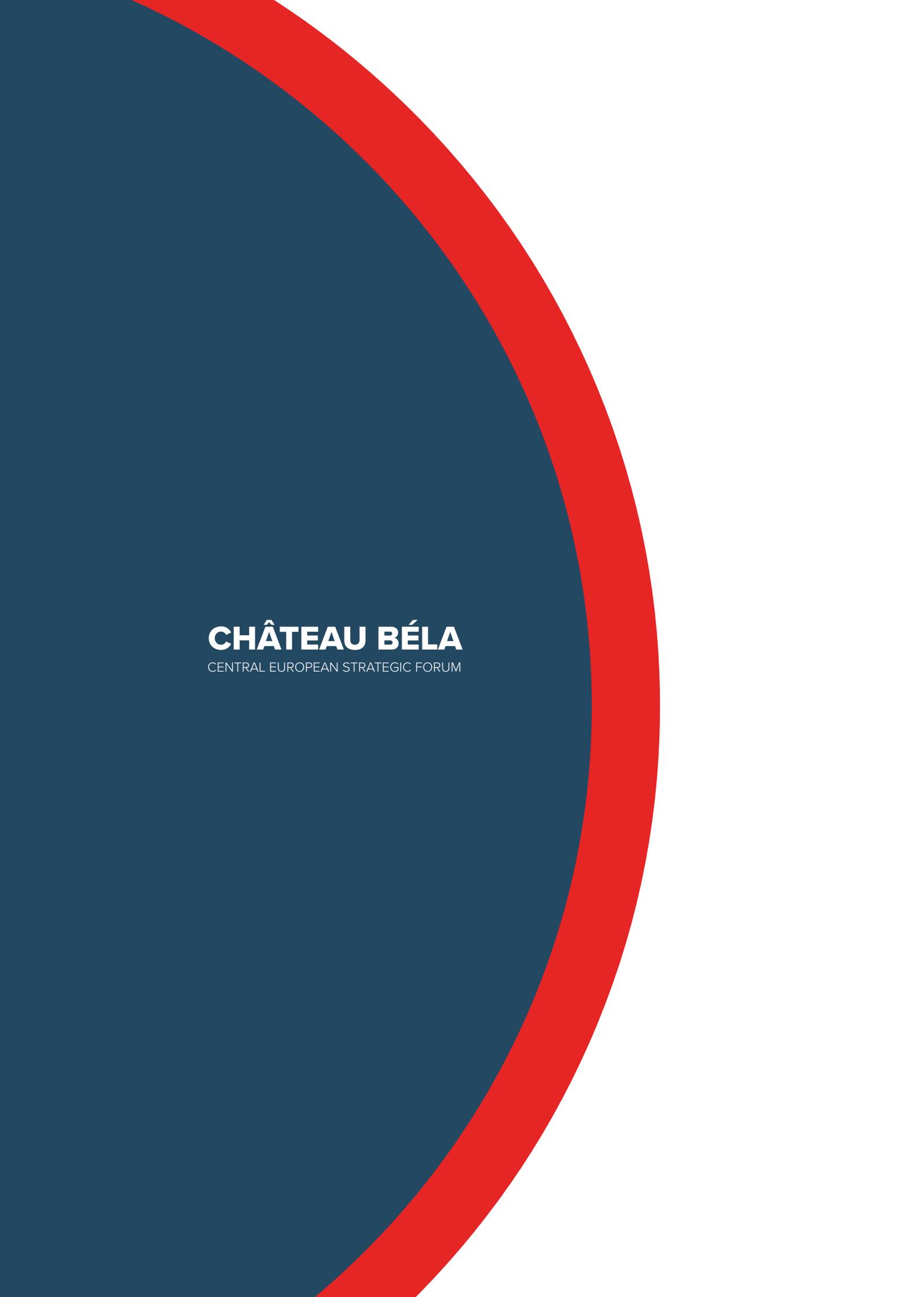


CHÂTEAU BÉLA

CENTRAL EUROPEAN STRATEGIC FORUM

2019 TAKEAWAYS





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The GLOBSEC Château Béla Central European Strategic Forum brings together leading political representatives, key decision makers, business leaders, experts from influential think tanks and academia who significantly contribute to developments in international affairs.

HOW TO WIN THE NEXT DECADE?

Key message: The next decade will belong to technology innovators and technology integrators. The democratic system that spurs creativity and innovation will have to learn to react faster and update its institutions in real time to stay in the game.

The competition for the 21st Century will be won by those with the greatest capacity to innovate and/or absorb emerging technologies. The information domain will become the battle space between democracies and non-democracies where the borders between the two systems are delineated by an increasingly bifurcated internet. Unlike the evolutionary developments of the past, the technological advancements of today are revolutionary and disruptive. Centralized, authoritarian regimes have quickly stepped up to deal with the challenge and to harness the potential of emerging technologies to their advantage. Democratic institutions are slower and messy by design and are struggling to keep pace. The gap between progress and our ability to manage it is intensifying. But despite these deficiencies, it is the democratic system with its propensity to spur free thinking, creativity, and innovation that has been the key to our success. We do not need a new system. We need an upgrade and update of the current one. Our generation has an historic mission to achieve this. We need human cooperation at an unprecedented scale to ensure technology is used for the greater good and the digital domain is transparent and based upon democratic values. Bold ideas will have to be tested in order to manage technological

breakthroughs and adjust the social contract between citizens and institutions. These might include public-private ownership of online platforms, integration of the concept of cognitive security into our approach to technology, or treating code as an architectural design that has norms and rules embedded within it.

CHINESE BELT AROUND CENTRAL EUROPE?

Main message: Without a coherent conversation and strategy on China in Europe and with the U.S., China will fill the vacuum of global presence and will write the global rules on policies where the EU and US fail.

As the West is learning to deal with a more assertive China - self-confident, technologically advanced, and politically ambitious in nature - we will need to look for opportunities to cooperate but remember the necessity to compete. It would be fruitless and counterproductive to attempt to contain China. The only way for the West to secure the primacy of liberal economies and democracies is to outperform and hence outcompete China. We must channel China through existing liberal institutions rather than contain and isolate. First, we need to credibly address the transatlantic rift that has been a gift to all our adversaries. A trade deal between the US and China and a tariff war between the US and EU would be the opposite to that goal. Second, we need to understand the strategic environment better. We have underestimated China. It is time to understand that China exercises power in ways that we do not, and in places where we do not. A closer look into the Chinese presence in Europe and its careful evaluation is similarly long overdue. Third, the relations with China today is not the Cold War of the 20th century. In the new environment, a European chip is more important than a European army. Europe has to step up its effort to deliver progress in the technological domain and deliver improvements of the quality of life if it wants to outperform China. Collaboration with the US will be crucial in defining the global rules on technological standards and integration.





TRANSATLANTIC FRENEMIES?

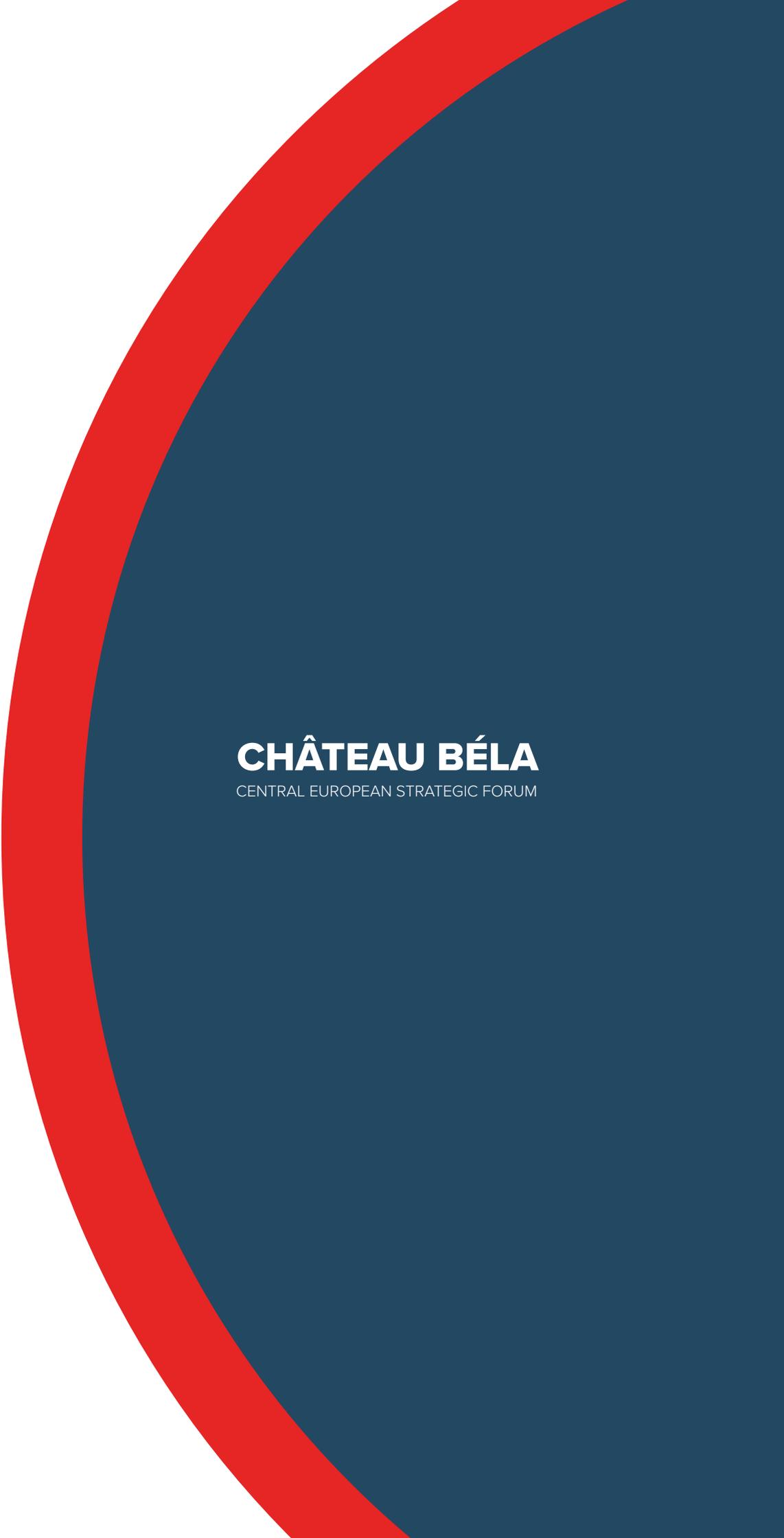
Key message: With US leadership receding, Europe needs to step up and turn into a solid anchor of Transatlantic relations. To withstand the global power competition shifting towards democracies v. autocracies contestation, Western states need to build global alliances.

The current episode of transatlantic relations is sowing confusion and forcing countries to contemplate all possible options. A broad consensus has emerged that reduced American leadership is a permanent feature of the future within the global stage. Despite the current moment of funk, it is a time to recompose and create new models to combat global challenges. For its own sake and for the sake of the promotion of the democratic way of life, Europe needs to step up its game and take on new responsibilities. The European Union will need to be included in the rebalancing efforts within the transatlantic space. It is necessary to develop a structured dialogue between the United States and the European union on a broad range of issues, from trans-Atlantic security, to trade and economic development. Ultimately a structured dialogue is necessary to coordinate grand strategy and support institutions that promote a rules-based approach to global order. Global power competition today is increasingly defined not by a state v. state contestation but by one of democracies against autocracies. For democracy to assert its eminence, we need to build and engage a global alliance of democratic values promoters - the ideas of the West are broader than the West. Such an alliance can be formalized through a D10 format – the gathering of the strongest 10 democratic states. This creation of a potential D10 would serve as further evidence and credence of the utility of allies and global partnerships. At the same time, merits of working with allies must be better communicated and explained to the transatlantic population. To protect democratic values and way of life, holding reactionary attitude and a defensive approach to global affairs is no longer enough. Democracy supporters can no longer afford not having a forward-looking proactive strategy of protecting and promoting our core values and institutions. Joining forces on promoting democracy-compatible technological standards where the EU has already assumed the role of global norm setter moves this effort forward.

IS THE EU READY FOR THE DISRUPTED WORLD?

Key message: The European Union has to invest in its ability to drive and manage the disruptive agenda in the area of climate and technology to remain relevant in the increasing multipolar and decreasingly cooperative world.

The European Union has so far been unable to transform its economic power into the corresponding global influence. In part, this is because the European Union has been consumed with its own battles. The time for the European Union to transform itself into a global actor with a cohesive strategy is now before it is too late. As we are shifting from multilateral to multipolar world, which is based on fighting for interests and creating spheres of influence, Europe must turn to action. The potential of the internal market – which needs further work to complete – should also be leveraged to enhance the technological competitiveness of Europe. While the EU has claimed it has global ambitions, the words have to be matched with action: you cannot become a global player if you are not able to project power and influence in your own neighborhood – for example, Ukraine and the Balkans. The global sense of urgency is strong enough for EU member states to push themselves to overcome disagreements and find unity. European institutions must advance a common agenda on a global scale. One way forward, is to take a step away from the entrenched political divides and focus on the disruptive agenda that motivates people. For example, climate change and technology. With its ability to export its regulatory environment in exchange to access to its internal market, the EU has a greater footprint in these areas than it realizes. Further investment into R&D, development and better financing mechanisms, including capital markets, is needed to support innovation. The European Union must find the right balance between regulation and innovation, in order to further boost economic cohesion. These goals must remain a top priority for the incoming Commission.



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