitical arena and in the drafting of such agreements, it will have to show leadership by taking the initiative in the negotiation process as it did previously in Durban (Van Schaik 2012).

Scenario framework

The 2012 Strategic Monitor stated that the world would move in the direction of a greater role of the state and less cooperation over the next five to ten years. We now expect the increase in the role of state actors to be less than indicated in the previous edition of the Monitor. Due to the lack of firm agreements leading to emission reductions, we can expect a decline in international cooperation in the coming five to ten years.

Box 2 Climate change and land use: Food and water scarcity

Scarcity of resources—such as energy, raw materials, food, and water—is increasingly in the spotlight. For the purposes of this chapter, what is of particular interest is the interconnection between climate change and water and food problems. Climate change may also affect the availability of food and water and therefore has an indirect effect on health and sustenance. It affects the stability of water and food networks, ranging from a direct impact on the harvest as a result of changing weather conditions to indirect effects through the market (due to rising food prices) or the infrastructure of supply chains (FAO 2008).

Although much uncertainty still exists about the precise impact of climate change on food and water problems and the interrelationship between the two, recent developments have given cause for increasing concern. Research has shown that climate change—in particular, differences in precipitation—could bring about indirect social and political unrest (Hendrix & Salehyan 2012). Drought or flooding could in the future hamper or even cut off the supply of drinking water and food. In Kenya, water scarcity appears to be stirring up interethnic conflicts. In the US, drought in 2012 led to failed grain harvests. In September of the same year, an abundance of rainfall in Ethiopia and many parts of India—including the large city of Hyderabad—caused harvest failures and food shortages. As a result of these events, food prices worldwide reached record highs.

Rabobank (2011) has predicted that in June 2013 the food price index will increase by fifteen percent. If that prediction were to come true, the world risks a repeat of the global food crises of 2007 and 2008, which could lead to political instability, migration flows, and hunger. There are indications that the increase in food prices—with the ensuing social and political uncertainty and instability—can be considered an indirect catalyst to the Arab Spring. Water scarcity, partly as a result of climate change, can also be such a catalyst of tensions. The likelihood of unrest in this regard is greatest in countries with upstream and downstream river deltas, such as the Nile Delta, the Mekong Delta, and parts of the Indus (Brundtland et al. 2012). Besides the direct lack of drinking water, water scarcity also hampers food production and energy generation and thereby also obstructs the economic development of countries and regions (Brundtland et al. 2012).

Due to these developments, increasing attention is being paid to the interrelationship between water/food scarcity and climate change on the one hand, and security issues on the other. The Global Water Security Report (2012) of the InterAction Council concluded that a looming water shortage poses a threat to global stability. Social and political unrest and conflicts due to water and food problems are likely to increase in the future, with climate change as the catalyst. A better understanding of these relationships is therefore essential. A step in this direction has already been taken with the establishment of the UN High-Level Task Force on Global Food Security and the Agricultural Markets Information System (AMIS).

3 Strategic shocks

Strategic shocks

- Large-scale tensions or conflicts in the Arctic or in areas plagued by food or water scarcity.
- Unforeseen natural disaster with major consequences.
- A revolution in sustainable energy.
- Greatly accelerated global warming or unforeseen confrontations with the limits of ecosystems.

Unforeseen natural disaster with major consequences. The nuclear disaster in Fukushima (Japan) and Hurricane Sandy on the east coast of the US have shown that natural disasters can have significant consequences on both national and global security.

A revolution in sustainable energy. As the foregoing shows, developments in sustainable energy steadily continue. To date there has been no breakthrough, however. This may change in the future, with major implications for the energy problem.

Greatly accelerated global warming or unforeseen confrontations with the limits of ecosystems. As mentioned in the 2012 Strategic Monitor, there are limits to the capacity of the earth to offset the environmental damage caused by humans. So-called tipping points could in such cases lead to unforeseen upheavals and risks. This shock has become slightly more likely in the last year, but the chance of this happening is still small.

Large-scale tensions or conflicts in the Arctic or in areas plagued by food or water scarcity. The likelihood that tensions will develop in the Arctic due to the opening up of shipping routes and new areas of raw materials has risen somewhat. At present, activity in the Arctic is mainly characterised by new initiatives that should lead to more cooperation. The risk of conflicts in the region in the next five to ten years is therefore small. Should there be an escalation in the Arctic, NATO members must realise that this could indirectly affect their armed forces. The same applies to situations in which food and water crises elsewhere in the world lead to international food or water crises due to high food prices.

4 Winners and losers

When it comes to climate change, there are few winners and mostly losers. Relative to the 2012 Monitor, no significant changes were observed. The 2012 Monitor found that only shipping, short-term speculators in food markets, and energy producers could benefit from climate change. This comes at the expense of other players.

People living on low-lying islands or in other areas are likely to be the first to be hit by the negative consequences of climate change (World Bank 2012). Just as in the 2012 Strategic Monitor, therefore, the least developed countries in Africa, the Middle East, and Central Asia can be identified as losers. This so-called 'Belt of Instability' is and remains the most vulnerable to the effects of climate change.

For the 2013 Monitor, we have identified 'new' losers: poor people who are dependent for their food supply on affordable grain products. If climate change continues, they will be hit the hardest (IFPRI 2010).

5 Implications for global security and stability

Developments in recent years have shown that the effects of climate change could entail security risks. Natural disasters in the world can have disastrous consequences. This puts global economic security to the test. The effects of climate change can cause permanent damage to vital ecosystems, and local air pollution can be a problem for public health. The physical security of people may be at risk if average temperatures around the world continue to rise, with more chance of diseases and deaths. The breaching of dikes and other natural disasters could result in many victims.

Climate change may also have implications for global security because its effects increase the risk of flooding, desertification, and extreme weather events. These effects could lead to food and water shortages, tensions between communities, and possible migration. In the event of a mass migration (climate refugees), this can lead to social and political instability in countries and regions. This would create new challenges in the field of territorial security and stability in certain regions—especially in developing countries. The Horn of Africa and the Sahel are examples of regions where high food prices and food scarcity caused by climate change have already led to conflicts. The same applies to water scarcity as the cause or catalyst of conflicts (Brundtland et al. 2012).

Conclusion

Climate change remains a genuine driving force that, in terms of its effects, is strongly intertwined with other global and regional events and driving forces. It is primarily a multiplier of risks within the international system. Because of the interconnectedness of issues that can directly influence people's safety, such as the economic crisis, climate change tends to be a low priority on the political agenda. With the opening up of new areas for exploration of raw materials and with food and water shortages caused in part by climate change, international relations could be put to the test. In this way, climate change can directly and indirectly affect both economic and political security at the national and global levels. Because national interests are predominant, the prospects for effective international cooperation in this field remain uncertain, despite an extension



In addition to drought, floods due to climate change are increasingly posing a problem in both developing countries and the West.

Photo: OregonDOT

of the Kyoto Protocol and good intentions. Whether the international community will be capable of bridging the differences in opinion and arriving at a joint climate policy remains the big question.

Appendix 1

The scenario framework explained

In Chapter 1, we briefly explained the scenario framework used in this Monitor. The shifts in the scenario framework over the past year and the expectations for the next five to ten years were shown in the form of an aggregate scenario framework. In this section, we will briefly explain the individual scenario frameworks that underpin this aggregate scenario framework. All points on the grid—grouped by driving force or actor—are inputs for the total overall shift in the scenario framework over the past year and over the next five to ten years, as shown in Figure 2 of Chapter 1.

Figures 1 and 2 illustrate the developments over the past year per driving force or actor. For each subject, the five key developments of the past year are mapped out. The position of each of these five developments on the vertical and horizontal axes are then determined based on the various chapters. This then allows us to identify five points on the scenario framework for each subject. Taken together, these five points result in an average position on the scenario framework for each subject. This is shown in Figure 2.

We compared the average scores of this year with the average scores of the 2012 Monitor in order to map out the shift that occurred over the past year. It is striking that the shifts in the scenario framework as shown in Figure 2 are not large in relation to the previous edition. This is because it is only over a longer period that we would expect more substantial shifts to take place. The shifts occurring over the past year will therefore often be limited. At the same time, we can expect the shifts in the scenario framework for the coming five to ten years to be larger. In other words, the small shifts that have taken place over the past year are a step in the direction of the developments outlined for the next five to ten years.

In contrast to Figures 1 and 2, Figures 3 and 4 are not about shifts based on events over the past year but on our expectations for the next five to ten years. As with Figure 1, Figure 3 maps out the five key trends for each chapter and the expected shift. Subsequently, these points are again aggregated to one point that—when compared with the 2012 Monitor—shows the expected shift for the next five to ten years. If the trends outlined in the previous Monitor continue, the points on the scenario framework will shift in the next five to ten years in the direction as indicated in Figures 3 and 4. Figure 4 shows the average shift in all the points of the various driving forces from Figure 3. Reality, however, is unpredictable and the past has shown that a single event can completely reverse a trend that has been outlined (e.g. the radical systemic change at the end of the Cold War in 1989). Developments related to both the driving forces and the actors—such as those discussed in chapters two to thirteen—can therefore work out very differently in practice. If such unforeseen events occur, then the points on the scenario framework will turn out to be different. This has obvious implications for future scenarios—in such cases, other scenarios will take effect.

This emphasises the fact that the Clingendael Strategic Monitor makes no predictions and that no specific statement can be derived from the Monitor about precisely how the future international system will develop. This holds especially true for the scenario framework. In the Monitor, we identify trends and developments and, based

on probability, show whether and to what extent these trends and developments may continue over the next five to ten years. In short, Figures 1 and 2 involves an analysis of the past year, while Figures 3 and 4 show our expectations for the next five to ten years. Only the future will tell whether these expectations will actually come to pass.

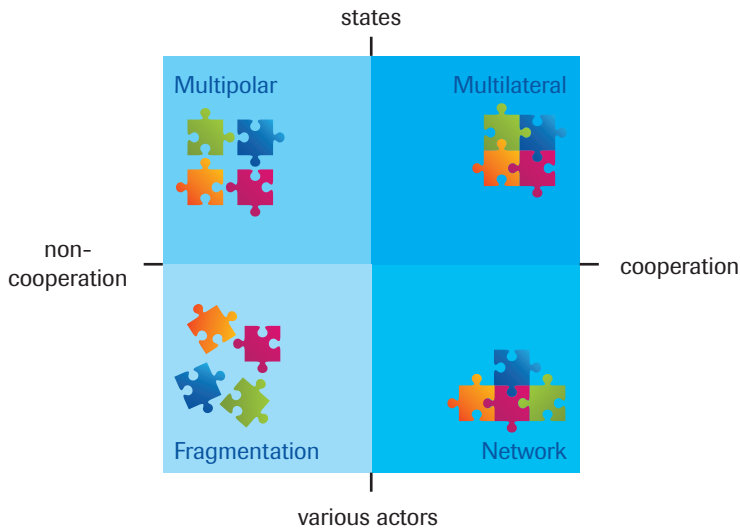
As previously indicated, in line with our expectation, the shifts in the scenario framework in Figures 3 and 4 are substantially larger than the shifts in Figures 1 and 2. Despite these shifts, most driving forces and actors will still be in the same quadrants they were in the 2012 Monitor (specifically: globalisation, science & technology, high-risk countries, proliferation of weapons of mass destruction, climate change, polarisation and radicalisation, and great powers). However, there are a few exceptions. One of the actors—fragile states—is expected to shift from the multilateral quadrant to the fragmentation quadrant over the next five to ten years. Non-state actors are expected to move from the multilateral quadrant to the network scenario. One of the driving forces—economy—will also shift from the multilateral quadrant to a more network-like scenario over the next five to ten years. Finally, developments within the field of natural resources will cause this driving force to shift in the direction of the multipolar quadrant in the coming years.

It is important to emphasise that the scenario framework is not determined on the basis of quantitative data. The shifts are primarily based on a qualitative assessment of the trends and developments within the international system, i.e. the authors' interpretation of the observed changes and events.⁸ The scenario framework is a means of looking at developments in more detail and of exploring whether these developments substantiate the overall trend. This means that the scenario framework is also a tool that can be used to signal any deviations from previously outlined trends and future scenarios –perhaps as a result of unexpected developments.

As is readily apparent from Figures 1 to 4, the image that is created after filling in the scenario framework is complex. Because of this complexity, and in order to understand the development of the international system as a whole, only the aggregate shift and expectation is shown in the first chapter (see Figure 2 in Chapter 1). On the basis of aggregation, this figure shows an expected shift from the multilateral scenario towards the multipolar scenario over the next five to ten years.

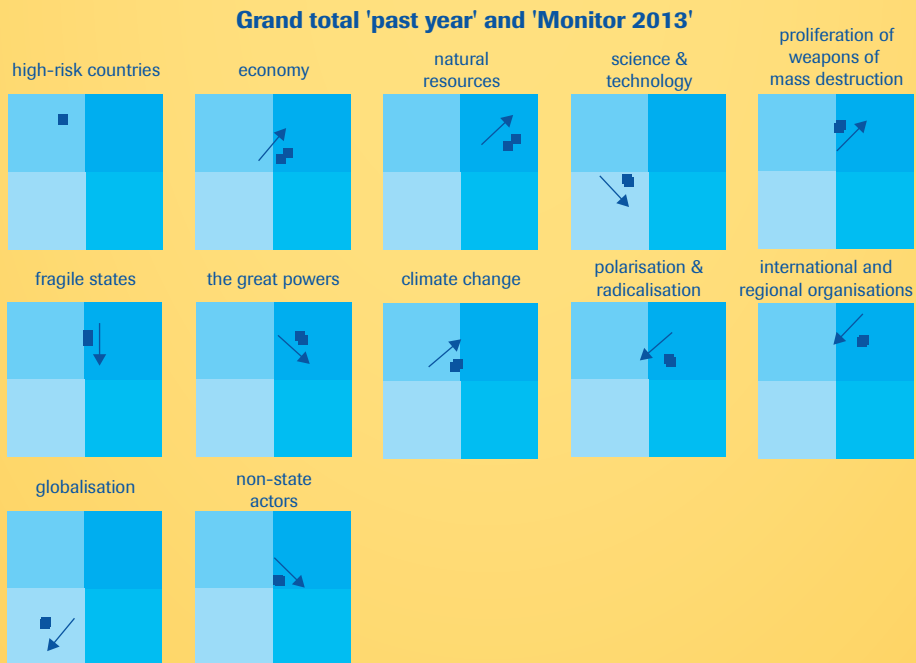
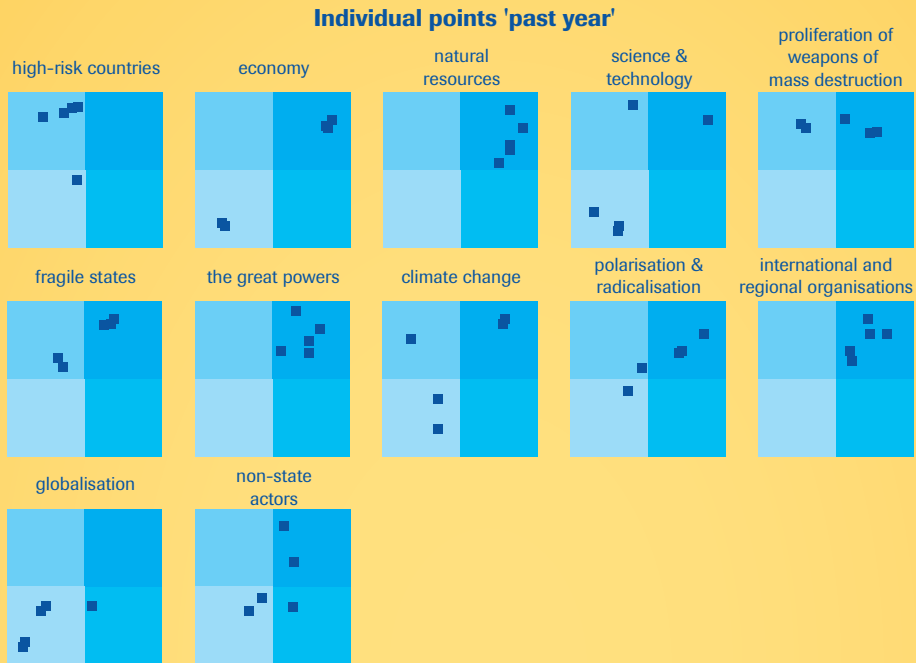
The scenario framework has two dimensions, namely the influence of the state (shown on the vertical axis) and the extent of cooperation (shown on the horizontal axis). It is on this basis that we can distinguish four scenarios. These scenarios are not arbitrary to the extent that they have a theoretical and conceptual embedding in the literature on international relations. This applies to the multilateral scenario which takes into consideration the literature on the possibilities and conditions for cooperation within the international system, the role of international institutions and regimes, and the importance of increasing interdependence for the pattern of conflict and cooperation. The multipolar scenario and the fragmentation scenario are inspired by literature on processes of (hegemonic) power decay, the dynamics of power transitions, and theories

of balance of power politics and coalition forming within multipolar systems. The network scenario is based on insights about the role of non-state and state actors within a transnational society that exhibits a strongly hybrid character due to globalisation processes and the thickening of the web of international relations.



Figures 1 and 2

Developments of the last year (individual and total).



Figures 3 and 4 Expectations for the next five to ten years (individual and total).



Appendix 2

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Appendix 3

Biographies of Authors

Christof van Agt (Chapter 12) is part of the Clingendael International Energy Programme (CIEP) where he covers energy-related topics. His expertise focuses on the geopolitics of the Euro-Asian oil and gas markets.

Edwin Bakker (Chapters 4, 11) was head of the Security and Conflict Programme at the Clingendael Institute until 2010. He is currently Professor of Terrorism and Counterterrorism at Leiden University and Director of the Centre for Terrorism and Counterterrorism (CTC) at the Hague Campus of Leiden University.

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Ivan Briscoe (Chapters 2, 4) is a Senior Research Fellow at the Conflict Research Unit (CRU) of the Clingendael Institute. He specialises in state-led economic development, fragile states, organised crime, and Latin American politics.

Rosa Dinnissen (Chapter 13) is project assistant for the Strategic Monitor 2013 since 2012 and is responsible for the final editing together with Jan Rood. She also deals with climate change, food security, the national risk assessment, and the Nuclear Security Summit in 2014.

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André Gerrits (Chapter 2), is Professor of Russian History and Politics at Leiden University and holds the M.A. Chair in International Relations (European Union Studies, International Studies). He specialises in international relations, Russia's modern history, contemporary Russian and Eurasian politics, and EU external relations.

Peter van Ham (Chapters 2, 3, 7) is a Senior Research Fellow at the Clingendael Institute. His research focuses on issues of global governance, including in the field of security and stability. He is also employed by the College of Europe in Bruges.

Jort Hemmer (Chapter 6) is Research Fellow at the Conflict Research Unit (CRU) of the Clingendael Institute, where he deals with conflict issues with a particular focus on the political-economic dimension and conflict analysis, the Horn of Africa, Sudan and Somalia, and the Lord's Resistance Army (LRA).

Kees Homan (Chapter 4), Senior Research Associate at the Clingendael Institute and former director of the Dutch Defence College, focuses his research on international security issues and strategic and military issues, including the security and defence policy of the EU, the US, and China.

Regina Joseph (Chapter 4) has been working since September 2012 as a Research Fellow at the Clingendael Institute. After a career in the private sector and as a journalist, she focuses currently on Future Security Foresight studies, scenario building, and analysis of foreign policy.

Susanne Kamerling (Chapter 2) is a lecturer and PhD student working at the Department of International Relations of the University of Groningen. Until September 2012, she worked as Training and Research Fellow at the Clingendael Institute, where she is currently Associate Fellow.

Lennart Landman (Chapters 4, 9) was involved in the creation of the Strategic Monitor 2012. For the Clingendael Institute, he worked until the end of 2012 on projects related to European security and defence, security strategies, and in the field of Strategic Futures. Currently he is doing research on the development of a European security identity for his PhD at the University of Groningen.

Sico van der Meer (Chapters 5, 10) is doing PhD research at the Erasmus University Rotterdam in the field of nuclear non-proliferation. He is also a Research Fellow at the Clingendael Institute, where he conducts research on nuclear, biological, chemical, and radiological weapons, the political dynamics of proliferation, and the nuclear programmes of North Korea and Iran.

Maaïke Okano-Heijmans (Chapter 2) is a Senior Research Fellow at the Clingendael Institute and Clingendael Asia Studies (CAS), where she focuses on economic diplomacy, Japan's foreign policy, and regional cooperation in East Asia.

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Willemijn Verkoren (Chapter 4) is a political scientist, historian, professor, and head of the Centre for International Conflict Analysis and Management (CICAM) at Radboud University Nijmegen, where she focuses on conflict analysis and peace processes.