

DGAP POLICY BRIEF

Sea Change for Europe's Security Order

Three Future Scenarios

Authors

Dr. Christian Mölling
(Lead Author and
Research Director, DGAP)
Tyson Barker
David Hagebölling
Afra Herr
Dr. Kai Kornhuber
Dr. Aylin Matlé
Rolf Nikel
Jacob Ross
Dr. Tim Rühlig
Dana Schirwon
Slawomir Sierakowski
Dr. Kira Vinke
Valentin Weber

The war of aggression that Russia launched against Ukraine in February has destroyed the European security order. The German government has defined this moment as a sea change (Zeitenwende) for its foreign and security policy. It still must envisage and shape a new order. Key factors are whether Europe will be united in strategic policy areas, and how Russia will position itself.

– With regard to Russia, Europe should brace itself for three possible developments – confrontation, coexistence, and cooperation.

– In a world that will be increasingly prone to conflict, Europe needs to be strong. Only then will it be able to help shape a security order that will allow it to act according to its own interests.

– For this new security order to materialize, European unity is essential in strategic policy areas including the rule- and law-based international order, defense, climate protection and energy policy, geo-economic resilience, and technological sovereignty.

Russia's attack on Ukraine, in violation of international law, is causing a tectonic shift in Europe's security order. In just a few weeks, the war has shaken up global politics more than any other development over the past three decades since 1989. Germany is proclaiming a *Zeitenwende* – a historic sea change – and announcing significant investments in defense and energy security. NATO is massively increasing its presence on the Alliance's eastern flank; Sweden and Finland are considering joining NATO; the EU is supplying weapons to Ukraine; and Russia is moving closer and faster toward China because it is finding itself increasingly isolated due to the economic and political sanctions imposed by the political West.

The war against Ukraine is also changing global power and governance structures. Energy prices are rising around the world. Concerns about food shortages are growing as Russia and Ukraine would normally be the granaries for countries far beyond Europe. Europe is accelerating its efforts to become less dependent on global supply chains, whether through reshoring or diversification of suppliers. As the conflict escalates, the unfettered realm of cyberspace becomes an ever more important theatre in terms of security, even for countries that are not militarily involved. The fight against climate change as a key issue for Europe's and the world's long-term security is in danger of being pushed aside.

Germany's government and parliament face the challenge of identifying the direction to take, given the sea change they have proclaimed: How can Germany help shape a new European security architecture? DGAP experts outline three different paths of development and identify options for taking action.

A SEMINAL MOMENT FOR EUROPE'S SECURITY ORDER

It is impossible to define the exact moment when a new security order in Europe will be taking shape. Nor can we make out details about when and how the war will end. Nevertheless, it is possible to gauge the direction that developments are likely to take. It is already obvious that the confrontation will not end at the conclusion of military operations. Rather, the conflict will continue at other levels: political, economic, cultural, and in cyberspace.

From a European perspective, the first issue is to establish a new geopolitical order. We need to be clear about the fact that this must be done without – or

even against – Russia as it is unlikely, even after the war will have ended, that Russia's current leadership will accept Europe's core principles concerning peace and security. These are principles that Russia itself once subscribed to: prohibition of the use of force, rule of law, respect for sovereignty, and a free choice of alliances. Europe and its allies must not make any concessions in this regard.

Those differences will create a political divide between a Europe that is free and democratic and a Russia that is aggressive and autocratic. The boundary will be defined by the scope of application of the rule- and law-based international order. Europe will be facing a Russia that relies on the principle of "might makes right." A rule- and law-based order in Europe means that not only the EU but also other European states will act in accordance with these principles. This set of rules must allow Eastern European countries and partners in other parts of the world to engage with Europe. Europe cannot tolerate violations of the rule of law within the EU as the price of external cohesion without doing itself harm.

Likewise, the war is changing the military balance of power in Europe. The Russian army will, at least partly, emerge weakened. In other parts of Europe, especially in countries that are part of the EU and of NATO, new investments in defense are being pledged. Russia's invasion of Ukraine has strengthened NATO's political and military cohesion and may provide momentum to deepen European integration. It remains to be seen whether and how the EU and NATO will integrate Ukraine and other countries, such as Moldova, into their political and military structures.

The economic sanctions imposed on Russia are changing Europe's economic dependencies. Since they mainly concern energy and raw materials, they also have an impact on climate policy in Europe and the world. To restructure those dependencies, Europe is looking both to new partners and alternative technologies. This is changing the dynamic in political multilateralism and in financial and trade flows. In other words, the geo-economy is being redefined across the world. In the short term, Europe is cutting almost all its ties to Russia through sanctions on goods and financial flows. Russia is likely to suffer massively from the sanctions and penalties, but the resulting costs and losses in welfare will also weaken Europe. The position that China takes on all of this will have a particularly important impact on further developments: Will it support Russia, and will it replace Europe as a supplier for the Russian market?

Technological sovereignty is a critical factor not only for prosperity but also for security. As a result of the Russian aggression, the United States has brought together the most important technologically advanced democracies to impose comprehensive export controls on Russia. In international forums – especially on internet governance and cybercrime – the positions between liberal democracies on the one hand and Russia and China (including the countries that support them, for example Belarus or Syria) on the other are hardening. As a result, the world is threatening to split into different technospheres. Both competition and interoperability between these spheres may become impossible due to politically influenced differences in technical standards and regulations. The EU and the United States also plan to secure access to rare earths and raw materials independently of supplies from Russia to enhance their technological sovereignty.

Europe's influence on a new security order will depend on its unity

Russia, as the largest country on earth and the easternmost part of Europe, will continue to pose a challenge to European security. This will not depend on whether it becomes stronger or weaker or whether it will seek to be cooperative in shaping a new order. Europe, however, is likely to become independent of Russia's raw materials and energy sooner or later, which will reduce Russian influence on the continent. In any case, Russia's internal order will be unstable as the country will face major economic, political, and social upheavals.

THREE SCENARIOS: CONFRONTATION, COEXISTENCE, COOPERATION

Europe's influence on a new security order will depend on its unity. This will be measured by its ability to create and implement a lasting common – or

at least more coordinated – policy in the domains of geopolitics, defense, geo-economics, energy, climate, and technology, which will further deepen this unity, especially concerning the EU.

So far, the war against Ukraine has strengthened both the unity of EU states and their cooperation with other partners, whether in geographical proximity (UK, Turkey) or those sharing the same values (Australia, New Zealand). This determines Europe's ability to set the parameters for its future relationship with Russia. The following three scenarios illustrate different options for the future. They shed light on steps that Europe's leaders should take or avoid.

Confrontation: A Strong Europe Isolates Russia and Pushes It Toward China

In this scenario, the EU musters the political will to fundamentally reorganize its own structures in a security order that excludes or opposes Russia, which also allows Europe to hold its own against China.

Institutions of the old order such as the NATO-Russia Council or the Council of Europe as well as the arms control architecture in Europe will have collapsed. Nevertheless, Europe, Russia, and the United States can establish a minimum of stability through mutual deterrence. As Russia does respond to military and economic pressure, Europeans rely on a mix of credible deterrence of a primarily military nature, economic coercion, and incentives. The OSCE continues to function to some extent and helps avoid direct military confrontations. Some arms control treaties can be concluded through its structures. The United States also negotiates bilaterally with Russia on nuclear weapons.

For the United States, this precarious peace is sufficient. It makes it possible for the administration in Washington to turn its attention back to Asia. NATO's European pillar increasingly bears the brunt of military deterrence – by 2035, Europe is supposed to supply 70 percent of the conventional capabilities available to the Alliance; the United States provides little more than the nuclear component. As a result, Europe must cooperate more closely to be able to carry the additional conventional burden.

In this scenario, the world will move toward a geo-economic split. On the one side, there is a Eurasian economic zone emerging with Russia as junior partner to China. Beijing will make its global market available for Russia's raw materials and products for as long as it can benefit from such an arrangement, ensuring Russian

independence from the West without incurring excessive costs. Politically speaking, China keeps an ostracized Russia at a distance. Europe is strengthening alternative trade partnerships for rare earths, copper, and aluminum. By tightening supply chain legislation, it is improving environmental and social standards in manufacturing countries. At the same time, European companies will have to implement climate protection measures along their global supply chains.

China will become Russia's main supplier of technology, even if it can only partially fill the gaps caused by Western technology embargoes, especially concerning hardware. However, China is ready to absorb the secondary sanctions imposed by the United States, which are intended to prevent third countries from exporting technologies containing US components to Russia. At the same time, Beijing's leadership is helping Russia to rebuild a competitive industry. Digital connectivity between Russians and Europeans will be reduced to a minimum. Russia is attempting to impose tight control over private information. To this end, Moscow is perpetuating the exclusion of foreign social media and platforms and further restricting the exchange of data between Russian and foreign internet gateways at the infrastructure level.

In the meantime, EU member states and institutions will, politically and legally, clear the way for a complex evolution to a multi-speed Europe anchored by the European Union. While member states can opt to deepen their political and economic integration, non-members will be offered a new status: a membership that comes with limited voting rights but allows participation in funding programs and closer links to the EU in security-related fields such as energy, defense, infrastructure, or climate. This evolution serves to blur the difference between EU members and countries in the Balkans, Moldova, Ukraine, and Georgia, as well as Turkey, the UK, and Norway. Funding programs and debts that are security-related will be exempt from the EU's rules on limiting debt for 20 years. Even in the short term, integration in the energy sector is proving successful. To purchase energy on the world markets, Europe acts as a single buyer while ensuring that each country has equal access to energy supplies. At the same time, it diversifies its dependencies. The EU also introduces tighter caps on European emissions trading and accelerates the move toward renewable energies. European countries agree to spend an amount of money on climate protection measures and climate-oriented cooperation that is similar to the amount they spend on defense.

The European Union is taking this major step to reduce Russia's influence on Eastern Europe and other regions while maintaining the political peace among its member states. It does not put as much emphasis on exporting its values anymore. At the same time, this evolution helps prepare Europe for geopolitical competition with China and the United States.

Coexistence: Europe Reverts to Its Old Weaknesses

In this scenario, the EU's old problems quickly return. Russia's war against Ukraine becomes routine. The countries in Europe are at odds with each other. Two issues prove particularly divisive: how to use public money that is becoming increasingly scarce, and how to deal with the countries in Eastern Europe and Central Asia that are increasingly falling under Russian influence – for example, Belarus, Moldova, and Georgia. In Poland, the right-wing nationalist government is tightening its grip on power and continuing to weaken the rule of law. Yet at the same time, it is providing the most support to Ukraine, which renders it immune to criticism in some ways.

Under these circumstances, Europe cannot maintain its forceful united front against Russia. Eastern European countries that are not part of NATO or the EU are weakened economically and politically; sometimes they lean toward Russia and sometimes toward the West. Following the example of Belarus, Moscow is also pushing Moldova and Serbia to enter into a defense alliance with Russia. Nevertheless, both countries continue to strive to join the EU. The Balkans are becoming increasingly unsettled, and NATO and the EU are obliged to step up their presence on the ground.

While the EU is relaunching its European Neighborhood Policy, its approach is based on old concepts. It does not offer any special partnership to either Ukraine or Turkey – even though the latter made serious efforts to contribute constructively during the Ukraine war to European Security. This leaves both states frustrated and seeking a new role within the power structures at play between the EU and Russia. At the same time, individual EU states are leveraging their advantages. Poland is deepening its relations with Ukraine, including in defense.

In this scenario, EU sanctions against Russia are slowly and quietly being lifted after a ceasefire between Ukraine and Russia has set in. EU countries individually resume commodity trade with Russia to restore their full industrial capacities to offset the

effects that the COVID-19 pandemic and the sanctions had on their domestic economies. Even if this is not sufficient for Russia to stage an immediate recovery from the economic ruins of the sanctions, the incoming money enables the regime in Moscow to stay afloat.

At the same time, the EU's European Neighborhood Policy also makes it possible to resume civil society exchanges with Russia by taking advantage of the widespread corruption. The fallout from the sanctions has increased everyone's dependence on illicit income, and tax revenues are minimal as the black market flourishes.

EU countries should revive and broaden the idea of the "West"

As production in Europe picks up, energy demand rises rapidly. To increase their security of supply, EU states become less ambitious in terms of fighting climate change and prolong the use of fossil fuels as well as of nuclear energy. They justify this course of action by saying that they want to prevent a renewed dependence on Russia. The EU's abandonment of its climate targets is a signal to the rest of the world: Europe effectively sets in motion a dynamic that destroys ambitious targets for emission reductions and thus hard-won global progress. The EU loses credibility internationally as a reliable actor for protecting the climate. The hopes that were associated with the reentry of the United States into the Paris Agreement fizzle out. After Europe, other countries follow suit and revert to fossil fuels. In global climate negotiations, the temperature limit of a maximum of two degrees global warming is called into question.

NATO agrees on a new deterrence and defence posture against Russia. But countries in Western and Southern Europe believe this step to be exaggerated and are slow to live up to their commitments. Troop levels on NATO's eastern borders are maintained, especially as countries on the eastern flank

provide larger contingents. Once again, there is an argument about burden sharing. The United States considers this to be an issue for Europe. US President Joe Biden, who relied on his European partners for America's social and political renewal, loses the presidential election to a minion of Donald Trump. Once again, Europeans are arguing about the incompatibility of strategic autonomy and the transatlantic partnership. Russia remains weak in military terms for the foreseeable future because it lacks resources for investment.

Cooperation: Russia Implodes and a New Security Treaty Becomes Possible

In this scenario, the focus is on developments in Russia, where the economy is nearing collapse because of the sanctions. Ordinary people in Russia no longer have guaranteed access to foodstuff. The situation in the country is such that riots break out in many regions, especially in the European part of the country.

An attempt at regime change in Russia leads to disaster. Actors from President Vladimir Putin's entourage remove him from office and hand him over to the International Criminal Court in the Hague to save their own skins. But the ensuing power struggle plunges the country into disintegration. Russia becomes unable to act externally. Liberal or progressive forces that could implement a democratic turnaround politically find themselves marginalized.

At this stage, there is a considerable risk of an unintended military incident. However, China successfully offers to secure Russian nuclear facilities and weapons systems. NATO troops or US officials, however, will not be granted access because relations are too badly damaged after the attack on Ukraine.

The implosion of the country with the biggest territory has an impact on Europe as well as on Russia's southern neighbors. There are massive refugee movements from Russia. For better or for worse, Europe must intervene to try and stop the humanitarian catastrophe. It also has to invest in stabilizing Russia in the long term. This leads to massive competition with China over investment and influence in Russia.

Even if there was an appetite for trade and foreign investment at this stage, it would be impossible to satisfy because no political or economic structures exist. The scope for political renewal and reorganization of public life in Russia takes time to develop and is initially limited to the regional level.

Russia will be unable to pursue its own technological development for decades to come because it lacks resources and experts – whoever has been able to leave the country in recent years has done so. Russia's fossil fuels are now being rapidly extracted in areas under Chinese influence. A new generation of organized crime is also involved in illegal exploitation.

The EU is taking advantage of this phase to invite Eastern European states, as well as Central and East Asian countries, to cooperate on climate protection and energy. A special program is launched for Eastern Europe to strengthen democracy and resilience.

The European Commission successfully manages the shift to renewables across Europe by using far-reaching regulatory instruments. Greenhouse gas emissions fall steadily and drastically so that the EU is able to reach its climate targets by 2030.

SECURITY FOUNDATIONS FOR A STRONGER EUROPE

In a world that is increasingly prone to conflict, Europe needs to be strong to help shape a security order that will allow it to assert its interests – regardless of the state of Russia or the role that the United States and China will play in that order. For this, Europe needs allies. Therefore, EU member states should revitalize the idea of the “West” as something that is more than a geographical concept and reset relations with countries like Great Britain or Turkey. Such an alliance should include states around the world that share the same ideas and principles regarding democracy, freedom, and the rule of law. This includes the United States and Canada as Europe's transatlantic partners, but also Japan, Australia, and all other countries committed to these principles.

It is essential that climate protection does not fall victim to short-term crisis management as that would create even greater security risks. Climate protection goals must be incorporated into all the measures of a new European security order. Protecting the climate is not just a legal obligation. It is a security policy imperative for achieving sustainable peace and protecting future generations.

Transforming the European Union into a multi-speed organization is key. This means that no EU state should be allowed to stop others from entering

into a closer political and economic union. At the same time, the EU should broaden its membership concept regarding a number of strategically important policy areas and offer an EU membership with limited voting rights to some countries. In addition, the EU should launch a geopolitical resilience initiative and specifically engage countries that Russia considers to be within its sphere of influence.

When it comes to geo-economics, Europe will need to provide enormous resources over a long period of time in all three scenarios. But at this stage, it can still decide what it wants to spend money on and which future it wants to shape through its spending. Europe will become stronger based on three elements. The first is to complete and expand the EU's fiscal and economic union. This means transferring more money within the EU to create acceptance of the new enlargement concept and the investments in resilience associated with it. The second element is to increase diversification. And the third is to use more caution in the choice of trading partners on the one hand, and technological modernization and green economy issues on the other. Therefore, democratic Europe should consider setting up a Green Marshall Plan for European ring states such as Ukraine and Moldova. Elements concerning the transition toward renewables should also be open to Russia, depending on the outcome of the war. At the same time, Europe needs to keep the sanctions in place or be able to reactivate them quickly.

Progress must be made on the Energy Union. Europe's dependence on fossil fuels, especially natural gas, is a significant factor in its disunity regarding the Russian war of aggression. A secure energy supply, at least for its member states, should be at the heart of the European Union's future security policy. The goal is to safeguard the EU's strategic capacity to act and to minimize its dependencies and vulnerabilities. This should be done by shifting to renewable energy, diversifying among necessary external suppliers, and expanding the trans-European power grid.

What is also needed is a set of rules to limit the access of authoritarian states such as Russia to strategic technologies. At the same time, imports of critical technologies (e.g., surveillance, digital services) from such countries to Europe should be restricted. Appropriate rules need to be adopted by the G7, EU, and NATO.

By making Russia's war of aggression the impetus for its sea change in security policy, Germany has made defense the touchstone of its commitment to Europe. It now holds the key to achieving closer European integration by strengthening Europe's defense. To live up to its promise, Germany should use its defense investments to create and strengthen European structures in the armed forces as well as in industry. Given the huge sums that Berlin is putting on the negotiating table, such a program is not only conceivable but also possible. The goal would be to overcome the EU-NATO divide and create European defense capacities within a decade.

The three scenarios presented here are intended to spur a debate on the fundamentals of a new European security order which needs to be held now. Will Europe be able to become self-determined in its decisions about security over the coming years? That is the measure of success for Germany's policies in reaction to the Zeitenwende it has proclaimed. All potential developments need to be considered together – and that does not apply only to those in the political realm. A deeper analysis of the pros and cons of individual approaches in specific policy fields and of possible blind spots in the current discussion and policy concepts is necessary for shaping developments.

AUTHORS

Dr. Christian Mölling

Research Director, DGAP
Head, Security and Defense Program

Tyson Barker

Head, Technology and Global Affairs Program

David Hageböling

Research Fellow, Technology and Global Affairs Program

Afra Herr

Research Assistant, Security and Defense Program

Dr. Kai Kornhuber

Senior Fellow, Center for Climate and Foreign Policy

Dr. Aylin Matlé

Research Fellow, Security and Defense Program

Botschafter Rolf Nikel

Vice President, DGAP

Jacob Ross

Research Fellow, France/Franco-German Relations Program

Dr. Tim Rühlig

Research Fellow, Technology and Global Affairs Program

Dana Schirwon

Research Fellow, Center for Climate and Foreign Policy

Slawomir Sierakowski

Senior Fellow, Alfred von Oppenheim Center for European Policy Studies

Dr. Kira Vinke

Head of Center for Climate and Foreign Policy

Valentin Weber

Research Fellow, Technology and Global Affairs Program

DGAP

Advancing foreign policy. Since 1955.

Rauchstraße 17/18
10787 Berlin
Tel. +49 30 254231-0
info@dgap.org
www.dgap.org
@dgapev

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