

CHÂTEAU BÉLA

CENTRAL EUROPEAN STRATEGIC FORUM

2022 TAKEAWAYS



GLOBSEC CHÂTEAU BÉLA 2022

Outcome Report

Over a three-day period, GLOBSEC's annual Château Béla Central European Strategic Forum occurred along the Hungarian – Slovakian border. A collection of senior policymakers and thought leaders from Europe and the United States descended for discussions on the most pressing issues facing Central and Eastern Europe (CEE). Building on earlier conversations from the previous years' editions, the discussions focused on the new geopolitical, economic, and security landscape resulting from Russia's unprovoked war of aggression against Ukraine. Against the backdrop of this reality, participants analysed and debated a host of highly relevant themes. From recognising the shift of the European centre of gravity to the CEE region, defending resilient, democratic institutions and human rights, highlighting the importance of transatlantic relations to sustaining comprehensive support for Ukraine, as well as addressing energy shortages and global economic turmoil, there was no shortfall of topics for introspection. Despite the challenging year, Europe and Europeans have succeeded in sustaining unity for months. However, winter's arrival, coupled with a broad spectrum of uncertainty, was not lost on participants and is reflected in the discussions held and policy outcomes found below.



SUMMARY POINTS

CEE

- The CEE region stands on the frontline of continental turbulence. The region has provided exceptional support to Ukraine at every level, from political to military and humanitarian assistance. Poland and Slovakia have played a strategic role as a logistical hub for supporting Ukraine and, together, boosted their importance within the EU in both political and security terms.
- CEE countries have greatly answered the call to support Ukraine and have taken a major lead in supplying the Ukrainian Armed Forces against Russian aggression. Armed with the knowledge of what it is like to be under Russian occupation, these countries have become

a symbol of resistance in Europe, refusing to let history repeat itself.

- CEE is responsible for leading assistance efforts for Ukraine and the entire European Neighbourhood. This is manifested through considerable progress in the EU enlargement process. Throughout the Czech EU Council Presidency, the EU opened the accession negotiations with Albania and North Macedonia, made further steps on visa liberalisation with Kosovo, and worked towards Bosnia's candidate status by the end of 2022.
- CEE's role in leading is here as long as there is motivation to contain Russia's miscreant behaviour. The countries in the region will never relinquish their current policy vis-à-vis Russia as the possibility of returning to the pre-war status quo based on economic and political grounds is over.
- CEE countries need to sustain and continue with their support to Ukraine. This includes the reconstruction process, unprecedented counsel and policy assistance with the EU membership, and backing Ukraine's path to NATO membership.

EU

- The war has recalibrated the current political balance of power in the EU. Given the events in Ukraine, the centre of gravity has been shifting to the CEE region. This event has the potential to bring about the end of the perceived status quo in which countries of so-called "old Europe", like France or Germany, play an oversized, dominant role in the process of continental policymaking versus "new Europe".
- The EU should not focus on a sole national leader (such as Germany or France) for its whole community. Rather, there should be an emphasis on creating a coalition of leaders driving the EU forward.



- ▶ The EU must re-think and design a new credible pan-European security system which embraces Ukraine as a potential EU member.
- ▶ European solidarity and unity have been essential when helping Ukraine. The war has demonstrated that Europe is not in decline. It has proved to be a leader in assisting Ukraine. However, it will be essential to consider what will follow the winter. Europe needs to set and define its further strategic goals.
- ▶ The European project is incomplete without the inclusion of the Western Balkans. A credible accession prospect is vital to keep Putin's Russia and Xi's China at bay in Southeastern Europe. The EU must seize its current geopolitical moment to revamp the integration of the six small, economically fragile countries.
- ▶ There continues to be numerous lingering challenges within Europe that need to be solved internally. Since the eurozone crisis in 2009, the EU has experienced a series of challenges, with more potential crises that will occupy EU leaders' to come. In view of the Union's inherently fragile cohesion, building trust among member states and toward EU institutions must be an ongoing exercise.



Ukraine

- ▶ The war is nowhere near concluding. Europe and its allies need to sustain political, economic, military, and humanitarian assistance to Ukraine. Winter has arrived, and therefore it will be essential for each country to do their part in providing help.
- ▶ Based on multilateral consultations and the experience of EU members, it would be in the interest of European countries to prepare Ukraine's roadmap to EU membership, including the provision of the pre-accession funds and implementation of promised fast-track accession procedure.
- ▶ In the framework of the candidature status for EU membership, Ukraine has started implementing seven steps, indicated by the European Commission in its Conclusion in June 2022. If Ukraine delivers on the seven recommendations of the European Commission, EU institutions and member states should consider issuing an interim report on Ukraine.



- ▶ Leaders across the world need to build further support for the establishment of war crimes trials against Russia for its actions in Ukraine. There must be a collective push for international efforts to set up a special tribunal to prosecute the perpetrators of war crimes and crimes against humanity in Ukraine.
- ▶ Communication is the key to repelling Ukraine war fatigue. There is a real risk that Ukrainians' life-threatening situation will dwindle from the public eye, given the current maelstrom of crises. It will be crucial to explain why the country still needs a high level of support, why this is in the EU's best strategic interest, and how the EU can provide this support.

Transatlantic relations

- ▶ NATO remains Europe's primary security guarantee. Finland and Sweden entering NATO will create room for a more robust Nordic defence integration and provide powerful joint muscles. The promise made at the Madrid Summit to invest more in the Alliance has come true, with the newly approved budget reflecting a considerable increase. The key is to focus the transatlantic relationship on the emerging authoritarian threat that challenges the liberal principles upon which both the US and the EU are based.
- ▶ The EU must continue its close cooperation and dialogue with the US on Russia and China. The US must stay strategically engaged with Europe. In order to sustain a positive transatlantic agenda, cohesion and consistency will play a crucial role in strengthening relations.
- ▶ The US and EU need to sustain strong transatlantic relations to assist Ukraine. The US can support Ukraine's European integration by cooperating closely with the EU to develop joint policies toward Ukrainian reforms that provide consistency and avoid overlaps or loopholes.
- ▶ The future of the US military presence in Europe lies in the future engagement of the EU members in the Indo-Pacific. From the US perspective, the Indo-Pacific is the centre of the current geopolitical shift. If Europe wants to avoid a decreased American military presence in Europe, there will need to be a total commitment from the EU in the Indo-Pacific.

- ▶ The EU-US trade and investment relationship is the most significant one in the world. The EU and US must find solutions to the EU's concerns over the Inflation Reduction Act.



Economic downturn and energy crisis

- ▶ The ongoing war in Ukraine has dimmed the prospects of a post-pandemic recovery. Russia's invasion of Ukraine has triggered an economic downturn across the world. The global economy continues to be weakened by the war through significant disruptions in trade and food supplies, as well as energy shocks, all of which contribute to high inflation and the subsequent tightening of global financing conditions.
- ▶ With overall economic activity shrinking and inflation rising, Europe is heading towards a stagflation scenario due to a combination of negative growth rates and high inflation. To avoid a situation like the 1970s, Europe will need to adopt measures focused on targeted support, deferred pay raises, and energy savings.
- ▶ Helping Ukraine economically is essential from the long-term perspective. Integrating the post-war Ukrainian market and reducing Russian dependencies will be paramount for Europe.
- ▶ Sanctions against Russia are working, but there is a lot of disinformation inside and outside the country. The Kremlin is publishing misleading macroanalyses to discredit the impact of the current sanction regime. Sanctions have had a devastating internal effect on supply and demand. However, the full-scale consequences will only be visible in the medium and long term.

- ▶ Meanwhile, in Europe, reducing energy dependency on Russia is a priority. In the medium and long term, significant investments in renewable and emission-free energy production and investments in mutual European transmission networks and storage technologies will be required. Besides diversification, saving energy, or pushing for renewables, some countries have opted to expand existing gas drilling sites.
- ▶ The EU and member states need to reflect collectively on the strategic outlook for their sustainable energy security, both, geographically and to ensure that decarbonisation stays on course. Economies of scale will be important. To achieve this, the EU and member states should consider "mini-lateral" forms of cooperation, for instance, the declaration among eight Baltic countries.

Liberal order

- ▶ The impact of the war stretches far beyond Ukraine. This war is also waged against the foundational liberal values of the international system. The liberal values of the free world are in retreat, and democratic institutions are facing a significant test.
- ▶ Countries worldwide are constantly dancing on a thin line with populism, disinformation, and illiberal forces. The war has intensified uncertainty among citizens. There is an increased need for societal resilience, which involves enhanced civic education.
- ▶ With soaring energy bills and inflation in Europe, EU institutions and national governments must double down on fighting Russian narratives and disinformation that continue to hit vulnerable audiences across EU countries.
- ▶ Governments need to focus on finding implementable solutions. To date, fighting populism and illiberalism has resulted in underwhelming results. We cannot keep putting temporary bandages over problems. There is a pressing need for a strategic focus on solving problems present in all democratic countries. Consistency is the key. Internally, Europe needs to be more consistent and adjust its ambitions with tools to achieve them externally.

