

Between States of Matter

Competition and Cooperation

Munich Security Report 2021

June 2021

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Tobias Bunde
Sophie Eisentraut
Laura Hartmann
Randolf Carr
Julia Hammelehle
Juliane Kabus
Luca Miehe
Simon Pfeiffer
Franziska Stärk
Amadée Mudie-Mantz

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Foreword by Ambassador Wolfgang Ischinger, Chairman of the Munich Security Conference



Wolfgang Ischinger

Dear Reader,

While the coronavirus pandemic has so far prevented us from inviting international leaders to a regular Munich Security Conference 2021, it cannot and must not impede the vibrant conversation on core challenges to international security that our events are known to inspire. By presenting our annual Munich Security Report, we seek to further stimulate the discussion ahead of the G7 and NATO summits: about critical security threats, how they can best be addressed, and how the new transatlantic momentum can be harnessed to that end.

At the core of the Munich Security Report 2021 is the question of how to best deal with the new geopolitical reality in which competition and cooperation not only coexist but increasingly condition one another. To effectively tackle the most serious security challenges, the transatlantic partners and like-minded states have to learn to navigate between these two “states of matter.” We are just at the beginning of a debate on how to design, communicate, and implement such a demanding grand strategy. The MSC intends to use its events and publications to provide venues and input for this necessary debate.

Our new report builds on questions we have raised throughout the past year – about the state of the West and the international order, about growing competition between democratic and autocratic systems, and about how the new transatlantic momentum can deliver concrete results. This debate took place in high-level virtual conversations and in publications on

“Westlessness,” on the “Zeitenwende” German foreign and security policy is facing, and on the “polypandemic” triggered by Covid-19. The Munich Security Report 2021 focuses on selected security issues that require concerted international action, specifically arms control and the energy transition, and on two regions that are at the center of growing geopolitical competition, namely the European neighborhood and the Indo-Pacific.

Our new edition comes with a few innovations. It features both the MSC’s revamped corporate design and the first edition of our Munich Security Index, an exclusive annual index of risk perceptions in 12 “states that matter”: the G7 and BRICS nations. Based on survey data collected by our partner Kekst CNC, the index allows us to zoom in on this set of countries that have decisive influence over the patterns of cooperation and competition in the international arena.

The Munich Security Report 2021, like its predecessors and special editions, would not have been possible without the generous support of our friends and partners – especially from the numerous institutions that have made their research and data available to us. I would like to thank them wholeheartedly and look forward to the conversation that this publication is meant to spark – both in the digital realm and hopefully soon again in person-to-person discussions on what we call the “Road to Munich 2022.”



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Executive Summary

Transatlantic leaders seem to have come to a common conclusion: the world's liberal democracies are facing a new systemic competition. While they support a joint strategy for dealing with their autocratic challengers by strengthening cooperation with each other, they are only at the beginning of thinking about the best way to compete where they must – and to cooperate with competitors where they can.

At last year's Munich Security Conference, world leaders discussed a world shaped by "Westlessness" – as diagnosed by the Munich Security Report 2020. Unfortunately, various developments have vindicated last year's dire analysis. Not only did Western countries continue to exhibit a lack of joint action on crucial global issues, the past year also saw continued attacks on liberal-democratic norms in key Western countries, with the storming of the US Capitol as the most emblematic symbol of the threat to democracy.

But there is hope. In the midst of a global pandemic, almost exactly one year after a divisive Munich Security Conference 2020, the speakers at the virtual MSC Special Edition on February 19, 2021, including US President Joe Biden, German Chancellor Angela Merkel, French President Emmanuel Macron, and other world leaders all voiced their support for a new beginning in the transatlantic relationship and for revamping cooperation among liberal democracies to prevail in a new age of systemic competition. After what can be called an "autocratic decade," liberal democracies are now willing to push back to turn the "illiberal tide." President Biden, having declared that "America is back" and ready to lead, is stressing at every opportunity that democracies find themselves at an inflection point and need to prove that democracy is not a phase-out model but can deliver tangible benefits to the people.

While the United States, under President Biden, is bent on taking up its traditional role as “leader of the free world,” a return to the status quo ante is not on the cards for the transatlantic partnership. Judging from their rhetoric, European leaders seem to have gotten the message, as few foreign policy speeches fail to mention the need for Europe to take on more responsibility. Yet in terms of action, critics are irritated by a general lack of European proposals to tackle the items on a long transatlantic to-do list. Some already fear that Europe is missing another opportunity to resurrect the West. America is back, but where is Europe?

After all, Europe has a key role to play. A shifting balance of power means that the US today does not need followers it has to protect. Rather, it needs capable allies with whom it can work together. As Europe will remain unable to provide for its own security for many years to come, it needs the United States as a “European power.” Yet, for obvious reasons, the US will focus its attention on the Pacific theater. Europeans and Americans need to find a new transatlantic bargain that works for both sides.

Above all, as French President Macron argued at the MSC Special Edition, this will require Europeans to assume much greater agency at their own doorsteps: “We need more Europe to deal with our neighborhood.” Yet it is precisely in its immediate neighborhood where the EU’s desire to become more capable and autonomous most frequently clashes with reality. From the Maghreb to the Caucasus, the EU has shown a limited ability to assume a more proactive role and effectively protect its own vital interests. With Europeans being no more than bystanders in some of the gravest crises in their neighborhood, Eastern Europe, the Middle East, and North Africa have become prime examples of “Westlessness.” Other powers have exploited this vacuum, pursuing interests that often run counter to those of the EU. In order to become a stabilizing force in its surroundings, Europe still has to tackle major deficits in the areas of capacity, strategic direction, and unity.

For Washington, the Indo-Pacific, not the European neighborhood, is the primary theater and hotspot for geopolitical competition. China's increasingly coercive behavior in what it sees as its backyard is foreshadowing how systemic competition could play out on a global scale. Yet the region also presents a prime example of increasing cooperation, as regional actors try to cope with the growing Chinese influence and the uncertainty of US engagement. Several European countries have also shown an increased interest in engaging in the region as they join a growing consensus that this is where the contours of international order in the coming decades will be decided. As strategic newcomers in the Indo-Pacific, European nations face the challenge of finding synergies with both the US approach and the approaches of like-minded partners in the region. While there is much common ground in areas like connectivity, supply chains, or the need to counterbalance Chinese influence in multilateral institutions, the transatlantic partners will also need to adapt to differences in interests and priorities with regional players.

Moving beyond "Westlessness" thus also means rethinking what has been known as "the West." While the liberal democracies of Europe and North America still form the core of the liberal-democratic community, they need to reach out to like-minded partners across the globe. Liberal-democratic cooperation among a broader set of countries – whether in formal institutions or in flexible frameworks – is seen as a prerequisite for successful competition with autocratic systems of rule. President Biden's proposal for a "Summit for Democracy," various calls for a democratic alliance on technology, or a strengthening of the D10, an informal group of the world's major democracies, are all examples for the renewed support for a globally oriented but value-based multilateralism. It remains unclear, though, how these initiatives relate to existing international organizations or initiatives such as the "Alliance for Multilateralism," promoted by France and Germany. And there is also the question as to whether it is wise to exclude nations that look for cooperation without subscribing fully to the liberal-democratic agenda.

Moreover, the leaders and the people of the world's major liberal democracies continue to disagree about how much competition, perhaps even confrontation, is needed to push back against autocratic assertiveness. While Russia and especially China are seen as major risks, as data collected for the Munich Security Index shows, many European countries are wary of opposing them economically or militarily. Many European leaders also fear that putting too strong a focus on the competition between democracies and autocracies will become a self-fulfilling prophecy, bringing about a new Cold War-like bifurcation of world politics, in which an economically attractive and increasingly self-confident People's Republic of China plays the role of a more powerful Soviet Union.

Yet despite their focus on the competition between different political systems, President Biden and his team have stressed that competition must not preclude cooperation, as none of the major challenges for humanity can be met successfully by mere coalitions of the willing. The Covid-19 pandemic has made painfully clear to everyone how interconnected our world is – and how cooperation is already hampered by increasing geopolitical rivalries. Two other global challenges – the climate crisis and arms races, both spiraling out of control – can only be met if there is at least a minimum level of global cooperation.

The past few years have seen the gradual unravelling of landmark agreements that limited the weapons arsenals of the US and Russia or helped build trust among the former Cold War adversaries. At the same time, other players have developed their nuclear and conventional military capabilities, and technological innovation is ringing in a new era of warfare, with profound new risks that lack regulation. While it is evident that arms control and nonproliferation efforts now require the buy-in of a much broader set of players, it is far from clear what a multilateral successor to the old arms control architecture could look like. To prevent a new, costly arms race between Washington and Beijing, China needs to be incorporated into regular and comprehensive strategic stability talks. And to find rules for the military use of new and emerging technologies – which not only determine the military risks of the future, but also shape the balance of power between liberal and illiberal norms – stronger coordination among the world's technologically advanced democracies is needed. However, the rules decided will only be effective if they have buy-in from states beyond the Western democratic core.

Broad-based cooperation is also needed to mitigate global warming. To this end, the international community must urgently step up collective efforts to move away from carbon-intensive pathways. At the same time, the energy transition itself, if not managed well, also has the potential to be highly disruptive. Yet with both climate and energy having become central domains of geopolitical rivalry, it is increasingly difficult to insulate the type of cooperation needed from the broader China-US competition. For that reason, the commitment of other players and collaborative formats gains in importance. But competition does not have to be all bad. If managed properly, it could even inspire a race to the top – spurring green investments and boosting bold climate action.

In fact, competition and cooperation do not only coexist. They condition each other. Whether states will be able to compete successfully will depend on their cooperative relationships with others. Likewise, the way competition unfolds will shape multilateral cooperation, its form, and its formats. To effectively tackle the most serious security challenges, the transatlantic partners must learn to navigate between these two “states of matter.” Together with like-minded states, they need to seek the right balance: between competing against the illiberal tide where they must (to defend core values and interests) and cooperating with challengers where they can (to tackle shared risks and threats).

But this is easier said than done. Moving in between these two states of matter, agreeing on, and successfully communicating where and when to cooperate, where and when to compete, or where and when to do both at the same time is no small feat. Against the background of new levels of interdependence and the internationalization of almost all policy fields, such a strategy requires skillful statecraft, intellectual commitment, and appropriate decision-making structures on the domestic and the international level. The necessary debate about how to create these conditions and about how to design, communicate, and implement such a grand strategy has only just begun.



1 Between States of Matter – Competition and Cooperation

What are the implications of increasing competition between democratic and autocratic states? What does this competition mean for global cooperation? How do various types of cooperation affect competition? Can liberal democracies both compete and cooperate with their challengers at the same time?

Between States of Matter – Competition and Cooperation

Tobias Bunde

As the speeches and debates at the MSC Special Edition on February 19, 2021, made clear, Western leaders increasingly share the conviction that the world is, in the words of US President Joe Biden, at an “inflection point,” facing a new systemic competition between democracies and autocracies.¹ Indeed, if there is one defining term in world politics today, it is competition. Whether dealing with technology, arms control, the future of democracy, or climate change, few contemporary analyses fail to mention increased “great-power competition” as a defining condition. In the capitals of the world’s leading states, analysts and politicians ponder the implications of the return of more conflictual relations between the great powers.



“We are in the midst of a fundamental debate about the future and direction of our world. We’re at an inflection point between those who argue that, given all the challenges we face – from the fourth industrial revolution to a global pandemic – [...] autocracy is the best way forward, [...] and those who understand that democracy is essential – essential to meeting those challenges.”²

Joe Biden, US President,
MSC Special Edition,
February 19, 2021

While the Biden administration represents a sharp rupture with its predecessor when it comes to diplomatic style and instruments, it shares the assumption that the coming era will be defined by competition between the great powers, notably between the United States and China.³ But Washington is not alone with this assessment. Against the background of worsening relations between the great powers, governments and international organizations around the world perceive a need to adapt to a different security environment. The United Kingdom’s Integrated Review makes clear with its title that it is the government’s strategy for dealing with “a more competitive age.”⁴ In its final report to the NATO Secretary General, the Group of Experts, tasked with helping the Alliance to adapt to a new environment, envisages “a world of competing great powers, in which assertive authoritarian states with revisionist foreign policy agendas seek to expand their power and influence.”⁵ The European Union, which is working on a new Strategic Compass, also aims to prepare itself for a world increasingly shaped by political narratives that “openly contest the values underpinning liberal democracies worldwide, and those of the EU itself.”⁶ In short, there is now a broad and widely shared consensus that the basic norms of what is known as the liberal world order are under pressure and that the new order will be shaped by open disagreements about the basic rules of the 21st century. Everyone is preparing for competition.

At the same time, there is an obvious need for cooperation. Today’s most important challenges to humanity – ranging from climate change and threatening arms races to the ongoing Covid-19 pandemic – drive home the message that countries of all stripes need to work together to avoid unacceptable

harm and destruction. The global reaction to the pandemic provides hope and simultaneously serves as a cautionary tale. On the one hand, scientists around the world have shared knowledge and produced vaccines in record time that are being applied in ever more countries. Numerous politicians, business leaders, and philanthropists have supported initiatives to foster a global response to the pandemic. As many have claimed, no one will be safe until everybody is safe. On the other hand, slow and half-hearted reactions to the virus in many parts of the world have not been able to decisively curb infections, causing unnecessary deaths and allowing the virus to mutate further. As a special Munich Security Report on the implications of the Covid-19 pandemic has argued, the world is struggling to cope with a “polypandemic” that is undermining development progress, exacerbating state fragility, and potentially further eroding international cooperation.⁷ Efforts to provide help to populations in need are tainted by geopolitical considerations and the effects of “vaccine diplomacy.” In all parts of the world, the crisis triggered a return of “my nation first” policies – even in Europe, where European integration had made national borders almost disappear. As UN Secretary General António Guterres noted at the MSC Special Edition, the global pandemic “x-rayed the world, exposing deep fissures and fragilities.”⁸ But the difficulties of the international community in adequately responding to this poster child for a shared threat are visible in other policy fields as well. The omnipresence of competition is threatening to undermine cooperation.



“A more and more assertive China has shown robust economic growth in 2020 – despite the pandemic. And a more and more defiant Russia continues to breach international rules at home and abroad – despite growing protests of its own citizens. It is up to us, the United States and Europe, to strengthen our cooperation again.”¹⁹

Ursula von der Leyen, President of the European Commission, MSC Special Edition, February 19, 2021

Democracies Versus Autocracies: A New Systemic Competition in the Making?

In this more competitive world, liberal democracies appear on the defensive today. The liberal optimism that defined the post-Cold War era has long given way to a more sober assessment. In contrast, analysts now refer to an “illiberal moment,” an “illiberal tide,” or even a general trend of increasing “autocratization.”⁹ For years, democracy watchdogs have registered democratic regression.¹⁰ Researchers at the Varieties of Democracy Institute conclude that the “level of democracy enjoyed by the average global citizen in 2020 is down to levels last found around 1990.”¹¹

Public opinion reflects this trend, as data collected for the [Munich Security Index](#) shows. While majorities in most countries surveyed believe that democracy is a force for good, gets results, and improves the economy, living standards, and fairness in society, many people feel that democracy is in decline. Considerable numbers think that democracy is not safe in their country. For instance, only four in ten Americans think that it is. Moreover, there seems to be

growing apathy about democracy in established democracies, where people are more likely to say that they “neither agree nor disagree” that democracy is a force for good, or that democracy gets results and improves things like the economy.¹² The poor performance of many liberal democracies in dealing with the Covid-19 pandemic has further strengthened a narrative of democratic decline.¹³ According to the Democracy Perception Index 2021, people living in democracies are less likely to say their government has responded well to the pandemic.¹⁴

Despite facing their own challenges, autocratic leaders rejoice at the rampant perception of liberal-democratic weakness. As footage of the mob storming the US Capitol on January 6, 2021, was shown around the world, Russian and Chinese politicians were quick to point out the weakness of the Western model.¹⁵ At the tense first high-level meeting between the Biden administration and the Chinese government in Alaska in March, the head of the Chinese delegation, Yang Jiechi, stressed the US should stop advancing its own model and noted that “many people within the United States actually have little confidence in the democracy of the United States,” whereas “according to opinion polls, the leaders of China have the wide support of the Chinese people.”¹⁶ In his address to a joint session of Congress in April, US President Biden took up this challenge: “America’s adversaries – the autocrats of the world – [...] look at the images of the mob that assaulted the Capitol as proof that the sun is setting on American democracy.”¹⁷ As Biden noted, autocratic leaders seem to be convinced that the momentum is on their side, making them believe that they can more easily challenge existing norms or institutions.¹⁸



“What China and the international community follow or uphold is the United Nations-centered international system and the international order underpinned by international law, not what is advocated by a small number of countries of the so-called ‘rules-based’ international order.”²⁸

Yang Jiechi, Director of the Central Foreign Affairs Commission of the Chinese Communist Party, US-China Bilateral Meeting in Anchorage, Alaska, March 18, 2021

In recent years, countries like Russia and China have intensified their attempts to provide alternatives to Western-led institutions, investments, and initiatives. Examples include new international institutions such as the Asian Infrastructure Investment Bank, large infrastructure programs such as the “Belt and Road Initiative,” or even international election observer missions on behalf of regional organizations whose members are anything but democratic.²⁰ While some of initiatives may not be harmful, the increasing role of autocratic countries in shaping core elements of the international order affects how conflicts are dealt with (or not dealt with) or which norms and standards are adopted.²¹ The long-dominant hegemony of liberal ideas is increasingly contested, and autocratic countries are often successful mobilizing support for their agenda.²² China, for instance, has used its growing economic and political influence to build coalitions of supporters, which counter criticism of its policies in Xinjiang or Hong Kong voiced in various international fora (see Figure 1.1).

Figure 1.1
Dispute about Chinese policies in Xinjiang and Hong Kong in the United Nations General Assembly, October 6, 2020



- Countries condemning China in a joint statement delivered by Germany on Xinjiang and Hong Kong
- Countries supporting China in a joint statement delivered by Pakistan on Hong Kong
- Countries supporting China in a joint statement delivered by Cuba on Xinjiang

Data: United Nations General Assembly. Illustration: Munich Security Conference



“How do we create a level playing field with an ever more challenging, confrontational China? And how do we deal with an ever more aggressive and repressive Russia? Answering these questions will be central to the future of our alliance. Strengthening NATO’s political role will be an important step. But what is even more important is that we commit to a joint approach. To me, that means pushing back, wherever Russia, China, or others are threatening our security and prosperity, democracy, human rights, and international law.”⁶⁹

Heiko Maas, German Foreign Minister, Inauguration of the Fritz Stern Chair at Brookings, March 9, 2021

While there is no denying that Western countries have caused their fair share of human suffering, an order increasingly dominated by illiberal powers will likely have far-reaching consequences for people around the world. For the past few decades, in particular since the end of the Cold War, liberal democracies have shaped international norms in a way that strengthened the role of the individual and promoted the idea of universal human rights. As legal innovations such as the Responsibility to Protect or the International Criminal Court exemplify, a coalition of liberal democracies and non-governmental organizations successfully worked to reinterpret sovereignty to strengthen basic human rights and prosecute their most egregious violations. While autocracies never really bought into these ideas, they lacked the support to oppose what many saw as an irresistible advance of liberal-democratic ideas.

Today, the tide has clearly turned. Even some of the most basic principles seem to be under assault. Legal scholars already track a development toward “authoritarian international law” that aims to walk back some of the liberal progress in international law and restore an absolute understanding of sovereignty.²³ While they praise traditional norms of state sovereignty and claim to defend the principles of the UN Charter, both China and Russia, just like the US, have pursued concepts of sovereignty that are rooted in pre-Westphalian traditions and grant them a license “to dominate others – paradoxically, in the name of sovereignty.”²⁴ Beijing has begun to promote a Chinese definition of the rule of law, which also has an extraterritorial dimension.²⁵ A less liberal international law, in any case, does not bode well for the victims of state repression. David Miliband has already warned of the advent of an “age of impunity,” in which the worst offenders have nothing to fear and the most brutal get their way.²⁶ The debates on humanitarian support for the Syrian people in the UN Security Council provided a glimpse into such a future, when Beijing and Moscow first blocked and then limited humanitarian access to a single border crossing, drawing heavy criticism from other members “for acting based only on political calculus in a purely humanitarian issue.”²⁷

Perhaps the return of great-power rivalry and the competition of different norms and values was inevitable, as the prospect of becoming “responsible stakeholders” in the liberal international order was never an attractive offer to Moscow or Beijing.²⁹ When the West and the international order it promoted seemed still too powerful both in economic and military terms, autocratic leaders only focused on specific issues where they would confront the West. Over time, however, pushback against Western powers and their asserted

“overreach” has become more common. Now, in a world of “Westlessness”³⁰ and with the US plagued by domestic challenges, non-Western powers are acting more self-confidently across the board.³¹ Russia exploited Western reluctance in places such as Syria or Libya, while China became more assertive in the South China Sea. While these actions already had effects on the West, as the Syrian civil war and the refugee crisis made all too clear, Western countries have increasingly become targets themselves. Analysts have long warned that election interference, cyberattacks, and the strategic use of corruption formed an emerging pattern: “These may seem like isolated or disconnected incidents. But they are not. They are deeply embedded in the logic of the emerging great-power competition, and they will only get worse.”³² Today, it is hard to miss the pattern. Competition extends to “all measures short of war.”³³

These developments have led to a strategic reassessment in many Western countries. While there is clearly a strong preference for cooperative relations, support for a more competitive approach has increased among the elites in the West as a whole. Initially reluctant to respond, many Western countries have concluded that they have to push back against these measures. The US and the EU have entered what can be described as a spiral of sanctions and countersanctions with both China and Russia. Once just a broad tool targeting international trade, in the new competitive environment, sanctions are now “a global mesh of coercive tools, some covering countries or whole economic sectors, others single firms or individuals.”³⁴ In the first months of 2021 alone, the US imposed sanctions on Russia “for interfering in last year’s US election, cyber hacking, bullying Ukraine and other alleged malign actions,” the US and various Western allies imposed asset freezes and travel bans on several Chinese officials because of their involvement in human-rights abuses in Xinjiang, and the Czech Republic, joined by a couple of European countries, expelled Russian diplomats in response to investigations linking Russian intelligence officers to an explosion at the Vrbětice ammunition depot in 2014.³⁵ Russia hit back, expelled 20 Czech diplomats and designated the Czech Republic a “hostile nation.”³⁶ China issued countersanctions targeting several members and a subcommittee of the European Parliament, as well as researchers and think tanks because, according to the Chinese government, they “severely harm China’s sovereignty and interests and maliciously spread lies and disinformation.”³⁷

But while a growing recognition of great-power competition and willingness to push back are necessary first steps for dealing with this challenge, they do



“I think what happened a few years ago when Ukraine was invaded, it’s not a failure of diplomacy, it’s a failure of our collective credibility vis-à-vis Russia. [...] It was a failure of a naive approach vis-à-vis Russia. I’m [...] definitely in favor of discussion with Russia [...]. But I think that when we put red lines, we have to be sure to be credible and to make these red lines respected by the others.”³⁹

Emmanuel Macron, French President, Interview on “Face the Nation,” April 17, 2021

not add up to a grand strategy. Arguably, the world's liberal democracies are only at the beginning of an overdue debate on the key strategic question for our time. All speakers at the MSC Special Edition emphasized the need to develop a common approach for dealing with China and Russia. Compared to debates some years ago, the transatlantic partners have moved significantly closer in their assessment of the challenge they are facing, which makes it easier to present a unified position and prevent the challengers from employing a strategy of *divide et impera*. But while Chancellor Merkel noted the common values that the transatlantic partners shared, she also stressed that their interests would not always be identical.³⁸ It is one thing to agree on a challenge; it is another to agree on the best way to address it.



“We really do not want to burn bridges. But if someone mistakes our good intentions for indifference or weakness and intends to burn or even blow up these bridges, they must know that Russia’s response will be asymmetrical, swift and tough. [...] I hope that no one will think about crossing the ‘red line’ with regard to Russia. We ourselves will determine in each specific case where it will be drawn.”⁴⁰

Vladimir Putin, Russian President, Annual State-of-the-Nation Speech, April 21, 2021

Finding an appropriate mix between competition and cooperation, or deterrence and dialogue, with Russia has been a challenge for quite some time. Although NATO members have shown some remarkable unity and determination since 2014, the Allies continue to disagree about the status of the NATO-Russia Founding Act, the future of enlargement, and the best response to the erosion of arms control agreements and Russian investments in new nuclear capabilities, or to threatening military moves such as the recent massive military build-up at the Ukrainian border. The different views of Russia are reflected in public opinion, too. As data collected for the [Munich Security Index](#) shows, the citizens in some European countries – most notably in Italy, but also in France – have a more positive view of Russia than people in the UK or Germany have. Strikingly, in a potential conflict between the US and Russia, many people in France (43 percent), Germany (46 percent), or Italy (44 percent) would like to stay neutral.⁴¹

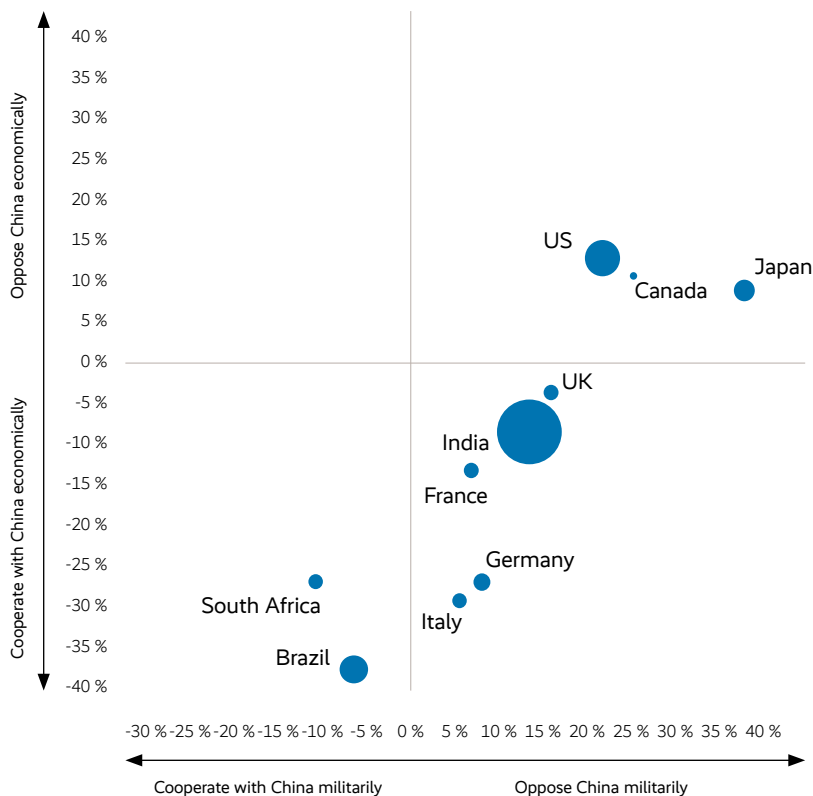
How to deal with China represents an even greater challenge for a joint transatlantic strategy. While China, as the Munich Security Index reveals, is widely seen as one of the world's most significant risks, with most countries naming it as a threat to some degree, many countries' publics are reluctant to oppose it economically and militarily.⁴² Although the various perceptions of the challenge China poses have clearly have gotten closer, there is not yet a common understanding of what the best approach for dealing with it would be.

Figure 1.2

Citizens' preference for their country's response to the rise of China, share saying that their country should oppose China minus share saying that their country should cooperate with China, 2021, percent

What do you think your country should do in response to the rise of China as a military and economic power?

● Size of circles = size of population



Data and illustration: Kekst CNC, commissioned by the Munich Security Conference



“A new world is rising up around us [...]. Let’s build a coalition for openness and innovation, reaching beyond established alliances and the confines of geography, proud of our history, but free of any temptation to turn back the clock, and harnessing the genius of open societies to flourish in an era of renewed competition.”¹⁰⁵

Boris Johnson, UK Prime Minister, MSC Special Edition, February 19, 2021

Toward a Grand Strategy of “Democratic Solidarity”?

Given the growing recognition that there is a new systemic competition, various political leaders have made proposals to reinvigorate global values-based cooperation. After all, inter-democratic cooperation is likely one of the greatest advantages that liberal democracies can harness. During the US presidential campaign, Biden announced that his administration would “organize and host a global Summit for Democracy to renew the spirit and shared purpose of the nations of the free world.”⁴³ At the MSC Special Edition, both Biden and Johnson called for values-based cooperation among the “free world,” while NATO Secretary General Jens Stoltenberg stressed that the Alliance should strengthen partnerships with like-minded partners and build new ones around the world.⁴⁴ Several former European leaders, including Carl Bildt, Toomas Ilves, and Anders Fogh Rasmussen, have made proposals for a democratic alliance dealing with technology and cyber threats.⁴⁵ UK Prime Minister Johnson also called for using the D10, an informal grouping of the ten leading democracies, to coordinate telecommunications policies and develop a joint response to the ongoing debate about 5G and the security of networks.⁴⁶ Such proposals have a long pedigree. For about a century, liberal proponents of multilateral cooperation have discussed the advantages and disadvantages of inclusive and exclusive liberal order building. While adherents of the former have insisted that cooperation should involve all states, promoters of the latter have made the case for reserving more far-reaching cooperation for liberal democracies. The contemporary debate is just the most recent iteration of a long conversation.

For some, a new organization bringing together liberal democracies would be “just the type of body the world needs: a group of capable, committed, and cohesive democracies that could muster political will and real resources.”⁴⁷ For the upcoming G7 Summit in the UK, Johnson has also invited the heads of government of Australia, India, and South Korea (plus South Africa) as guests, making it an informal D10 (or D11) meeting.⁴⁸

For various reasons, these proposals make sense. There are numerous policy fields in which cooperation should be restricted to liberal-democratic countries, in which the rule of law and human rights are guaranteed. Given the “weaponization of interdependence”⁴⁹ and the rise of more powerful technology, liberal democrats should be wary of neglecting vulnerabilities that can result from too much interdependence with autocratic states. Instead of indulging in a “narcissism of minor differences,” it is vital liberal democracies focus on jointly shaping the norms for the future.



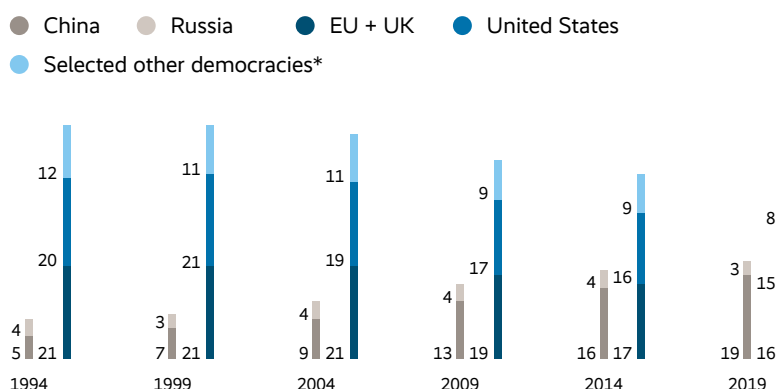
“The values that have underpinned multilateralism are no longer the preserve of the West. These are now universal values that shape the conduct of governments, civil society, and peoples – to varying degrees. But they are the standards that all countries aspire to achieve. [...] A better framing when we discuss the future of multilateralism is not to necessarily tie it down to the West or any other geographical distinction for that matter, [but] throw the discussion wide-open to the larger globe.”⁵¹

Kang Kyung-wha, South Korean Minister of Foreign Affairs, Munich Security Conference, February 14, 2020

Furthermore, there is no convincing argument why cooperation among democratic countries should be confined to specific regions if they all grapple with the same challenges. Opening the G7 to other like-minded states only reflects a changing world, in which the Indo-Pacific region, in particular, has become more important. While the transatlantic democracies have lost economic power in relative terms, together with democratic states in other parts of the world, they still are, by far, the most powerful group of countries.

Figure 1.3

GDP (Purchasing Power Parity), share of world total, 1994–2019, percent



*Canada, Japan, South Korea, Australia

Data: International Monetary Fund. Illustration: Munich Security Conference

Perhaps, it is even time to move beyond debates about the future of “the West,” as the term still conveys geographical baggage, even though most supporters of the idea of the West today argue that it is a political concept, based on liberal-democratic values rather than a position on the map. For the time being, however, grandiose visions such as a “League,” “Concert,” or “Alliance of Democracies,” which were debated more than a decade ago but went nowhere, are unlikely to make a comeback.⁵⁰ Today’s proposals for incrementally strengthening cooperation among like-minded states on a global, not regional, level, in contrast, may get traction.

Yet, all these proposals for exclusive cooperation among liberal-democratic countries lack important details. Skeptics have warned of the practical hurdles that a “Summit for Democracy” would have to clear, as it would to

be hard to draw the line for the guest list.⁵² Others wonder whether the US should play the role of a host, considering that its role as a symbol for democratic freedoms has been severely damaged.⁵³ And it is far from clear how the various initiatives relate to each other. For instance, is the “Summit for Democracy” a complement to the Franco-German initiative of an “Alliance for Multilateralism”? Would it be better to cooperate informally in issue-specific coalitions of the willing, or is a more institutionalized platform, or even a new formal international organization needed?

At the very least, however, these proposals demonstrate increasing support for the idea that the world’s democracies need to better coordinate to prevail in a new ideological struggle. While some scholars warn of taking “a manifestly ideological approach to the global agenda,”⁵⁴ others argue that a certain degree of “othering” illiberal and authoritarian countries – stressing the differences between different types of regimes to strengthen democratic solidarity – may even be necessary to defend the achievements of the liberal international order.⁵⁵ Unlike the neoconservatives of the past, today’s proponents of increased cooperation among the world’s liberal democracies are no zealots. They do not pursue an offensive mission to spread democracy. Rather, today’s mission is defensive – and rightly so. In this sense, Princeton political scientist G. John Ikenberry offers a different reading of Woodrow Wilson’s famous call to make the world safe for democracy. To him, “making the world safe for democracy” today should “be read literally, as a plea for safety. Rather than an idealist appeal, it is a call to reform the postwar international order so as to allow Western liberal democracy to survive.”⁵⁶



“Multilateralism is about having international affairs addressed through consultation and the future of the world decided by everyone working together. To build small circles or start a new Cold War, to reject, threaten or intimidate others, to willfully impose decoupling, supply disruption or sanctions, and to create isolation or estrangement will only push the world into division and even confrontation.”⁶³

Xi Jinping, Chinese President,
World Economic Forum,
January 25, 2021

Some strategists have made the case for a new “free world” or a “grand strategy of democratic solidarity.”⁵⁷ As Hal Brands and Charles Edel argue, such a grand strategy should “comprise efforts to shield the world’s democracies from authoritarian pressure, while enabling them to exert selective counterpressures of their own.”⁵⁸ Perhaps most importantly, solidarity among democracies will help to resist divide-and-conquer strategies that punish or reward individual countries for their behavior.

At the same time, some key leaders warn that talking up a dichotomy between democracies and autocracies may actually become a self-fulfilling prophecy, cementing the kind of global bifurcation it anticipates. For example, numerous European politicians have warned of pushing Russia into China’s camp. French President Emmanuel Macron, for example, has argued that “pushing Russia away from Europe is a major strategic error, because we are pushing it



“I would very much wish to avoid the building of blocs [...] I don't think it would do justice to many societies if we were to say this is the United States and over there is China and we are grouping around either the one or the other. This is not my understanding of how things ought to be.”⁶⁴

Angela Merkel, German Chancellor, World Economic Forum, January 26, 2021

either toward isolation, which heightens tensions, or toward alliances with other great powers such as China, which would not at all be in our interest.”⁵⁹ In a similar vein, Macron has also warned of building a united front against China, which he described as “a scenario of the highest possible conflictuality.”⁶⁰ Angela Merkel has also publicly expressed her agreement with Chinese President Xi, who warned of the building of new blocs.⁶¹ For them, too strong a focus on cooperation among the world's liberal democracies will cement competition with other states and damage global cooperation in general. Even informal initiatives such as the D10 have raised eyebrows, as some deem it unnecessarily provocative to China.⁶²

Some critics thus warn of turning competition into the one guiding principle for Western grand strategy. First, some stress that a focus on competition confuses ends and means. After all, great-power competition cannot be a goal in itself. Alas, it is often treated as if it were. Second, critics also point out that a reliance on competition alone undermines necessary cooperation to address vital threats that can only be dealt with in a global setting.⁶⁵

The grand strategic question for the world's liberal democracies today is how to strike a balance between strengthening cooperation among like-minded countries to push back against competitors and preserve core elements of the liberal international order on the one hand, and how to avoid turning the competition with autocratic states into outright confrontation on the other hand, in which there would not be much space for necessary cooperation.⁶⁶ There need to be at least some basic “competition rules” lest competition turns into outright confrontation. After all, a great-power war, long dismissed as an almost unthinkable scenario but becoming more likely again, is the worst of all potential outcomes.⁶⁷

Competition Must Not Lock Out Cooperation, Cooperation Must Not Lock Out Competition

President Biden has made clear that he is aware of this challenge. At the MSC Special Edition, he underlined that “[w]e cannot and must not return to the reflexive opposition and rigid blocks of the Cold War. Competition must not lock out cooperation on issues that affect us all.”⁶⁸ At the very least, competition must be limited to „measures short of war.“

In a speech on the future of the transatlantic partnership, German Foreign Minister Heiko Maas, referring to Biden's speech at the MSC Special Edition, underlined that “‘decoupling’ doesn't work in an interconnected world, since



“Our relationship with China will be competitive when it should be, collaborative when it can be, and adversarial when it must be. The common denominator is the need to engage China from a position of strength.”⁷⁰

Antony Blinken,
US Secretary of State,
Speech at the State Department,
March 3, 2021

we all face the same global challenges. Diplomacy means engaging with difficult actors, especially where this is in our interest. Arms control [...] is one example. Trade policy, climate change, and clean energy are others.”⁶⁹ These critical long-term threats facing humanity cannot be addressed by groups of like-minded states alone. Global cooperation among democracies and autocracies will be needed to address the implications of [climate change](#) and the energy transition as well as reinvigorate [arms control](#) to avoid catastrophe in the long run.

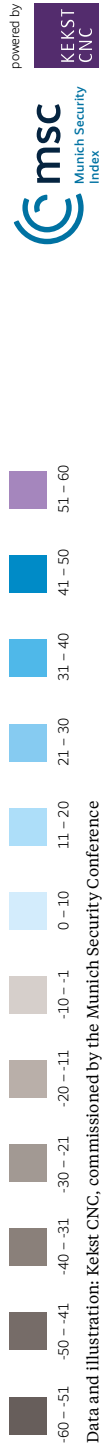
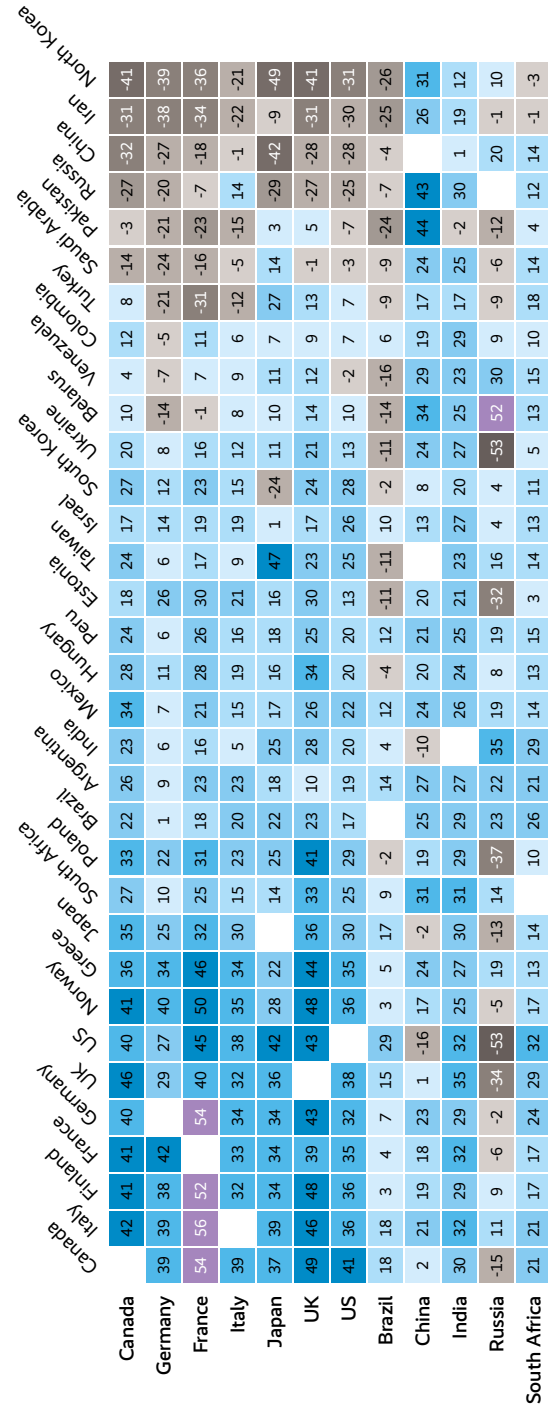
At the same time, however, one may argue that not only must competition not lock out cooperation, but cooperation must also not lock out competition when it is needed.⁷¹ High levels of interdependence already make it hard for some countries to take a tougher line, as their economy, energy supply, or technological infrastructure depend on cooperative relationships with autocratic regimes. Both the Trump and Biden administrations, for instance, have pushed their European allies to not become too dependent on Russian energy or Chinese technology. Moreover, in some ways, a more competitive approach – if not turning into outright confrontation – may even stimulate necessary innovation to combat climate change.⁷² In this policy field, as in others, “a simple dichotomy between cooperation and competition is too reductionist.”⁷³

Today, competition and cooperation not only coexist; they condition each other. How states cooperate – with whom, in which framework, and for what purpose – is increasingly shaped by competition. And how states compete – in which ways, with which means, and with whom – depends on their cooperative relationships with others. This, after all, is an area, in which liberal democracies can be expected to excel.⁷⁴

Figure 1.4

Citizens' perceptions of other countries, share saying country is an ally minus share saying country is a threat, 2021, percent

For each country/jurisdiction below please say whether you think they pose a threat or are an ally to your country or neither





“Democracy doesn’t happen by accident. We have to defend it, fight for it, strengthen it, renew it. We have to prove that our model isn’t a relic of our history; it’s the single best way to revitalize the promise of our future. And if we work together with our democratic partners, with strength and confidence, I know that we’ll meet every challenge and outpace every challenger.”⁷⁶

Joe Biden, US President, MSC Special Edition, February 19, 2021

Beyond Westlessness? Revitalizing Transatlantic Cooperation Begins at Home

The election of Joe Biden as US president has provided new transatlantic momentum to move “beyond Westlessness,”⁷⁵ to revitalize transatlantic cooperation and develop a joint approach for an era of great-power competition. After years, in which the pillars of the Western community often acted as if they were not on the same team anymore, US and European leaders agree that they need to tackle the internal and external challenges to the West together.

To begin with, there is work to do at home. At the MSC Special Edition, for instance, both US President Biden and German Chancellor Merkel emphasized the need to show that democracy produces positive outcomes. As Biden put it: “We must demonstrate that democracies can still deliver for our people in this changed world. That, in my view, is our galvanizing mission.”⁷⁷ Given the domestic situation in the US, it is only consequential that the Biden administration’s perspective on foreign policy and security policy, as laid out in the Interim National Security Strategic Guidance, is primarily shaped by domestic policy priorities.⁷⁸ Rather than starting with external threats, it takes “perceived shortcomings in domestic social and economic policy [...] as its analytic starting point,” as it is primarily concerned with the “effects of strategic choices on Americans’ lives and on the resiliency and preparedness of US society to meet challenges from abroad.”⁷⁹

Europe, too, faces tremendous domestic challenges, from dealing with the short- and long-term effects of the pandemic to the rise of illiberal forces. The latter threaten to undermine the European Union as a community based on the rule of law and liberal-democratic principles, may act as “Trojan horses” of autocratic powers, and sometimes have blocked collective action at the EU level when the interests of their autocratic partners were concerned.⁸⁰ In an age of systemic competition, this is an increasingly important hurdle to real “Weltpolitikfähigkeit,” as Jean-Claude Juncker once described it.⁸¹ And “Weltpolitikfähigkeit” is a necessary condition for “Wettbewerbsfähigkeit,” the ability to compete.

America Is Back, But Where Is Europe?

After Biden entered office, his administration hit the ground running and seems intent to prove that the US remains a “can-do power.”⁸² Europe, in contrast, seems paralyzed. In February, when Biden gave his first major foreign policy address to America’s allies at the MSC Special Edition, he had a couple of important messages for Europe that included major course

corrections. In contrast, European leaders came almost empty-handed. They seemed to convey the message that they would, first of all, wait and see.

While numerous transatlantic think-tank initiatives have produced blueprints for a revitalization of the transatlantic partnership, initiatives on the governmental level have been scarce.⁸³ Observers already fear that Europe is squandering another opportunity to adapt and thus preserve the transatlantic partnership for the future.⁸⁴ Although European politicians are all but preoccupied with the Covid-19 pandemic, foreign policy and security policy cannot be postponed. Europeans, too, need to wear masks and chew gum at the same time.

Unfortunately, Europe – both the EU and its member states – has not made a particularly good impression in recent months. While EU High Representative Josep Borrell entered office with high ambitions, stressing Europe’s need to learn the “language of power,” his visit to Moscow was widely seen as “humiliating.”⁸⁵ Similarly, the key representatives of the EU, Charles Michel and Ursula von der Leyen, were outplayed by Turkish President Recep Tayyip Erdoğan in a recent meeting, when Michel sat down next to Erdoğan while there was no seat for von der Leyen. In the following days, no one talked about a unified European position on Turkey and the very real challenges in the relationship with Ankara. Instead, the focus was on the specifics of diplomatic protocol and the relationship between the two EU leaders.⁸⁶ For the time being, Europe, collectively, appears to be more of a “can’t-do power” in foreign and security policy – in stark contrast to the powerful role Brussels plays in those fields such as trade, in which it can speak with one voice.⁸⁷ Strangely, even those who essentially agree that Europe must do more sometimes focus on what may be minor issues in the bigger scheme of things. For example, two of the most forceful proponents of a stronger European role in security, French President Macron and German Minister of Defense Annegret Kramp-Karrenbauer, engaged in a public spat about “strategic autonomy” last year, although their respective positions are arguably not far apart.⁸⁸ But while various politicians have noted that Europe must do more, there is still an unnerving sense of paralysis, introspection, or complacency – while a sense of urgency is required. Otherwise, Europe may miss the big picture.



“[European strategic autonomy] is definitely in the interests of the United States [...] because when you look at the past decades in NATO, the United States was the only one in charge, in a certain way, of our own security. And the burden-sharing, as some of our former and current leaders pushed the concept, was not fair.”⁸⁹

Emmanuel Macron, French President, Conversation at the Atlantic Council, February 5, 2021

It has already become a cliché in foreign policy circles that a return to the transatlantic status quo ante is not on the cards. Still, it is hard to escape the impression that Europe still believes that time is not really of the essence, and that it can continue its policy of having its cake and eating it too. Yet

even if the tone of the messages coming from Washington these days is friendlier than before, Europe must not miss their content. After the past years, “it should be obvious to Europeans that strategic dependence on the US is not as safe a refuge as it once appeared, and to Americans that US resources are not inexhaustible.”⁹⁰

From the US perspective, the challenge posed by China takes center stage. This does not mean that the US is necessarily neglecting other risks and threats. But it will prioritize the China challenge and see others through the China lens. After all, as US Secretary of State Antony Blinken notes, “China is the only country with the economic, diplomatic, military, and technological power to seriously challenge the stable and open international system – all the rules, values, and relationships that make the world work the way we want it to – because it ultimately serves the interests and reflects the values of the American people.”⁹¹ This comes with new challenges for Europe and the transatlantic partnership: “Whereas during the Cold War, the US enlisted European allies in a global struggle against a European power, today the US seeks to enlist European allies in a global competition with a non-European power.”⁹²



“The situation in the Indo-Pacific naturally concerns us. Respecting the rules for free trade routes and territorial integrity, strengthening our democratic partners in the region such as Australia, Japan, South Korea, or Singapore are in the German and European interest. The fact that we are sending a frigate to the Indo-Pacific is also seen as a signal in the United States: we are not only talking about freedom of sea lanes, which is being threatened by China, but we are also prepared to do something about it.”⁹⁷

Annegret Kramp-Karrenbauer, German Minister of Defense, Redaktionsnetzwerk Deutschland, April 3, 2021

A clear-cut geographical division of labor – the US focusing on the [Indo-Pacific](#) while the EU takes care of the [European neighborhood](#) – is not a promising option. First, for the foreseeable future, Europe is neither able to defend itself nor capable of securing its neighborhood.⁹³ Europe thus needs the US as a “European power”⁹⁴ rather than as an “offshore balancer,” even if the Europeans may slowly take over more and more responsibility.⁹⁵

Moreover, while the US wants its European allies to share more of the burden in the Euro-Atlantic area, it has enduring interests in the region. Various US administrations have been skeptical of European endeavors to pursue strategic autonomy if defined in exclusive terms. Second, while the US may not necessarily need military support in the Indo-Pacific, it will need political support. Moreover, just as the US has interests in Europe and its neighborhood, Europe has interests in the Indo-Pacific. Third, both theaters are linked – and a joint transatlantic strategy seems to be the most promising option for managing them. After all, a major nightmare for US (and European) defense planners is simultaneous contingencies in both the European and Indo-Pacific theaters. While experts disagree about the prospect of a durable China-Russia axis, it would be surprising if the two nations did not think about exploiting opportunities if they arose. Coincidence or not: when Russia massed troops at the Ukrainian border in April 2021, China sent a record

number of fighter jets into Taiwan's air defense identification zone.⁹⁶ The transatlantic partners thus need to develop a global strategy, even if they may focus their attention on different theaters.

The Transatlantic To-do List

After several years in which the main Western countries were often at odds with each other, the Biden administration and its commitment to the transatlantic partnership and cooperation among liberal democracies have provided a new transatlantic momentum. But this does not mean that all problems in the partnerships have vanished. The to-do list is long.⁹⁸

Beyond the main strategic issue of the day – developing a joint strategy for protecting liberal-democratic societies against autocratic challengers – are various minor and major issues that need to be addressed. Many of the items on the list are directly or indirectly connected to this broader challenge and will affect whether the desired common approach will come to life.

The transatlantic partners need to overcome their different perspectives and work on a joint technology strategy. As Carl Bildt noted recently, “[t]he brutal fact is that if the United States and Europe start to go down different roads on digital issues, this is bound to make Chinese global digital ambitions easier to achieve over time.” Can they identify such a common road? Will they be able to overcome significant digital distrust?⁹⁹

They should also work to align their respective climate and energy agendas. Can solutions for projects that have caused too much transatlantic trouble for too long, most notably Nord Stream 2, be found or will they continue to plague the relationship?¹⁰⁰ Will the transatlantic partners be able to promote a climate-friendly energy transition and align the EU Green Deal and US Green Deal?

The field of economic cooperation, trade, and investments in particular, will also provide numerous opportunities for intensified cooperation to “build back better” – but also for renewed frustration. Will “Buy American” lead to “Buy European” and thus introduce new levels of protectionism in the transatlantic area?¹⁰¹ Can they work together to reform the WTO, render international trade fairer and more sustainable, and protect supply chains?

In the field of politico-military cooperation, too, numerous challenges remain. Will the endless debate about the relationship between NATO and an



“I think clearly multilateralism has become weaker and clearly Westlessness is [the] evidence, and I would suggest that there is a correlation between the two. It’s not to say that multilateralism is solely dependent on the West or the West has always been faithfully multilateral. I think it is not. But there is a relationship.”¹⁰²

Subrahmanyam Jaishankar,
Indian Minister of External
Affairs, Munich Security
Conference 2020, February
14, 2020

intensifying European defense cooperation produce another deadlock or make room for a pragmatic but future-proof bargain? Will the whole of Europe live up to its defense spending commitments? Can the Allies agree on a new Strategic Concept for the Alliance that will allow NATO to adapt to a new security environment?

However, striking transatlantic compromises to move beyond “Westlessness” will not guarantee success. But even if transatlantic cooperation is not a sufficient condition for effective global cooperation, it remains a necessary one in most policy fields. The transatlantic democracies can still serve as an avant-garde that spearheads multilateral cooperation. Perhaps most importantly, they need to reach out beyond the traditional “West,” and strengthen partnerships with like-minded states in other parts of the world. This, too, will be no panacea – but a good starting point: “Democracies alone cannot address the world’s most pressing transnational issues. But by stressing democratic unity from the outset, they can secure action on more favorable terms.”¹⁰³

As some of the chapters in this report demonstrate, this might be a good starting point for engaging all relevant actors on issues of common concern. The debate about the best way forward for multilateralism has only just begun. An inclusive multilateralism that brings together everyone but fails to deliver and ignores the impact of systemic competition will not be enough. But the same is true for a rigid focus on cooperation among the members of the “free world” alone that misses the necessities and opportunities to also work on issues that affect the international community as a whole. As Biden stressed, “we cannot focus only on the competition among countries that threaten to divide the world, or only on global challenges that threaten to sink us all together if we fail to cooperate. We must do both, working in lock-step with our allies and partners.”¹⁰⁴

This, however, may not be as easy at it sounds. Can the world’s liberal democracies successfully pursue such a joint grand strategy that skillfully moves in between these two “states of matter” – competition and cooperation? How can a strategic consensus among them be reached and maintained, given that they often have different understandings of the best mix between competition and cooperation? And what, exactly, is it that we want to achieve with competition and cooperation? This debate has only just begun.

Key Points

- ① The world has entered a new systemic competition between liberal-democratic and autocratic states. The focus on competition threatens to undermine global cooperation on issues of common concern.
- ② Today, competition and cooperation not only coexist; they condition each other. How states cooperate – with whom, in which framework, and for what purpose – is increasingly shaped by competition. And how states compete – in which ways, with which means, and with whom – depends on their cooperative relationships with others.
- ③ The grand strategic question for the world's liberal democracies today is how to strike a balance between strengthening cooperation among like-minded countries to push back against competitors and preserve core elements of the liberal international order on the one hand, and how to avoid turning the competition with autocratic states into outright confrontation on the other hand, in which there would not be much space for necessary cooperation.
- ④ While there is a new transatlantic momentum, the transatlantic partners must not squander this opportunity to revitalize their partnership and adapt it to a rapidly changing international environment.



Munich Security Index 2021

In an era defined by geopolitical competition and mounting global threats that can only be addressed in cooperation, it is important to assess and compare risk perceptions in different parts of the world. After all, countries' perceptions of each other shape competition and cooperation among them. And the prospect of jointly addressing threats, from climate change to future pandemics, depends on the extent to which risk assessments are shared.

Beyond the defining Covid-19 pandemic, the overall picture painted by the Munich Security Index is one of fragmentation in the West and of parochial risk perceptions elsewhere in the world. Though some Western nations view China and Russia as major threats (e.g., Canada, the UK, and the US), for others, including in Europe, different challenges take precedence. Beyond the West, the respondents see threats from various fronts. People in South Africa, for instance, perceive China, the US, and Russia all as substantial risks. Russians and Chinese, by contrast, do not only share similar risk profiles, but also see the US as the biggest risk to their country. The EU, respondents in Russia and China agree, presents a relatively anemic threat – one they feel well prepared to deal with. If there is something akin to a global consensus on risk, it revolves around the environment: in all countries surveyed, the destruction of natural habitats as well as climate change and extreme weather phenomena are perceived as top risks.

About the Munich Security Index

The MSC and Kekst CNC together have built a new dataset to answer core questions that help understand citizens' risk perceptions: In light of the pandemic, do people think that the world is becoming a riskier place? Is there a global consensus on the risk posed by climate change? And are the risks posed by China and Russia perceived equally across NATO and the West? These are only some of the questions answered by the index. By combining five metrics – from the severity of a risk to its likelihood of developing, from the imminence of a risk to whether it is looming larger or receding – the index, underpinned by a survey of 12,000 people globally, provides an in-depth view of how G7 and BRICS nations view risk in 2021.

Additional material on the Munich Security Index is available on our website:



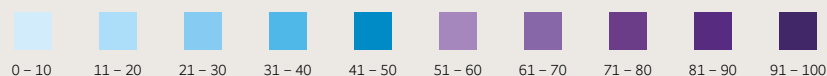
Building the index

The Munich Security Index combines the crucial components that make a risk more serious. Public perceptions of trajectory are combined with likelihood and severity to account for fat tailed risks alongside a measure to give equal weight to perceptions of preparedness.



Index scores

To produce the final risk index score for each risk in each country we combine mean scores for all five of the inputs above – overall risk, trajectory, severity, likelihood, and preparedness. The resulting total is then rescaled to run from 0 to 100 for ease of interpretation. The final risk index score is an absolute figure that can be compared between demographics, countries, and over time.



The overall risk heatmap, 2021, score

The overall risk heatmap, 2021, score																															
	100	86	86	83	89	65	87	56	69	73	72	37	55	69	61	54	69	59	75	67	47	38	49	53	45	48	33	34	42	31	
Brazil	75	72	74	71	70	60	78	68	61	82	72	42	60	55	73	54	58	69	58	79	69	50	48	61	55	43	43	37	37	48	39
South Africa	76	75	73	76	68	58	63	49	53	56	42	55	55	50	44	51	49	40	47	40	39	42	35	33	37	29	35	42	31	22	23
Italy	73	68	66	70	69	69	63	49	52	62	44	76	65	49	54	52	51	58	51	43	48	41	42	59	41	44	40	52	38	23	20
France	67	65	65	64	63	64	60	70	54	45	38	41	44	52	49	46	52	40	36	48	37	52	56	38	42	34	47	43	64	37	30
Japan	64	66	66	66	62	62	59	45	46	53	49	64	58	38	35	37	38	38	43	25	28	33	41	37	33	54	38	40	32	25	18
Germany	62	61	62	60	61	60	46	60	53	44	45	46	42	47	41	42	45	38	41	37	33	42	47	37	38	41	39	45	41	27	13
Canada	62	56	60	62	59	59	45	52	50	48	40	53	44	42	36	43	43	36	43	34	32	35	49	36	42	34	42	36	19	22	
United Kingdom	59	56	56	58	54	56	49	60	52	48	54	51	47	52	51	46	50	48	46	46	46	57	29	46	44	51	48	32	33	27	25
India	48	62	55	53	53	47	64	21	52	27	40	32	39	34	48	33	28	32	26	26	26	28	36	34	32	5	1	47	32	19	
Russia	55	54	54	48	54	61	42	58	55	47	57	46	46	47	40	42	45	51	43	40	52	43	52	50	36	40	38	52	48	19	
United States	35	34	34	37	29	36	30	34	22	21	24	21	36	30	34	33	18	25	20	12	35	15	22	30	24	31	12	10	44	28	
China																															

*In the United States, China, and Russia, citizens were not asked to assess the risk from their own country.
In Russia, citizens were not asked about "political polarization," "civil war and political violence," or the "breakdown of democracy."

Canada: Firm alignment with Europe and the US

	Index	Trajectory	Likelihood	Unprepared
The coronavirus pandemic	62	+11	69	23
Destruction of natural habitats	62	+43	57	24
A future pandemic	61	+38	51	27
Extreme weather and forest fires	61	+45	61	23
Cyberattacks on your country	60	+40	60	26
Climate change generally	60	+45	53	23
China	60	+36	48	35
Disinformation campaigns from enemies	53	+34	59	24
Use of biological weapons by an aggressor	47	+23	30	41
Russia	47	+27	41	33
Radical islamic terrorism	46	+19	48	29
Rising inequality	46	+25	50	22
Use of chemical weapons and poisons by an aggressor	45	+20	29	41
Political polarization	45	+26	48	21
Iran	45	+25	41	30
Racism and other discrimination	44	+18	57	18
Use of nuclear weapons by an aggressor	42	+19	24	41
Mass migration as a result of war or climate change	42	+24	35	30
Trade wars	42	+24	47	20
Right-wing terrorism	41	+19	46	26
Access to food and water	41	+18	36	19
Divisions among Western powers and institutions	41	+22	38	23
North Korea	41	+20	33	32
Autonomous robots-artificial intelligence	39	+22	37	27
Civil war or political violence	38	+13	38	25
Protectionism	38	+18	42	19
Rapid change to my country's culture	37	+22	34	25
Food shortages	37	+18	32	22
Breakdown of democracy in my country	33	+12	28	28
United States	27	+5	28	26
European Union	13	0	19	21

1

The top risks perceived by Canadian respondents are the destruction of natural habitats, the coronavirus pandemic, a future pandemic, extreme weather and forest fires, cyberattacks, climate change generally, and China. 53 percent of Canadians think that the risk from climate change is going to increase in the next 12 months.

2

Respondents from Canada are less worried by a possible breakdown of democracy in the country, by autonomous robots and AI, and by rapid change to Canada's culture – though many of the risks highlighted by Canadians are in line with those that worry European and US respondents.

3

Canadian respondents view China as more of a risk than Germans (45), the French (49), and the Americans (58).

47%

of Canadian respondents think that trade wars are likely to become a major risk in the next five years.

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

Germany: At (un)ease

	Index	Trajectory	Likelihood	Unprepared
Climate change generally	66	+48	59	27
Extreme weather and forest fires	66	+50	67	29
Destruction of natural habitats	66	+48	62	30
The coronavirus pandemic	64	+3	73	32
Radical Islamic terrorism	64	+37	69	27
A future pandemic	62	+31	56	34
Cyberattacks on your country	62	+39	69	30
Rising inequality	59	+45	57	32
Mass migration as a result of war or climate change	58	+38	52	36
Right-wing terrorism	54	+33	64	23
Racism and other discrimination	53	+33	60	24
Political polarization	49	+31	54	20
Disinformation campaigns from enemies	46	+25	56	25
China	45	+27	33	33
Divisions among Western powers and institutions	43	+22	38	24
Russia	41	+24	33	30
Iran	40	+22	36	30
Use of biological weapons by an aggressor	38	+13	23	42
Use of chemical weapons and poisons by an aggressor	38	+10	24	42
Autonomous robots-artificial intelligence	38	+24	42	30
Civil war or political violence	38	+17	38	29
Rapid change to my country's culture	37	+18	35	29
Trade wars	37	+17	37	23
Access to food and water	35	+16	36	20
Use of nuclear weapons by an aggressor	33	+11	19	40
Protectionism	33	+9	33	23
North Korea	32	+14	26	31
Breakdown of democracy in my country	28	+5	22	33
Food shortages	25	+7	24	24
United States	25	-3	24	27
European Union	18	+3	24	24

1

The top risks perceived by German respondents are climate change generally, the destruction of natural habitats, extreme weather and forest fires, the coronavirus pandemic, radical Islamic terrorism, and cyberattacks.

2

On the risk of a breakdown of democracy, Germans are much less concerned than the French (28 compared to 48). The same is true for the risk of civil war or political violence (38 compared to 58). But there are also shared views among the two European partners: German respondents are very concerned by radical Islamic terrorism (64), with the second highest score in the world behind France. Germany is the nation most concerned about the risk of right-wing terrorism (54) among all countries surveyed.

3

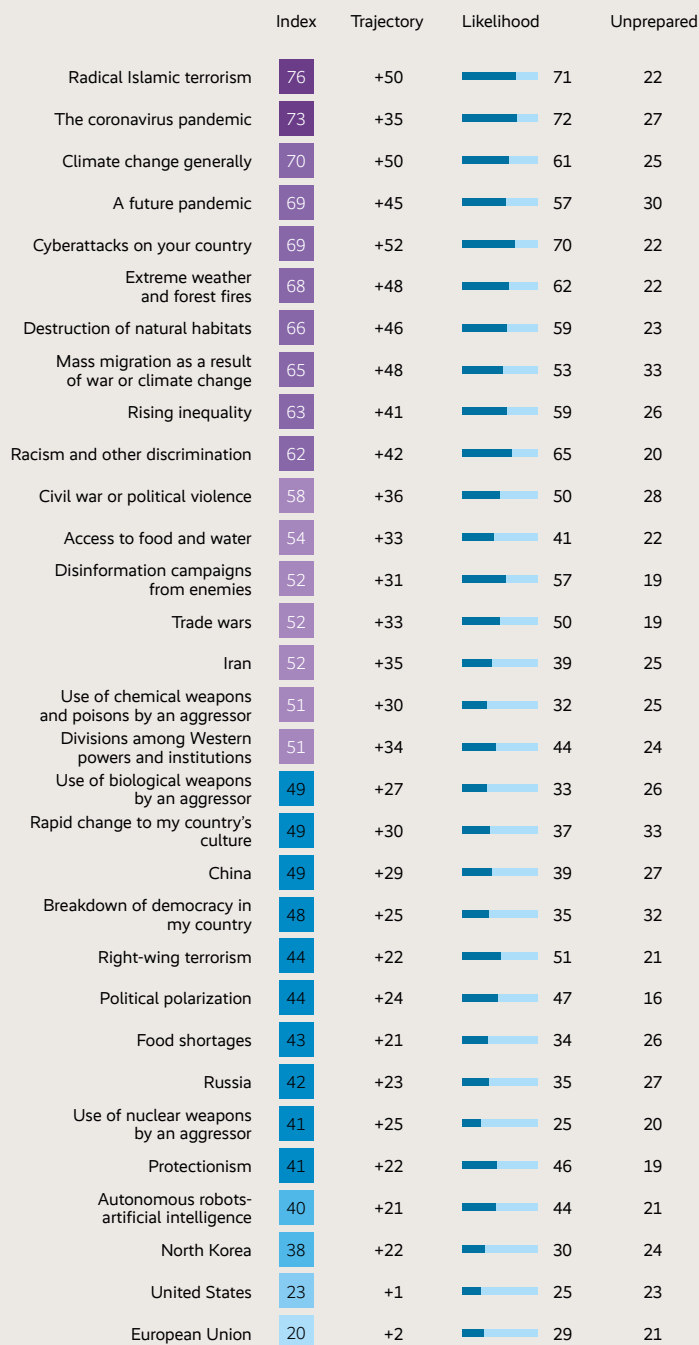
On other issues, Germans are less concerned than respondents from other countries. They do not view the use of biological weapons by an aggressor as a major risk (38), with the third-lowest score of all countries surveyed. Germans also perceive China as less of a risk than other respondents in Europe. And they rank second lowest (after respondents from Russia) when it comes to concern about China (45).

67 %

of respondents in Germany believe that extreme weather and forest fires will be a risk that manifests in the next five years.

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

France: Terrorism, racism, migration, and political violence



1

The top risks perceived by French respondents are radical Islamic terrorism, the coronavirus pandemic, climate change generally, a future pandemic, and cyberattacks on France.

2

Among all countries surveyed, respondents from France are the most concerned by the risk of radical Islamic terrorism. Racism and other forms of discrimination also feature prominently: at 62, France ranks highest in Europe and higher than the US (47). Mass migration as a result of war or climate change is also perceived as a substantial risk by French respondents (65), more so than by any other country surveyed.

3

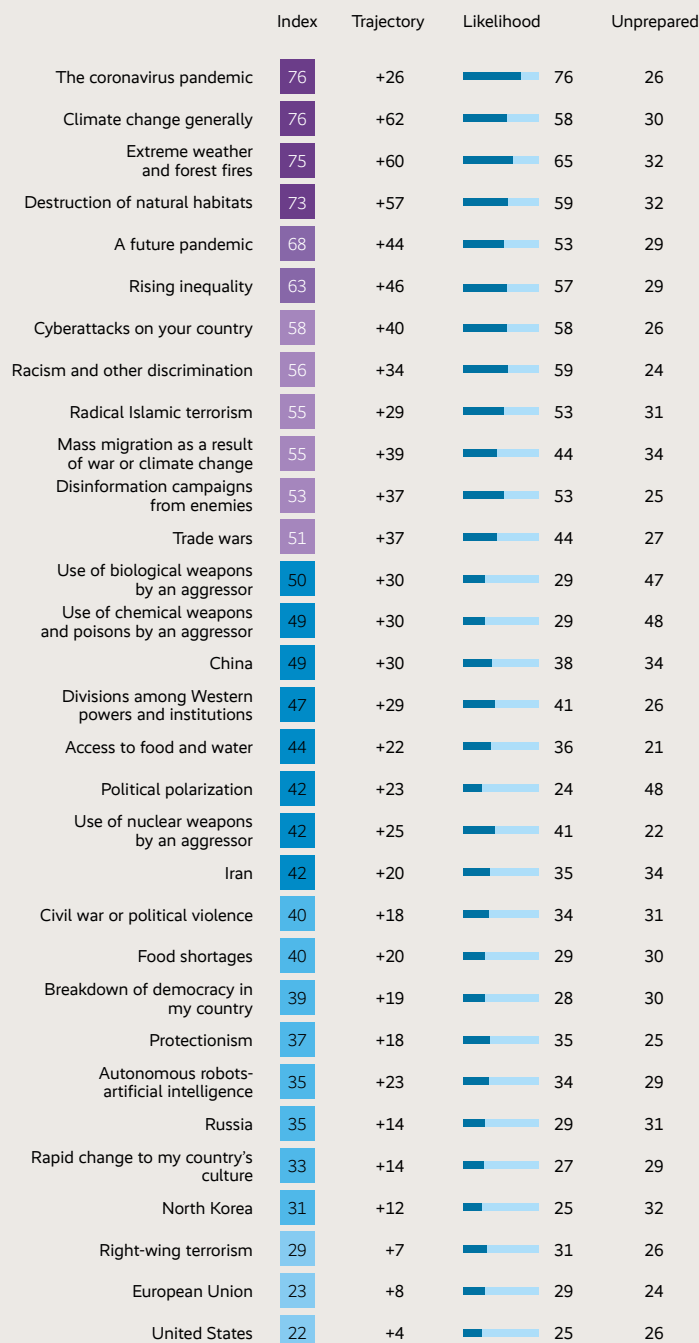
Strikingly, the occurrence of civil war or political violence is seen as a significant risk by the French, with the highest score in Europe (58) and of all countries surveyed bar Brazil and South Africa (69 each). There is also significantly higher concern among the respondents of France than among those from other European countries about a breakdown of democracy (48) and rapid change to the culture of one's own country (49).

51 %

of French respondents believe there is a high risk of political violence or civil war in their country.

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

Italy: The most “risk-aware” country in Europe



1

The top risks of concern to Italian respondents are the coronavirus pandemic, climate change generally, extreme weather and forest fires, the destruction of natural habitats, and a future pandemic. Italians are less concerned by right-wing terrorism and by North Korea.

2

Italy is the most “risk-aware” nation in Europe and ranks third behind Brazil and South Africa among those surveyed globally. Respondents from Italy are particularly concerned by environmental issues, with the second highest scores in the world for extreme weather and forest fires and climate change generally.

3

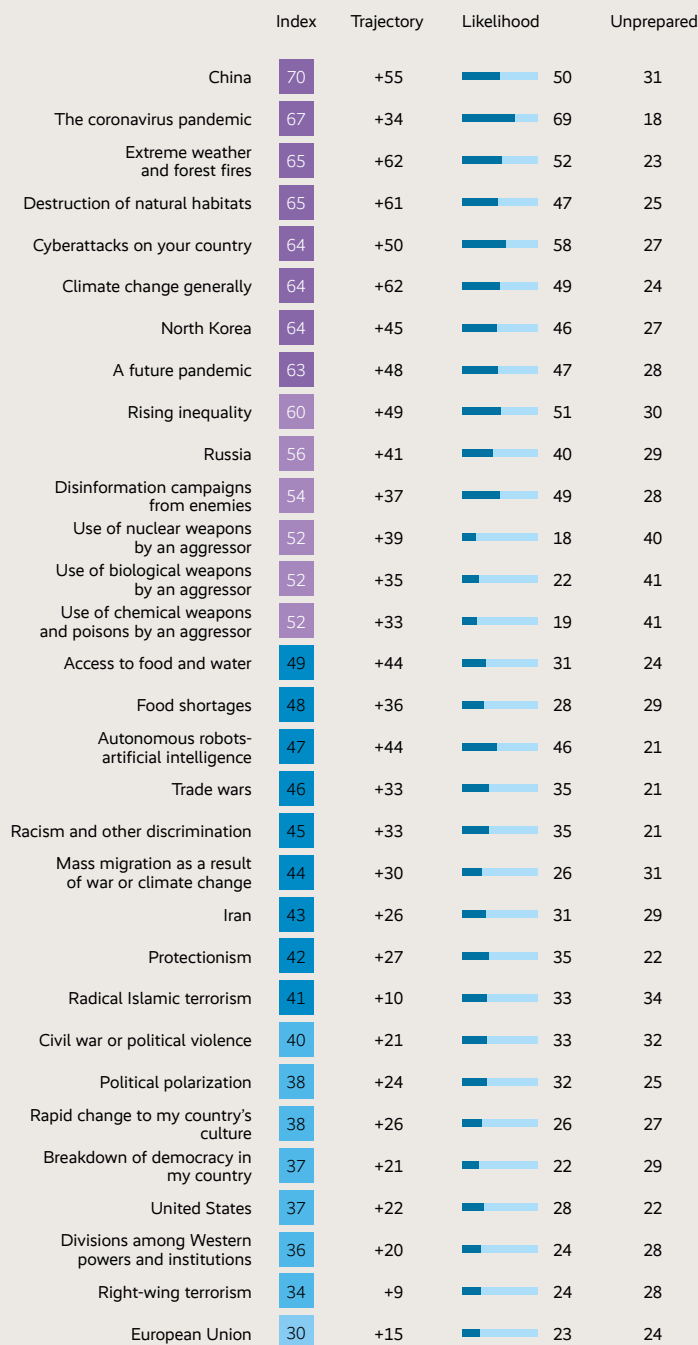
There are topics about which Italian respondents are less concerned than the respondents from other nations. Compared to the citizens from other countries surveyed, Italians are among the least concerned about civil war or political violence as well as about the breakdown of democracy and about right-wing terrorism. They also see Russia as less of a risk than anyone else in Europe. Just like the relatively low concern about China in Germany, this underlines different perceptions of geopolitical risk in Europe.

53 %

of all respondents from Italy think that another pandemic is likely to happen or become a major risk in the next five years.

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

Japan: A nation concerned by its neighbors



1

The top risks among Japanese respondents are China, the coronavirus pandemic, the destruction of natural habitats, extreme weather and forest fires, climate change generally, cyberattacks, and North Korea. Respondents from Japan are less concerned by right-wing terrorism and by divisions among Western powers and institutions.

2

Respondents in Japan are concerned by risks in their neighborhood. Japan is the nation that sees China as the biggest risk (70) among all countries surveyed. Japanese respondents also rate the threat from biological and chemical weapons quite highly, along with the use of nuclear weapons (52, second only to Indians when it comes to the perceived risk of nuclear weapon use). Among all countries surveyed, respondents from Japan are those who see North Korea as the biggest risk (64).

3

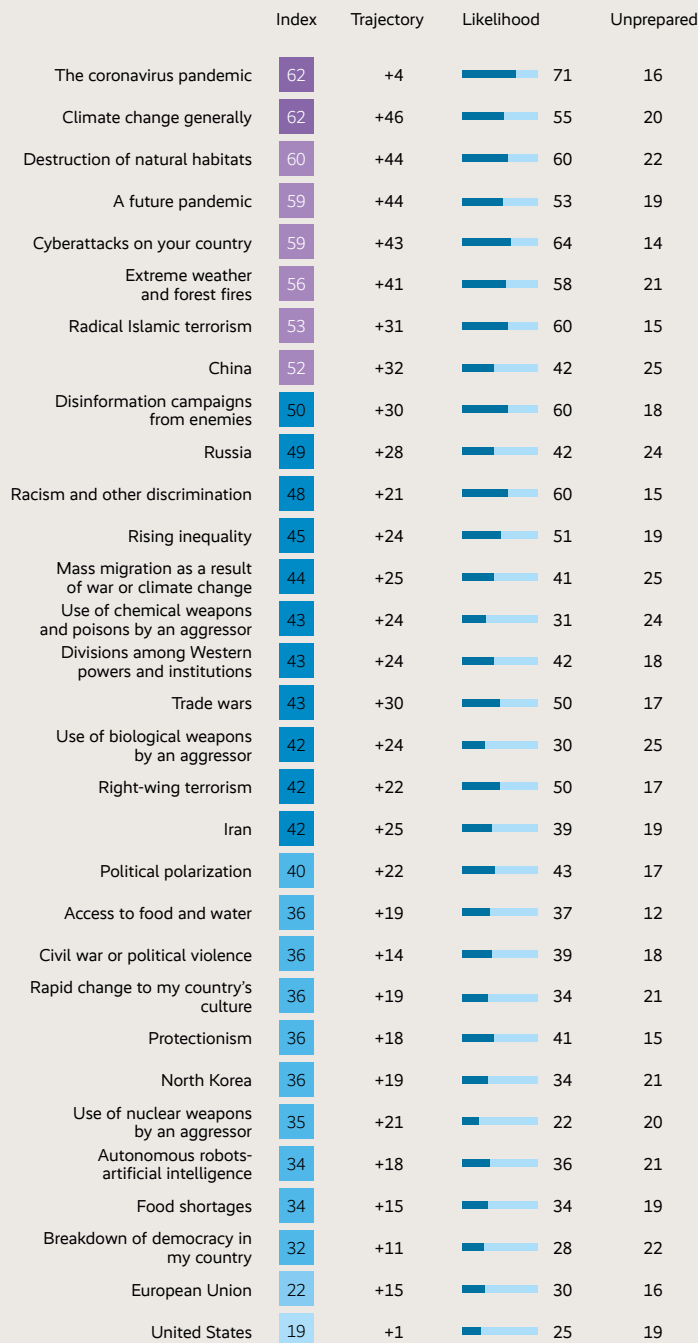
People from Japan seem unworried in relative terms about risks that dominate responses from other countries, including racism and other forms of discrimination, political polarization, and radical Islamic terrorism.

17%

of Japanese respondents believe that Japan is well prepared for climate change.

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

United Kingdom: Pandemic and climate change on top



1

The top risks that concern respondents from the UK are the coronavirus pandemic, climate change generally, the destruction of natural habitats, a future pandemic, and cyberattacks.

2

The risk profile of respondents from the UK aligns with that of respondents from most other European and Western nations. The British people are slightly more likely to attribute risk to radical Islamic terrorism, but remain behind respondents from Italy, France, and Germany in this assessment. British respondents are not too concerned about a breakdown of democracy (32) or the occurrence of political violence (36). Indeed, globally, they are the respondents least concerned about political violence or civil war apart from the Chinese.

3

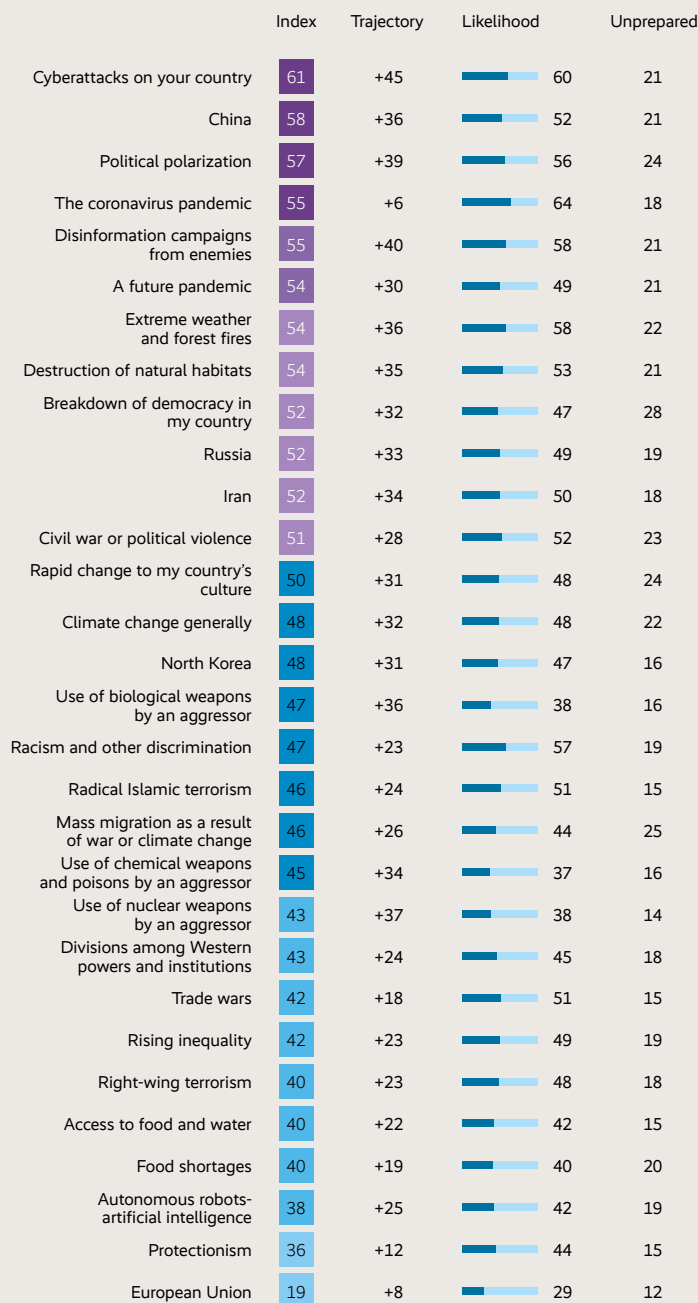
Russia and China are both perceived as mid-tier risks by respondents from the UK (49 and 52 respectively). Though the risk posed by China is seen as greater than the one posed by Russia, UK respondents rate the risk posed by Russia higher than the respondents from other countries, falling behind only those from Japan and those from the US.

64 %

of UK respondents believe that cyberattacks on the UK will happen in the next five years.

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

United States: Risks from without and within



1

The top risks perceived by US respondents are cyberattacks, China, political polarization, the coronavirus pandemic, and disinformation campaigns from enemies. US respondents are among those least alarmed by risks overall, suggesting an internal view of strength comparable to the one that seems to pervade respondents from Russia and China.

2

China is at the forefront of American risk perceptions: at 58, while lower than in Canada, this is one of the higher scores in the West. Russia is also rated as a high risk (52), to which only Japanese respondents apportion a higher risk. American respondents also see Iran as a major risk (52) – together with the French (52), this is the highest rating among respondents worldwide.

3

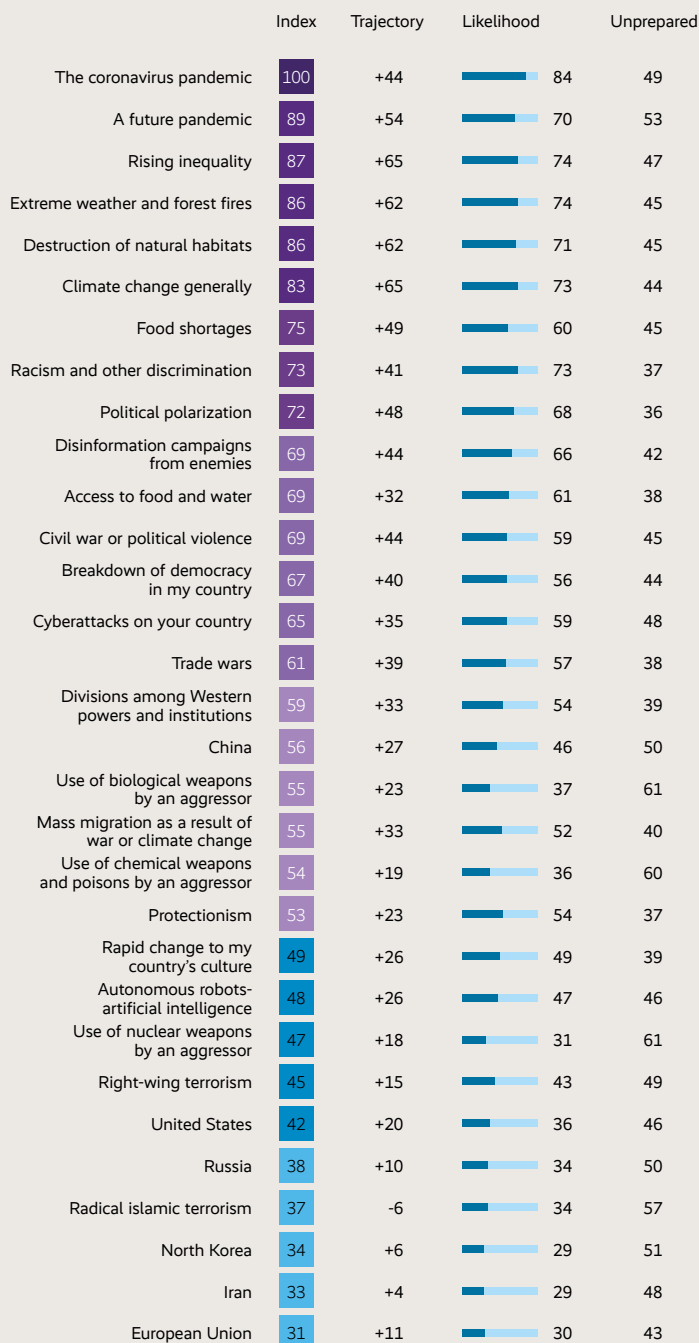
Domestically, political polarization is rated highly as a risk. The risk of a breakdown of democracy (52) and of civil war or political violence (51) also looms large in the mind of American respondents. Despite the storming of the US Capitol on January 6, 2021, right-wing terrorism is not perceived as a significant risk (40).

47 %

of respondents from the US think the risk of political polarization will increase over the next year.

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

Brazil: The touchpoint of global risk



1

Pandemic risks top the list for Brazilian respondents. Across the countries surveyed, respondents from Brazil are the most concerned about the coronavirus pandemic and a future pandemic, with 70 percent of Brazilians believing that a future pandemic is likely in the next five years.

2

These extreme levels of concern also extend to rising inequality and climate change-related issues, including environmental risks, extreme weather, and the destruction of natural habitats. Food shortages, discrimination, and political polarization also rank as high risks: alongside respondents from South Africa, Brazilians are the respondents most worried about civil war or political violence.

3

Respondents from Brazil are less worried by Iran, North Korea, radical Islamic terrorism, or Russia. In line with respondents from nations like the UK and Canada, their risk profile prominently features China.

73%

of respondents from Brazil think that income inequality will increase over the next year.

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

China: An unperturbed country

	Index	Trajectory	Likelihood	Unprepared
United States	44	+28	42	3
Climate change generally	37	+24	39	4
Use of biological weapons by an aggressor	36	+13	23	5
Cyberattacks on your country	36	+20	45	4
Use of nuclear weapons by an aggressor	35	+20	22	4
The coronavirus pandemic	35	-16	59	4
Disinformation campaigns from enemies	34	+18	45	5
Extreme weather and forest fires	34	+8	37	4
Destruction of natural habitats	34	+8	35	4
Trade wars	34	+20	44	4
Use of chemical weapons and poisons by an aggressor	33	+6	22	5
Autonomous robots-artificial intelligence	31	+20	38	5
Access to food and water	30	+10	31	3
Protectionism	30	+12	39	6
Rising inequality	30	+9	33	6
A future pandemic	29	-17	50	5
European Union	28	+12	29	5
Divisions among Western powers and institutions	25	+5	31	6
Right-wing terrorism	24	-9	32	6
Radical islamic terrorism	24	-11	31	7
Racism and other discrimination	22	-4	30	6
Rapid change to my country's culture	22	+6	27	5
Political polarization	21	-3	23	6
Mass migration as a result of war or climate change	21	-8	23	7
Food shortages	20	-9	23	5
Civil war or political violence	18	-17	24	7
Russia	15	-9	21	9
Breakdown of democracy in my country	12	23	16	10
Iran	12	-12	23	11
North Korea	10	-17	21	10

1

The top risks perceived in China are the US, climate change generally, the use of biological weapons by an aggressor, and cyberattacks. The Chinese are less worried about North Korea, Iran, and Russia.

2

Overall, the level at which risks are perceived is lower in China than in the rest of the world – possibly a sign of the confidence of the Chinese people in the strength of their country. While respondents from other countries view China and Russia as risks, respondents from China see the US and the EU as the countries or blocs that pose the biggest geopolitical risks. Where risks are perceived, the Chinese public strongly thinks their country is prepared for them.

3

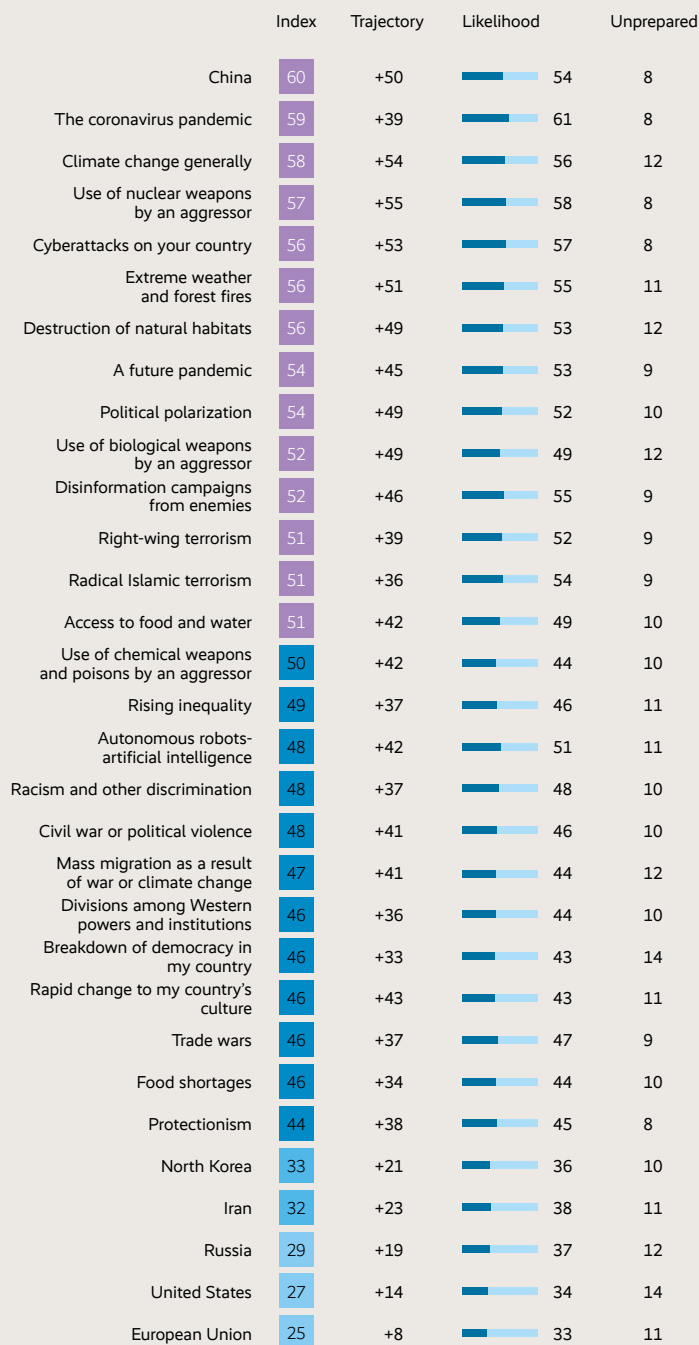
Compared to most other nations, Chinese respondents view the risk of a future pandemic with confidence. They rate this risk as relatively low (29), think that it is declining, and assume that China is prepared for such an event. The same is true of Chinese risk perception regarding the current coronavirus pandemic.

38 %

of respondents from China think that AI and autonomous robots are likely to become a major risk in the next five years.

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

India: Traditional aggressor risks at the forefront



1

The top risks perceived by Indians are China, the coronavirus pandemic, climate change generally, and the use of nuclear weapons by an aggressor. Indians are less worried by Russia, Iran, and North Korea. Respondents from India are more concerned about the risk from China (60) than others – with higher scores only found among the respondents from South Africa and Japan.

2

Respondents from India are more concerned by traditional aggressor risks than those from other countries. For example, they are most worried about the use of nuclear weapons by an aggressor (57), likely reflecting regional security dynamics. They are also at the upper end of those who view biological warfare as a risk. This is matched, however, by Indian concern about new methods of aggression such as cyberattacks (56).

3

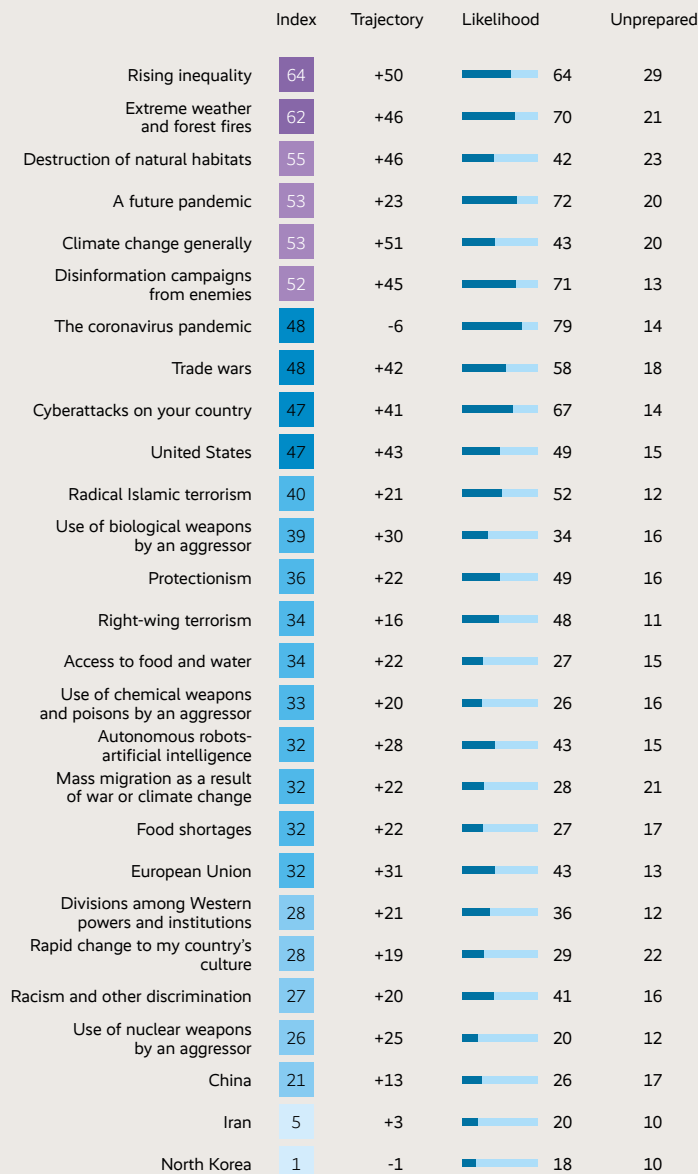
While respondents from most countries take a relatively similar view of Russia and China in terms of risk, among Indians, these perceptions are not aligned. While they see China as a high risk (60), respondents from India perceive the risk from Russia as relatively low (29) – the second-lowest threat perception in the surveyed world.

78 %

of respondents from India think that China poses a severe risk to the country – it is the greatest risk perceived by Indians.

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

Russia: Mirror image of the United States



1

The top risks worrying respondents from Russia are rising inequality, extreme weather and forest fires, the destruction of natural habitats, climate change generally, and a future pandemic. 56 percent of Russians think that the risk posed by inequality is going to increase in the next year while only 6 percent see it decreasing. That said, the absolute level of risk perceived by Russian respondents is one of the lowest alongside the US and China.

2

Russian responses are a mirror image to those from the US on the issue of where external threats emanate from. Respondents from Russia see China as well as Iran and North Korea as minor risks, while viewing the US as a major risk. Russian respondents award the EU with a comparatively low absolute risk score (32). Yet, among all countries surveyed, Russian respondents are second only to respondents from South Africa (39) in the size of the risk ascribed to the EU.

3
































Respondents from Russia are also less concerned about the risk of chemical weapons and biological weapons attacks. Among Russians, the perceived threat of an attack from nuclear weapons is the lowest in the world (26).

56 %

of Russian respondents think that inequality will increase as a risk over the next year – the greatest risk they perceive.

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

South Africa: Risks on all sides

	Index	Trajectory	Likelihood	Unprepared
Racism and other discrimination	82	+57	 74	35
Food shortages	79	+55	 68	38
Rising inequality	75	+78	 70	39
The coronavirus pandemic	75	+24	 77	24
Destruction of natural habitats	74	+55	 65	35
Access to food and water	73	+47	 68	34
Extreme weather and forest fires	72	+58	 70	32
Political polarisation	72	+54	 66	32
Climate change generally	71	+56	 66	33
A future pandemic	70	+46	 62	31
Civil war or political violence	69	+48	 62	37
Breakdown of democracy in my country	69	+49	 59	37
China	68	+38	 58	44
Disinformation campaigns from enemies	61	+36	 59	36
Rapid change to my country's culture	61	+45	 57	34
Cyberattacks on your country	60	+35	 56	34
Mass migration as a result of war or climate change	60	+35	 51	44
Use of chemical weapons and poisons by an aggressor	58	+22	 42	50
Divisions among Western powers and institutions	58	+35	 52	34
Use of biological weapons by an aggressor	55	+22	 41	53
Protectionism	55	+29	 51	27
Trade wars	54	+26	 52	32
Use of nuclear weapons by an aggressor	50	+19	 52	32
Russia	48	+16	 44	43
United States	48	+25	 43	40
Right-wing terrorism	43	+7	 40	34
Autonomous robots-artificial intelligence	43	+22	 46	38
Radical Islamic terrorism	42	+5	 43	38
European Union	39	+16	 37	38
Iran	37	+3	 37	42
North Korea	37	+6	 33	44

1

The top risks mentioned by South African respondents are racism and other forms of discrimination – both of which are ranked highest among all countries surveyed – as well as food shortages, rising inequality, the coronavirus pandemic, and the destruction of natural habitats.

2

South Africa is the second most “risk-aware” nation among the 12 nations surveyed, after Brazil. Respondents from the country see the breakdown of democracy, along with protectionism and rapid change to the culture of one’s own country, as bigger risks than the respondents from other countries.

3

Strikingly, South African respondents do not perceive huge differences in the risk posed by China, Russia, and the US. They see China as a risk (68), with the second highest ranking globally behind Japan. They also view Russia as a risk (48), with greater risk perceptions only found among respondents from Japan, the UK, and the US. And they view the US as a bigger risk (48) than respondents from other countries do, including the Russians and the Chinese.

59%

of South African respondents think that the risk of a breakdown of democracy is likely in the next five years.

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference



2 Geopolitical Omission

How do attempts to boost Europe's strategic autonomy fare in the EU's immediate surroundings? What are the main challenges to Europe's ability to assume a more proactive role and effectively protect its own vital interests in its southern and eastern vicinities? And how does this link to European efforts to stake out a new "transatlantic bargain" for joint engagement with Eastern Europe and the MENA region?

Geopolitical Omission

Sophie Eisentraut and
Luca Mieke

Abstract debates over European strategic autonomy have become a prevalent feature of European politics. In its immediate neighborhood, however, Europe's desire to become what the EU's foreign policy chief recently called "a more capable, and thus more autonomous"¹ actor frequently clashes with reality. To its east and south, where conflicts and instability mount and interventionism by global and regional powers has reached new dimensions,² the EU has revealed a limited ability to assume a more proactive role and effectively protect its own vital interests. With Covid-19 rattling its neighbors from the Maghreb to the Caucasus, the humanitarian catastrophe in the Mediterranean continuing under its watch, and frozen conflicts in its vicinity escalating into outright war, the EU's modest progress toward becoming more "weltpolitikfähig"³ – that is, capable of playing a role in world politics – seems outpaced by developments on the ground.

The immediate future bodes ill for Europe's readiness to step up as a stabilizing force in its surroundings: European governments look inward, busy with containing the coronavirus pandemic, "post-Brexit uncertainties"⁴ characterize the EU's relationship with the UK, and upcoming elections in Germany and France will preoccupy the two countries that are meant to "spearhead the [European] empowerment project."⁵ Yet, with the US continuing to move their strategic focus away from Europe and toward Asia, paralysis is not an option. To successfully stake out a "new transatlantic bargain"⁶ for the European neighborhood, Europeans require greater agency.

A Neighborhood in Disarray: Challenges at the EU's Southern and Eastern Doorsteps

It is not a new observation that Europe's surroundings have become a proverbial "ring of fire"⁷ that confronts Europe with fragility, protracted frozen conflicts, (internationalized) civil wars, and persistent authoritarian rule. However, the past months have shown that European countries would be mistaken to assume that instability in their neighborhood has already "bottomed out."⁸ The state of security at Europe's doorsteps has once more "deteriorated dramatically."⁹ And the Covid-19 pandemic highlights how rapidly a cascade of crises can make a bad situation worse.¹⁰

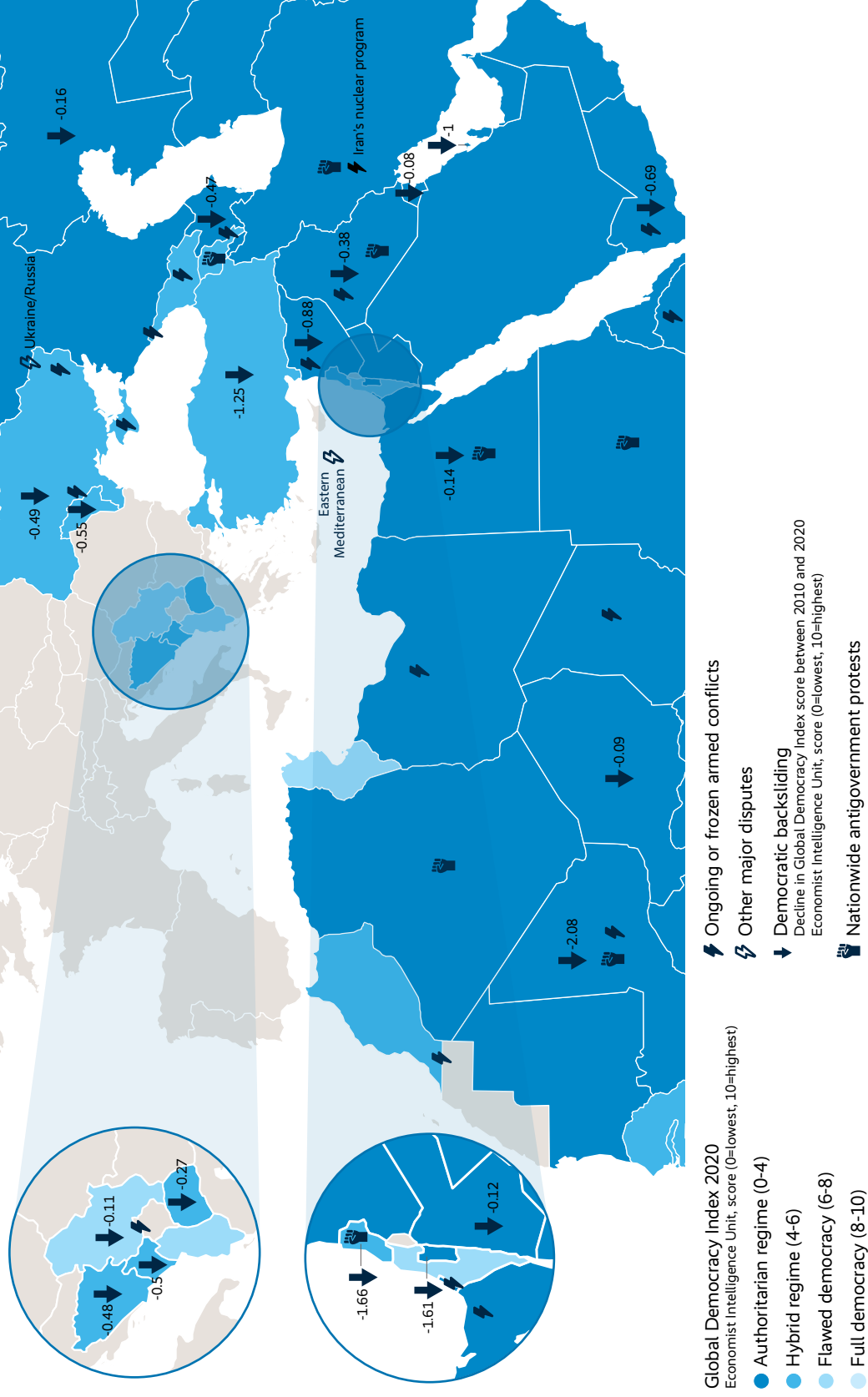
In Europe's south, ten years after the onset of the Arab uprisings, an "insecurity complex" has evolved, marked by state failure, civil wars with heavy foreign



"In the absence of the US, on the human rights front, I think the EU had a weak voice and did not rise to the challenge."¹²

Agnès Callamard, Secretary General of Amnesty International, The Guardian, March 23, 2021

Challenges in Europe's wider southern and eastern neighborhoods



involvement, and a scramble for regional hegemony.¹¹ In Europe's east, fighting in eastern Ukraine has once again intensified, the frozen conflict in Nagorno-Karabakh saw full-blown military escalation, and in Belarus an authoritarian regime has brutally clamped down on pro-democracy protesters. In both regions predatory state behavior is on the rise while freedom is in general decline.

In contrast to some of those powers meddling in the EU's immediate surroundings, EU members cannot insulate themselves from the disarray in their neighborhood.¹³ The effects reach Europe in the form of people seeking refuge from persecution, violence, and destitution, as well as in the threats from terrorist groups like the Islamic State. For instance, the turmoil in Libya continues to boost illicit networks operating in North Africa by creating a booming market for human smuggling and trafficking toward Europe.¹⁴ A lack of stability in Europe's neighborhood also affects vital European interests in free trade routes and energy security.¹⁵ It remains wishful thinking that North African countries can one day become important partners for efforts to diversify EU members' supply chains and meet Europe's growing demand for renewable energy, if basic stability remains an issue.¹⁶ And the past years have shown that a neighborhood marred by instability does not only affect individual EU member states but imperils the European project as such. Crises in the EU's periphery have been instrumentalized by populist nationalist movements within EU countries themselves. By challenging the EU's promise to be "a Europe that protects,"¹⁷ these forces "have shaken the foundations of Europe's political systems."¹⁸



"I know the past few years have strained and tested our transatlantic relationship, but the United States is determined — determined to reengage with Europe, to consult with you, to earn back our position of trusted leadership."²⁰

Joe Biden, US President,
MSC Special Edition,
February 19, 2021

Changing Engagement: The US in the European Neighborhood

The "New EU-US Agenda for Global Change" proposed by the European Commission lists many of the EU's regional challenges as tasks to be managed in joint Euro-Atlantic efforts – including conflicts in the Western Balkans, Ukraine, the Middle East and North Africa (MENA), and the Sahel region.¹⁹ However, the proposal breathes the understanding that the old transatlantic arrangement, according to which security provision and conflict management in Europe's east and south is largely shouldered by the US, is an arrangement of a bygone era.

At the MSC Special Edition on February 19, 2021, US President Biden left no doubt about his support for "the goal of a Europe whole, and free, and at peace" and called NATO's mutual defense clause an "unshakable vow."²¹ This recommitment to transatlantic cooperation and a joint approach to challenges everywhere in the world was emphatically greeted by European

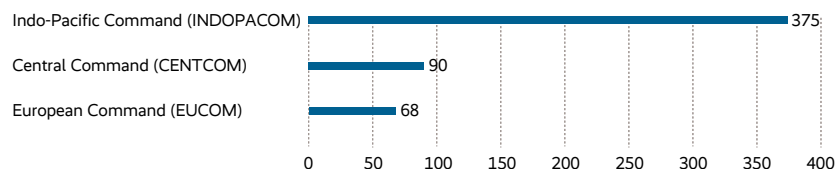
leaders.²² Still, there is no doubt that in the EU's vicinity, the transatlantic burden-sharing of the future will have to look very different from the transatlantic burden-sharing of the past. Burden-shifting rather than burden-sharing might best describe a future division of labor whereby Europe takes much greater responsibility for managing the crises in its surroundings.²³

For Washington, competition with China will take precedence. Changes in US politics, society, and economy have rendered American security interests in the MENA region gradually “less vital.”²⁴ And in light of multiple domestic challenges confronting the new US president, including the Covid-19 pandemic and growing societal divisions, Europeans can no longer expect the US to do the lion's share of security provision in Eastern Europe and the MENA region – two regions that are much more relevant to the EU than they are to the US. By pushing for a more balanced division of labor in Europe's vicinity, especially in the realms of security and defense, the new US administration will continue a path that was charted long before Joe Biden was sworn in.

Over the past decade, the US military posture in Europe's wider neighborhood has changed significantly. Between 2009 and 2019, US forward-deployed personnel in the Central Command, responsible for operations in the Middle East, was reduced by 68 percent.²⁵ By 2019, the permanent assigned strength of the US Indo-Pacific Command was more than twice the European and Central Commands taken together (see Figure 2.1). Under President Trump, thousands of troops have been withdrawn from Afghanistan, Syria, and Iraq – yet additional soldiers were deployed to the Persian Gulf.²⁶ While President Biden pushed back Trump's deadline for ending the US military mission in Afghanistan until September 2021, he too wants to withdraw all US forces from the country.

Figure 2.1

US military posture, personnel in selected commands, 2019, thousands



Data: US Senate Armed Services Committee. Illustration: Munich Security Conference



Instead of boots on the ground, the US has opted for more remote forms of military engagement in the EU's surroundings, including arms transfers, the use of armed drones, and support for proxy forces.²⁷ While Washington might be aiming to reduce its direct military presence in the conflicts in Europe's backyard, these developments show that a US military cutback does not mean military disengagement.²⁸ Nor do reductions always follow a linear trend: Rather than withdraw US soldiers, as planned under Trump, the US now intends to increase its force presence in Germany by deploying 500 additional troops.

American efforts to reduce their footprint in Europe's neighborhood were not only palpable in the military realm. Key conflicts in the EU's eastern and southern vicinity, including those in Ukraine, Nagorno-Karabakh, Syria, and Libya, have been raging without Washington assuming the diplomatic lead in crisis resolution.²⁹ For instance, while US leadership was crucial in bringing about the 1994 ceasefire between Armenia and Azerbaijan, Washington was just as "noticeably absent"³⁰ as Brussels and other European capitals when the conflict flared up again in 2020.³¹ President Biden has made unmistakably clear that he seeks to reverse the past four years' erratic dynamics. He wants to reassert US diplomacy.³² And he has also signaled willingness to reengage with Europeans on a series of important diplomatic files, including on the Iranian nuclear program.³³ But maintaining this "new transatlantic momentum" in the diplomatic realm will demand much greater initiative from European countries themselves.³⁴



"And yes, Europe is doing more – from Ukraine to the Middle East to Libya and the Sahel: militarily and in the civilian and diplomatic realm. Yes, but not yet enough either."³⁵

Heiko Maas, German Foreign Minister, Munich Security Conference, February 14, 2020

Sleeping Giant: Impediments to European Agency in Its Neighborhood

While Europeans cannot claim that US pressure to step up their contributions has come as a surprise, they have shown little readiness to take the reins. Instead, more often than not, Brussels and EU governments were "helpless bystander[s]" to a deteriorating security environment.³⁶ For instance, Europe played no part in efforts to end the fighting in Nagorno-Karabakh, accepting that borders were altered by means of military aggression, and allowing Moscow to call the shots and act as a "regional arbiter."³⁷ When Moscow massively reinforced its troops at the border to Ukraine, the European Union expressed concern but did not contemplate additional sanctions against Russia.³⁸ And while individual EU member states were involved in conflict resolution formats like the Normandy group on Ukraine, the EU itself was often absent. By not even appointing special representatives for major crises like the one in Syria, the EU fails to put its collective weight to effective use.³⁹



“During decades, the US, within NATO, was totally focused on the defense of Europe and our neighborhood. And I think it is time for us to take much more of the burden of our own protection.”⁴⁴

Emmanuel Macron, French President, MSC Special Edition, February 19, 2021

To become a stabilizing force in its neighborhood and steer matters in its surrounding, Europe has to tackle major deficits in the areas of capacity, strategic direction, and unity. On European capabilities, a scenario-based study concluded that without the US or NATO, Europeans are unable “to run demanding operations” like those required to counter an attack at NATO’s eastern flank.⁴⁰ One observer was yet more blunt: “Most of the EU’s armies,” he argued against the backdrop of the Nagorno-Karabakh flare-up, “would do as miserably as the Armenian army in a modern kinetic war.”⁴¹ As pandemic responses exert pressure on European governments’ budgets, there is a real risk that efforts to improve European defense capabilities – which some argue are already “inadequate relative to Europe’s security vulnerabilities” and “underfunded relative even to their original, fairly modest, ambitions” – will be dealt an additional blow.⁴² The amount originally earmarked for the European Defence Fund was almost cut in half.⁴³

While European non-military levers are plenty, the EU’s High Representative has argued that the EU and its member states need to make greater efforts to put these instruments “at the service of one strategy.”⁴⁵ In 2019, the EU-27 was the top trading partner in goods for countries in the EU’s European Neighbourhood Policy. It was also the top donor of official development assistance (ODA) to every single Eastern Partnership country and the second-largest donor in the southern neighborhood after Turkey (see Figure 2.2).



“For the countries in the Southern Neighborhood we are the most important economic and political partner. We need to rebuild on this. We are the biggest traders and investors, but our presence and priorities are not seen, felt, observed, and delivered.”⁵²

Olivér Várhelyi, EU Commissioner for Neighbourhood and Enlargement, Rome, September 10, 2020

Yet Europeans seem to lack a clear strategy that would help them pool their various levers and translate them into actual “political capital.”⁴⁶ Rather than leading concrete discussions about European political objectives and the tools required for their realization, they often seem caught in “strawman” debates about theology – as seen in the spat between French President Emmanuel Macron and German Defense Minister Annegret Kramp-Karrenbauer over the meaning of strategic autonomy.⁴⁷ As a result, quick fixes rather than the pursuit of long-term interests dominate Europe’s approach to the challenges in its surroundings.⁴⁸ This is particularly evident in the MENA region, where the EU has often looked to the US for strategic guidance.⁴⁹

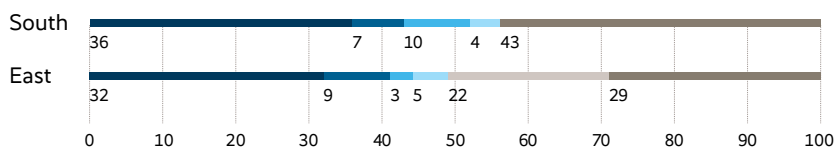
A Europe that seeks to strengthen its power projection capabilities needs to define its own longstanding objectives and ensure that its levers are effectively geared toward these ends. Europeans could start by advertising what instruments they already have at their disposal.⁵⁰ By better communicating the relevance of its neighborhood engagement – including the decisive role of EU trade, investment, and aid within neighboring states – the EU could

Figure 2.2

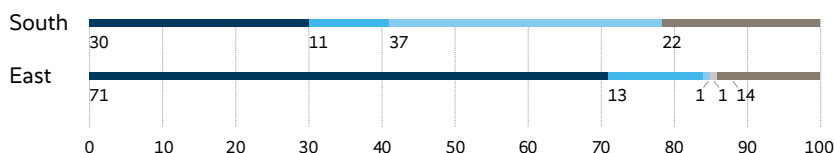
Role of EU trade and official development assistance (ODA) in the European neighborhood

● EU ● China ● US ● Turkey ● Russia ● Others

Top trade partners of the EU's southern and eastern neighborhoods, 2019, share of total trade in goods, percent



Top ODA donors to the EU's southern and eastern neighborhoods, 2019, percent of total ODA inflows



Data: European Commission; OECD. Illustration: Munich Security Conference

successfully refute the arguments of competing powers and European populist forces alike, both of which like to portray the EU as weak and as an irrelevant political player.⁵¹

A shared strategy – a Strategic Compass – for dealing with the European neighborhood, however, requires greater agreement within Europe itself. There is a “profound lack of unity”⁵³ among European countries when it comes to the perception and management of their neighbors (see Figure 2.3). The presidency of Donald Trump saw these intra-European rifts grow wider.⁵⁴ The EU’s decision-making rules, the unanimity rule in particular, compound the disunity dilemma by enabling individual member states to block collective decisions.⁵⁵ One recent example is the Cyprus veto, which stymied European attempts to sanction Belarusian officials for their involvement in the violent repression of peaceful protesters.

Figure 2.3

European citizens' perceptions of neighboring countries, share saying country is an ally minus share saying country is a threat, 2021, percent

For each country, please say whether you think it poses a threat or is an ally to your country.

	Ukraine	Belarus	Russia
UK	21	14	-27
Italy	12	8	14
Germany	8	-14	-20
France	16	-1	-7

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference



The veto, which was meant to pressure the EU into responding to Turkey's actions in the Eastern Mediterranean, was dubbed an “embarrassing standoff” and has demonstrated how the unanimity principle thwarts EU attempts to gain geopolitical influence in its surroundings.⁵⁶ Other recent examples where internal divisions have frustrated a unified approach to neighborhood challenges include disunity between the Visegrád states and many Western EU members over the Israeli-Palestinian conflict, divides between France and Italy over the Libyan civil war, and dissent between Germany and other EU members over the Nord Stream 2 gas pipeline project.⁵⁷ Without finding ways to increase the cost of the veto, the disunity dilemma will likely persist.⁵⁸ However, if those who seek to strengthen Europe's capacity to act forge ahead with like-minded EU partners, the unanimity requirement does not have to block collective action.⁵⁹



“My meeting with Minister Lavrov highlighted that Europe and Russia are drifting apart. It seems that Russia is progressively disconnecting itself from Europe.”⁶³

Josep Borrell Fontelles,
High Representative and
Vice-President of the
European Commission,
February 7, 2021

Spoilers: The Scramble for the EU's Neighborhood

With the EU and the US being reduced to bystanders in some of the gravest crises in the European neighborhood, “this vacuum is being exploited” by others⁶⁰ – other powers, as French President Emmanuel Macron already warned in 2018, that have “a stronger strategy and ambition,”⁶¹ and whose actions may well run counter to European interests. Already, conflicts and instability at the EU's eastern and southern rims are marked by regional countries' scrambles for dominance, the intervention of major extra-regional powers, and the activities of violent transnational actors.⁶²

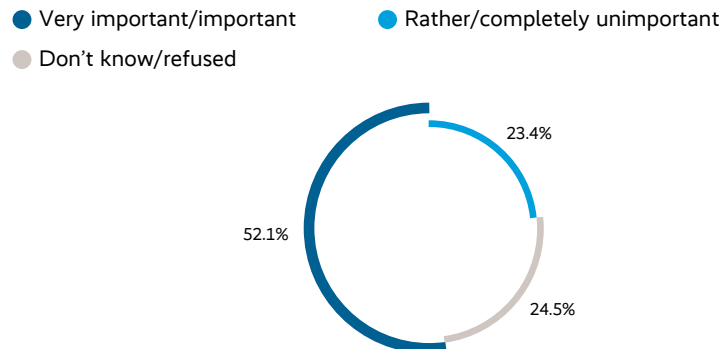
To its east, EU members are being confronted with Russian overt and covert activities that are totally at odds with their interest in having stable, prosperous, and democratic neighbors. Yet, what some have harshly judged a “humiliating”⁶⁴ visit of the EU’s High Representative to Moscow showed that when dealing with its most powerful neighbor, the EU and its members often act “like a supplicant”⁶⁵ rather than speaking the “language of power.”⁶⁶

A “more and more defiant Russia,”⁶⁷ as EU Commission President Ursula von der Leyen called it at the MSC Special Edition, is accused of deliberately destabilizing countries in the Western Balkans and Eastern Europe – using state weakness as a central tool to shape developments in its surroundings and thereby distract and debilitate the EU.⁶⁸ The means employed by Moscow include disinformation campaigns and cyberattacks.⁶⁹ But they also include the threat and use of military force, as demonstrated by the buildup of Russian forces on the border with Ukraine in March 2021 – actions that appeared “very much like preparations for hostilities.”⁷⁰

Figure 2.4

Attitudes of Belarusians toward European sanctions, December 2020, percent

In October and November 2020, the EU introduced sanctions against several Belarusians for repression and election falsification, including a travel ban and asset freezes. How politically important was the introduction of these sanctions, in your opinion?



Data: Centre for East European and International Studies (ZOiS).
Illustration: Munich Security Conference

ZOIS Zentrum für Osteuropa- und internationale Studien
Centre for East European and International Studies

Moreover, Russia’s support for “favored elites”⁷¹ counteracts European efforts to strengthen democracy in Eastern Partnership countries. This is powerfully on display in Belarus, where Moscow has intervened in favor of an autocrat who brutally suppressed public protests against fraudulent elections.⁷² After overcoming the Cyprus veto, the EU has responded to

Figure 2.5

Nations supporting Libya's rival factions, selected domains, 2020

● Support ● No support

	Diplomatic	Military	Economic	Intelligence/ counterterrorism	Social media disinformation
Supporting the Government of National Accord (GNA)					
Turkey	Support	Support	Support	Support	Support
Qatar	Support	Support	No support	No support	No support
Italy	Support	No support	No support	Support	No support
Germany	Support	No support	No support	No support	No support
Supporting the Libyan National Army (LNA)					
Russia	Support	Support	Support	Support	Support
Egypt	Support	Support	Support	No support	No support
UAE	Support	Support	Support	No support	No support
France	Support	Support	No support	Support	No support
Chad	No support	Support	No support	No support	No support
Jordan	No support	Support	No support	No support	No support
Sudan	No support	Support	No support	No support	No support
Saudi Arabia	No support	No support	Support	No support	No support

Data and illustration: AFRICOM; US Lead Inspector General



“We are getting used to the fact that the European Union are trying to impose unilateral restrictions, illegitimate restrictions and we proceed from the assumption at this stage that the European Union is an unreliable partner.”⁷⁶

Sergey Lavrov, Russian Foreign Minister, Visit of EU High Representative to Moscow, February 5, 2021

the situation by not recognizing the electoral results and by sanctioning officials and entities responsible for the acts of violent repression.⁷³ These sanctions, exclusive survey data shows, were welcomed by the majority of Belarusian respondents. Now, however, the EU seems “immobilized” as Moscow shapes the political future of the country.⁷⁴ The transition process Russia initiates will likely deal a “fatal blow to Belarus’s pro-democracy protest movement.”⁷⁵

Further south, in the MENA region, regional powers and external actors “are determining the course of events.”⁷⁷ They include, but are not limited to, Saudi Arabia, Turkey, the United Arab Emirates, Qatar, and Iran.⁷⁸ Turkey’s activities have raised particular concern among observers.⁷⁹ What some have dubbed “escalating Turkish interventionism”⁸⁰ now extends to Syria, the Eastern Mediterranean, and Libya and includes the sending of troops, material, and mercenaries into conflict zones.⁸¹ As a result, argued Josep Borrell, Europe witnesses Turkey, together with Russia, dictating the terms of conflict resolution at the exclusion of Europe.⁸²



“Russia keeps involving member states of the European Union in hybrid conflicts. Therefore, it is very important that we develop a common transatlantic agenda on Russia.”⁸⁶

Angela Merkel, German Chancellor, MSC Special Edition, February 19, 2021

Few cases exemplify the decreasing ability of Western states to shape ongoing conflicts – a phenomenon that the Munich Security Report 2020 has coined “Westlessness”⁸³ – better than Libya. Despite German efforts to promote Libyan peace talks and limit external interference, it is Turkey and Russia that act as crucial arbiters, as they hold decisive sway over the competing Libyan camps (see Figure 2.5).⁸⁴ In Libya and elsewhere, Europe’s marginalization is not only owed to internal disunity among the EU’s members. It is also due to the fact that European countries are hesitant to project military power at a time when this is the currency of many regional actors. In fact, at the end of 2020, the US Africa Command estimated the presence of “10,000 foreign mercenaries and proxy forces deployed in Libya.”⁸⁵

China is another relevant actor that has successively expanded its economic and political footprint in the EU’s surroundings, “jeopardizing the space”⁸⁷ for action by the transatlantic partners. Beijing’s influence mostly comes in the form of large-scale infrastructure development and connectivity investments.⁸⁸ And like Russia, China willingly exploits the opportunity to boost its standing in the EU’s periphery by distributing Covid-19 vaccines.⁸⁹ Despite 13 EU member states warning in a letter to the Commission, that “our borders will not be safe if we do not extend our support,”⁹⁰ the EU long left it to other major powers and international initiatives to provide its eastern neighbors with access to Covid-19 vaccines.



“We should not let ourselves be misled by China and Russia, both regimes with less desirable values than ours, as they organize highly limited but widely publicized operations to supply vaccines to others.”⁹¹

Charles Michel, President of the European Council, Letter “A Word from the President,” March 9, 2021

Transatlantic Recalibrations: Toward a New Bargain

As they are being confronted with the dual challenge of “an increasingly hostile geopolitical environment”⁹² and a transatlantic partner that can no longer be expected to shoulder the primary burden of stabilizing these precarious surroundings, Europeans feel the mounting pressure to take concrete steps that boost their ability to address nearby conflicts and instability. In this regard, efforts to recalibrate transatlantic burden-sharing and European efforts to step up to the plate are not separate matters but are “two sides of the same coin.”⁹³

For the foreseeable future, Europeans will continue to depend on the US when it comes to hard security.⁹⁴ Despite significant upticks in their defense spending,⁹⁵ the US will remain indispensable for the “credible defense and deterrence” of European states against Russia.⁹⁶ Likewise, European military operations will continue to rely on the US to “lead from behind” by providing capabilities that Europeans currently lack – including “intelligence, surveillance and reconnaissance (ISR) aircraft and air-to-air refuelling.”⁹⁷



“Only if we take our own security seriously can we expect the United States to do the same.”¹⁰³

Annegret Kramp-Karrenbauer, German Defense Minister, Presentation of the Steuben Schurz Media Award, October 26, 2020

However, for future conflicts or threats that do not trigger NATO’s mutual defense article, Europeans will likely have to take the lead.⁹⁸ The EU’s Sahel mission has provided a glimpse of what this may look like. And while it is clear that Washington’s political backing will remain vital to any European-led effort at crisis mediation and conflict resolution – just as it is clear that unilateral moves by the US, as best exemplified by Trump’s maximum pressure policy on Iran, will always hamper European agency⁹⁹ – French President Emmanuel Macron has rightly argued at the MSC Special Edition that “we need more Europe to deal with our neighborhood.”¹⁰⁰

It is also true, however, that Europe’s doorstep will remain an important arena for American interests. Given Russia’s military engagement in Syria, Libya, the Southern Caucasus, and beyond, as well as China’s steady ascent as a viable economic and political competitor at the EU’s southern and eastern periphery, the strategic competition that will preoccupy Washington for the foreseeable future is not restricted to the Indo-Pacific. It happens right on the EU’s doorstep. President Biden has acknowledged this fact.¹⁰¹ And a shared transatlantic interest in preventing proliferation, countering terrorism, defending democracy and human rights, and safeguarding the free flow of energy constitute enduring reasons for what NATO Secretary General Jens Stoltenberg has termed “strategic solidarity”¹⁰² – between Europe and the US.

The new US administration has signaled its interest in a capable European partner with whom to cooperate on the most urgent and daunting global security challenges. But continued US commitment to its transatlantic partner and European security must not be taken for granted. If Europeans want the US to continue to care, Europe has to prove that it really cares itself.

Key Points

- ① In its immediate neighborhood, European attempts to become more “weltpolitikfähig” and effectively protect Europe’s own vital interests are outpaced by developments on the ground.
- ② To the EU’s east and south, conflicts and instability are mounting but Brussels and EU governments often appear to be helpless bystanders in a deteriorating security environment. At the same time, both Eastern Europe and the MENA region have witnessed growing interventionism by global and regional powers.
- ③ While US President Joe Biden is committed to European security, it is clear that the old transatlantic arrangement, according to which security provision and conflict management to Europe’s east and south is largely shouldered by the US, belongs to a bygone era.
- ④ To successfully stake out a new “transatlantic bargain” for the European neighborhood, Europeans require greater agency. They must tackle major deficits in the areas of capacity, strategic direction, and unity. Among others, this demands efforts to prevent that the EU’s decision-making rules regularly paralyze EU foreign policy.



Indo-Pacific

3 A Sea Change

As China's power and ambition in its wider neighborhood grows, what are the stakes for regional security and international order? What does the focus on a new strategic concept – the Indo-Pacific – mean for cooperation in the region? And how should Europe, the United States, and like-minded partners engage in the competition over which rules and values will shape the Indo-Pacific?

A Sea Change

Randolf Carr

It has long been commonplace in foreign policy circles that the world's geopolitical "center of gravity"¹ is shifting toward Asia. The reason is evident: for decades, Asian countries, with China as the most striking example, have grown economically at an unparalleled pace and are becoming critical players on the world stage. To paraphrase India's Foreign Minister Subrahmanyam Jaishankar at the Munich Security Conference 2020, the economic rebalancing of the world is being followed by a commensurate political rebalancing.²

Now, with China poised to become the world's largest economy and a growing authoritarian challenge to the US-led liberal international order, its wider neighborhood will be the key arena for great-power competition and systemic rivalry. The decisions and trajectories of the many established and emerging powers, like India, in the region have the potential to tilt the scales. For the United States, raising its profile and counterbalancing China is a top priority. Europe too has begun to take a stronger stance on its vital interests in the region.



"Whether it is the yardsticks of trade and investment, connectivity and travel, or politics and security, what begins in the Pacific no longer ends there and the same holds true for the Indian Ocean. [...] The Indo-Pacific is not tomorrow's forecast but yesterday's reality."⁷

Subrahmanyam Jaishankar,
Indian Minister of External
Affairs, CII Partnership
Summit, December 17, 2020

All this has given rise to a new term in the "geopolitical nomenclature": the Indo-Pacific.³ Its defining feature is the conception of the Indian and Pacific Oceans as "one contiguous area."⁴ The "confluence of the two seas," first articulated by Japan's then-Prime Minister Shinzo Abe on a 2007 visit to India,⁵ is not just a figurative expression: Commerce and infrastructure are increasingly connecting the two oceans and their littoral states. The sea lanes across these waters carry a huge share of the global trade in goods, including energy supplies, making them a "vital commercial artery"⁶ for economies all around the world.

A mix of these considerations contributes to the Indo-Pacific concept finding "receptive audiences in almost every significant capital – except Beijing."⁸ The term was adopted by Australia in 2013, by the US in 2017, by the Association of Southeast Asian Nations (ASEAN) in 2019, and endorsed by India in 2015. Because the concept can also be seen as "an expression of global connectivity" without definite geographical borders, it follows that "not all the Indo-Pacific's chief stakeholders are necessarily resident or fully resident powers."⁹ As if to illustrate this point, European nations – France, followed by Germany, the Netherlands, and the United Kingdom in quick succession – have recently issued their own documents on the Indo-Pacific.

The Indo-Pacific is at a defining moment. The United States, under the Biden administration, is resetting its regional engagement. European nations, for the most part, are strategically approaching the region as newcomers. For their engagement in the region to be effective, the transatlantic partners will have to reconcile differing priorities and cooperate, as well as create synergies with the strategies and interests of regional players.

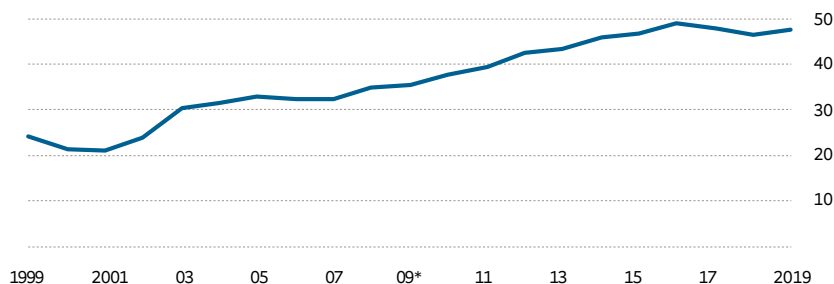
A Rising Tide Lifts All Boats

The players in the Indo-Pacific are extremely dynamic and diverse, even by a narrow definition of the region.¹⁰ For decades, the Pax Americana guaranteed an open, rules-based order, during which the region became not just more prosperous but also more cohesive and integrated.¹¹

Growth in the emerging economies of the Indo-Pacific has consistently outpaced the developed West over the past few decades (see Figure 3.1), and recently, it is also these emerging economies that are recovering the quickest from the downturn caused by the Covid-19 pandemic.¹² Some estimates expect Asia's share of global GDP to rise to 50 percent by 2040.¹³ Interconnectedness within the region has catalyzed its growing economic clout as much as far-flung exports have. In 2017, within the Pakistan-Japan-New Zealand triangle, 52 percent of all trade was intraregional – ten percent more than among the NAFTA countries and only ten percent less than within the highly integrated single market of the (then) EU-28.¹⁴ ASEAN played a key role in promoting the cohesiveness of Southeast Asia, its economic “miracle”¹⁵ of the 1980s

Figure 3.1

Share of world GDP growth generated in the top ten Indo-Pacific economies, five-year rolling average, 1999–2019, percent



*In 2009, the GDP of the “top ten” grew while the rest of the world recorded negative GDP growth.

Data: World Bank. Illustration: Munich Security Conference



“The West needs to eschew the subconscious belief in the superiority of its civilization and abandon its prejudices and anxieties regarding China.”¹⁹

Wang Yi, Chinese State Councilor and Minister of Foreign Affairs, Munich Security Conference, February 15, 2020

and 90s, and lower tariffs on trade in the wider region. If the bloc were a single economy, it would be the fifth largest in the world.¹⁶

As many countries profited from China’s rise, they became less wedded to the US as their economic partner and rule-maker of choice.¹⁷ China’s geography, population, and economy give it a natural competitive advantage. Today, it is the top goods trading partner of almost every major country in the region, including India, US allies like Japan, South Korea, and Australia, as well as eight of the ten ASEAN countries.¹⁸ Yet China must not automatically dominate a post-Pax Americana regional order – though not for lack of trying.

Do All Belts Lead to Beijing?

China’s Belt and Road Initiative (BRI) has been described as everything from a grand strategy for shaping world order to a catch-all for myriad projects around the globe that is not as coordinated and strategic as one is made to believe.²⁰ One of its functions, in any case, is ensuring the dominance of China’s interests at land and at sea in its neighborhood, leading many to describe it as an Indo-Pacific strategy by another name.²¹ On paper, the BRI is highly successful: as of early 2021, the initiative counts around 140 participating countries. But the BRI is not running uncontested: Japan has long led the way in providing significant alternatives to Chinese financing – with 367 billion US dollars invested in Southeast Asian infrastructure projects compared to China’s 255 billion.²² A key selling point is that China’s offers come with no strings – like liberalization or democratic reform – attached.²³ Financed and realized by Chinese lenders and companies, the BRI gives Beijing a competitive edge in value chains and standard-setting, resulting in “long-term advantages for Chinese manufacturers and traders.”²⁴

Beyond economic aims, the BRI also gives China the means and plausible motive to advance its long-held goal of expanding its military reach.²⁵ To ostensibly defend its far-flung investments, resources, and presences, China is cultivating “strategic strong points”²⁶ along the Maritime Silk Road in Cambodia, Myanmar, Bangladesh, Sri Lanka, Pakistan, Djibouti, and elsewhere that could help widen the theater of operations of the People’s Liberation Army and its navy. In response, India has increasingly focused on security cooperation in the region.²⁷ Australia has been similarly active. In 2020, both participated in a naval exercise with the US and Japan – the first in the Quadrilateral Security Dialogue (“Quad”) format since 2007.

The “sharper forms”²⁸ of Chinese influence that come with its cash have also irked many BRI partners.²⁹ Some see China at risk of “overreaching and overplaying its hand by becoming too demanding and exploitative.”³⁰ The signs of growing caution are already evident in how countries like Indonesia, Vietnam, Thailand, Malaysia, Laos, and even quasi-client state Cambodia deal with China.³¹



“Actions by China, including in Xinjiang, Hong Kong, [and] Taiwan, cyberattacks on the United States, and economic coercion toward our allies [...] threaten the rules-based order that maintains global stability.”⁴²

Antony Blinken, US Secretary of State, US-China Bilateral Meeting in Anchorage, Alaska, March 18, 2021

Shoring Up Regional Strategies

Recognition that a regional order centered on a more aggressive China would threaten US interests caused successive administrations to reevaluate US engagement.³² President Obama’s “pivot” to Asia from 2011 onward already used the term Indo-Pacific.³³ The Trump administration then fully adopted the pursuit of a “Free and Open Indo-Pacific” geared first and foremost toward “geopolitical competition between free and repressive visions of world order” and containing China in the region.³⁴ The concept was eventually enshrined as “a whole-of-government strategy for countering Chinese coercion activities in the Indo-Pacific.”³⁵ However, US actions were widely considered to have been inadequately resourced and coordinated to achieve their aims.³⁶ US engagement with ASEAN and in regional forums was found lacking, and, as elsewhere, multiple senior diplomatic positions were unfilled.³⁷ An announcement by then-Secretary of State Mike Pompeo on providing alternatives to BRI-linked investments was followed up by just 113 million US dollars in new initiatives.³⁸ By comparison, estimates have Chinese investment through the BRI totaling over 1 trillion US dollars by 2027.³⁹ In the security sphere too, despite underlining the Indo-Pacific as the “priority theater,” actual changes to US force posture and capacity-building assistance were reportedly minor.⁴⁰ Early on, Joe Biden set out to reassure partners in the region of adequate US commitment: “We’re a Pacific power, and we’ll stand with friends and allies to advance our shared prosperity, security, and values.”⁴¹

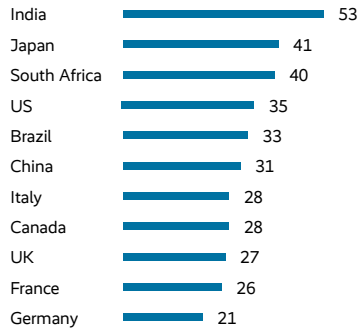
Coping with growing Chinese influence and the uncertainty of US engagement has been the focal point of regional strategies – both for US allies as well as for more equidistant actors. Mostly, regional players have determined “that by doing more for themselves, as well as with each other, they stand a better chance of persuading America that it is worth staying in the Indo-Pacific – or coping, at least temporarily, if it eases back.”⁴³

Figure 3.2

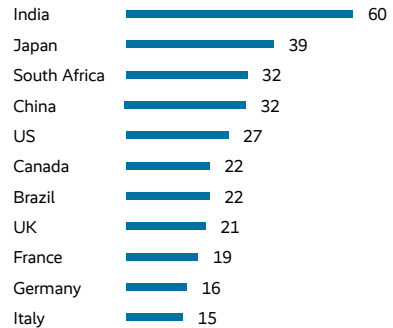
Citizens' views on the risk to global security from conflicts in the Indo-Pacific, share who think the risk is great, 2021, percent

How great a risk do the following things pose to the world?

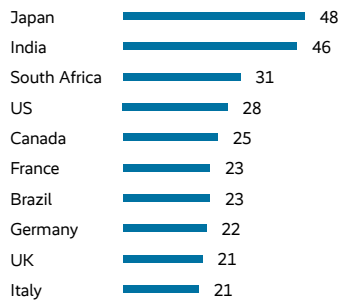
North Korea invading South Korea



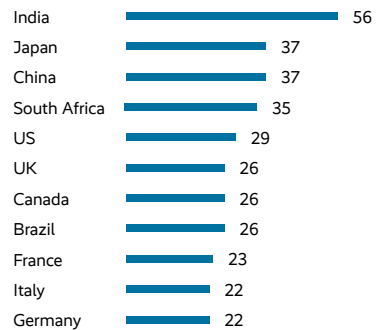
War between China and India



China invading Taiwan



Nuclear war between India and Pakistan



Data and illustration: Kekst CNC, commissioned by the Munich Security Conference



Japan, as the de facto initiator of the current Indo-Pacific concept, was motivated from the start by counterbalancing Chinese power and assertiveness through keeping the US engaged and bringing India into the equation.⁴⁴ Tokyo has been a force to be reckoned with, particularly in terms of presenting alternatives to China's economic frameworks in the region – for instance, by shepherding the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and by competing with China's BRI financing.⁴⁵ Tokyo has been careful not to let its Free and Open Indo-Pacific strategy appear too

securitized, to avoid incensing Beijing or, by extension, Southeast Asia.⁴⁶ India, too, seeks to strike a balance vis-à-vis Beijing. New Delhi fears “strategic encirclement” by China but is careful to maintain a measure of constructive relations.⁴⁷ For Australia, the security element of its Indo-Pacific approach is clearer, as it angles to keep its ally, the US, engaged in the region.⁴⁸ Canberra maintains defense dialogues and military training cooperation with all of ASEAN.⁴⁹ It and New Delhi both stress the importance of reassuring ASEAN of its “centrality” to the Indo-Pacific.⁵⁰ When ASEAN published its own “Outlook on the Indo-Pacific,” it did so in large part to underline its own importance and centrality to the region. From ASEAN’s perspective, a securitization of the Indo-Pacific concept to the exclusion of China poses a threat to ASEAN’s role and cohesion.⁵¹

Despite some differences, the actors in the region that have addressed or adopted the Indo-Pacific concept are all using it to signal significant common priorities: economic connectivity without exploitation, resolving differences without coercion or force, and respecting rules and sovereignty.⁵²

A Maelstrom of Challenges to International Order

Beijing’s effort to establish the Indo-Pacific as a “sphere of influence”⁵³ cannot be extricated from the challenges that its rise poses to principles of order on a global scale. China may impose “disruptive changes that multiple other powers do not want”⁵⁴ and constrain or coerce its neighbors’ choices. These changes and choices have the potential to tilt the scales of international order away from its foundational principles – among them sovereignty, democracy and human rights, nonaggression, and nonproliferation.

China is not the only country in the region engaged in sovereignty disputes, but it alone has 18 of them at land or at sea on its periphery.⁵⁶ Critically, Beijing may be tying its hallowed goal of “national rejuvenation”, and thus the regime’s legitimacy, to infringement on others’ sovereignty and interests, for instance vis-à-vis Taiwan and the South China Sea.⁵⁷ This could be a recipe for distrust and escalation.⁵⁸ Throughout 2020, the pitch of confrontation on several of these disputes has heightened.⁵⁹ Observers describe China as engaging in “military intimidation” toward Taiwan, wearing down the island’s military readiness with the constant threat of incursions.⁶⁰ Experts disagree about how to maintain US deterrence, and some see a near-term window of opportunity for China to force the issue on Taiwan.⁶¹ Meanwhile, the people of Taiwan are becoming more and more adamantly opposed to rejoining mainland China.⁶²



“China has become a security threat to Japan. They have capability and they have intention. So, we have to be very carefully monitoring what they are trying to do. And Japan, with our ally, [the] United States, have to be ready to check their intention to expand in the region.”⁵⁵

Kōno Tarō, Japanese Minister for Administrative Reform and Regulatory Reform, Mt. Fuji DC Event, September 9, 2020

The latter is in part due to the prospect of “one country, two systems” becoming wholly discredited due to the precipitous decline in democratic freedoms in Hong Kong since the 2020 national security law.⁶³ Also, the Chinese Communist Party’s widely reported crackdown on minorities’ cultural and political expression, coupled with forced labor, has been the subject of increasing international criticism at the highest levels – including at the MSC Special Edition in February 2021.⁶⁴ The case of Xinjiang has triggered sanctions and even accusations of genocide from some of the transatlantic partners.⁶⁵ The subsequent retaliatory sanctions can be seen as a further example of Beijing’s asymmetric coercion to punish countries in the region, like Australia, and those further afield for taking critical stances.⁶⁶

With democratic principles under significant stress across the Indo-Pacific, as assessments by Freedom House show (see Figure 3.3), the region may well be the “center of gravity” of systemic competition between democracy and authoritarianism.⁶⁷ A study by the Brookings Institution concluded that China’s

Figure 3.3

The state of freedom in the Indo-Pacific, Global Freedom Score, 2015–2021

● Negative change ● No change ● Positive change

	2015	16	17	18	19	20	2021
Bangladesh	50	49	47	45	41	39	39
Cambodia	31	32	31	30	26	25	24
India	78	77	77	77	75	71	67
Indonesia	64	65	65	64	62	61	59
Laos	12	12	12	12	14	14	13
Malaysia	46	45	44	45	52	52	51
Myanmar	25	28	32	31	30	30	28
North Korea	3	3	3	3	3	3	3
Pakistan	42	41	43	43	39	38	37
Philippines	63	65	63	62	61	59	56
Singapore	51	51	51	52	51	50	48
Sri Lanka	41	55	56	55	56	56	56
Thailand	33	32	32	31	30	32	30
Vietnam	20	20	20	20	20	20	19

Data: Freedom House. Illustration: Munich Security Conference

influence has had a deleterious effect on democracy in its neighborhood.⁶⁸ Myanmar, already a cautionary tale of the potential for human rights abuses due to the ethnic cleansing against the Muslim Rohingya minority,⁶⁹ has deteriorated dramatically. Its February military coup and subsequent crack-down chillingly illustrated the fragility of political freedoms in the region. Despite domestic skepticism of China, an otherwise isolated Myanmar may drift further into Beijing's orbit.⁷⁰ The situation will test the ability of the US, Europe, and partners in the region to protect democracy.⁷¹

The region's chief multilateral organization, ASEAN, is known to take a dispassionate approach to the internal politics of a country in the interest of maintaining cohesion among its diverse members.⁷² Chinese influence over individual members, as well as the looming choices posed by US-China competition in the region, are an additional strain on its brittle cohesion. Cooperation in the Indo-Pacific features a unique array of multilateral and multilateral fora that may prove critical to managing the region's various tensions. With ASEAN as the focal point of many of these fora, its functioning and convening power are critical to maintain.



“[T]he Indo-Pacific is increasingly becoming an arena of growing rivalries. We are witnessing unresolved territorial disputes and new armament efforts. We are seeing that freedom of navigation is being curtailed and that it is increasingly difficult to find common ground on issues of sovereignty and territorial integrity.”⁷³

Annegret Kramp-Karrenbauer, German Minister of Defense, ASEAN Defence Ministers' Meeting Plus, December 9, 2020

More broadly, the region is also a proving ground for the application of multilateral principles over the unilateral assertion of interests – with freedom of navigation a particularly salient and endangered example – and for global governance on issues ranging from internet freedom to climate. The Indo-Pacific has about half of the world's internet users, and countries like India and Indonesia are considered decisive “swing states” for the future of the internet.⁷⁴ Cooperation on [climate](#) also looms large: On the one hand, China plays an outsized role in both emissions and renewables. On the other hand, due to combinations of vulnerable populations and extreme weather events, projections also show the region to be particularly at risk from climate effects (see Figure 3.4).⁷⁵

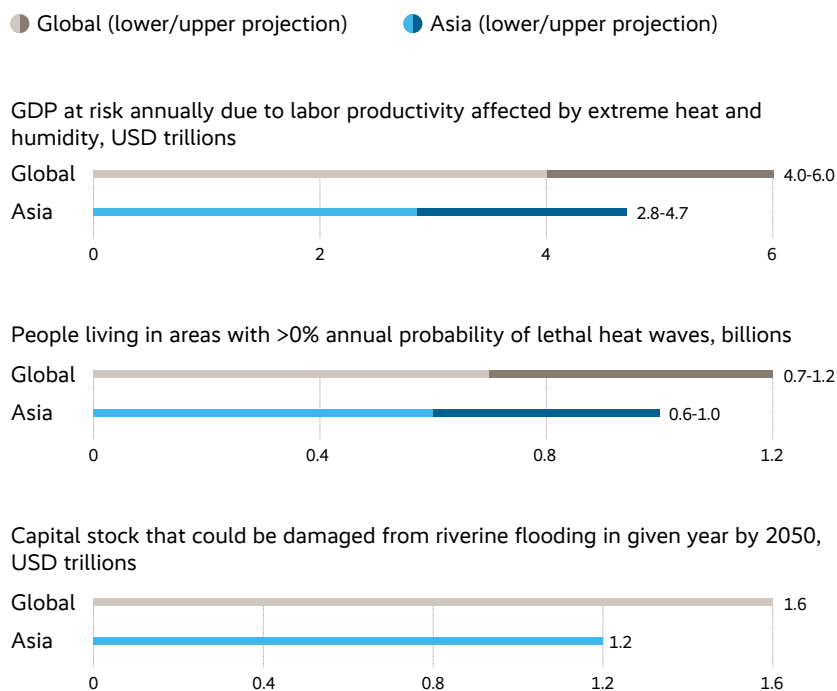
Such sources of tension, territorial and otherwise, add up to a complex and escalation-prone security situation. Already the world's largest market for arms,⁷⁶ the Indo-Pacific is “the heartland of military might and latent conflict.”⁷⁷ In addition to China's well-documented surging defense budgets and military modernization, almost all of Southeast Asia is increasing its spending on defense.⁷⁸ Beyond conventional warfare, some see the region as the “ground zero for nuclear deterrence and risk” in the “second nuclear age.”⁷⁹ Against the backdrop of North Korea's unimpeded nuclear progress, the issue of nuclear armament is becoming less of a taboo in Tokyo and Seoul than it



was just years ago, according to observers. By some estimates, Japan, South Korea, and even Taiwan could develop a nuclear weapon in two years or less if they were so inclined.⁸⁰ China has made clear that it sees no merit in engaging with the US on nuclear [arms control](#). Meanwhile, enduring tensions between nuclear-armed India and Pakistan continue to pose a significant risk of nuclear escalation that, even if limited, would be devastating for regional and global security.⁸¹

Figure 3.4

Economic and human risks from climate change in Asia, first-order impact, by 2050*



*Projection based on the Representative Concentration Pathways (RCP) 8.5 scenario, a higher emissions scenario used to measure the full inherent physical risk. This scenario results in a global average temperature increase of about 2.3 degrees Celsius above preindustrial levels by 2050.

Data and illustration: McKinsey Global Institute



“[T]his is as much about what we do as [the] EU in the Indo-Pacific as what we do with the countries of the region on trade and investment, on climate and biodiversity, on emerging technologies or on new security threats. The common denominator will be our interest in upholding and devising rules-based approaches.”⁸²

Josep Borrell Fontelles,
High Representative and
Vice-President of the Euro-
pean Commission,
March 3, 2021



“Asian countries see the United States as a resident power that has vital interests in the region. At the same time, China is a reality on the doorstep. Asian countries do not want to be forced to choose between the two.”⁹⁷

Lee Hsien Loong, Prime
Minister of Singapore,
Foreign Affairs, July/August
2020

Bridging the Atlantic and the Indo-Pacific

The myriad of challenges shows that, in the words of German Foreign Minister Heiko Maas, “our prosperity and our geopolitical influence in the coming decades will depend not least on how we work together with the countries of the Indo-Pacific.”⁸³ This is true both for Europe and the US. The new Biden administration, needing to address the shortcomings of US Indo-Pacific engagement, has already made a flurry of moves, including early ministerial visits to Tokyo, Seoul, and New Delhi, the first leaders-level meeting of the Quad, and a Quad-plus-France naval exercise.

Europe, as a strategic newcomer, faces the challenge of finding synergies with both the US approach and the approaches of like-minded partners in the region. European countries were unlikely to fully endorse the confrontational aspects of the Trump administration’s Free and Open Indo-Pacific strategy. Between Europe and middle powers in the region, however, there is much common ground in areas like connectivity, supply chains, or Chinese influence in multilateral institutions.⁸⁴ The Council of the EU has made it clear that it is aiming for a common Indo-Pacific approach.⁸⁵ European nations have a long way to go toward a “clear-cut strategy,” especially given differences in the approaches of Germany and France: the former sees itself more as a force for diversified, open trade, commerce, and connectivity, and the latter as a resident maritime “balancing power.”⁸⁶ Yet with the EU’s strategic outlook on China, its strategy on India, its Asia connectivity strategy, and European Council conclusions on increasing security engagement in Asia, some ingredients for an Indo-Pacific strategy already exist.⁸⁷

Coordination vis-à-vis China and the Indo-Pacific figures to become a core theme for the G7, too, at its 2021 summit – the special invitations for India, South Korea and Australia are a clear indication – and beyond.⁸⁸ The same is true for the subsequent NATO summit: as the alliance has moved the China challenge up on its agenda, it has resolved to increase its engagement with the Indo-Pacific and NATO partners in the region. As set out by the NATO 2030 Reflection Group, proposals include a NATO-Pacific Partnership Council, a formal partnership with India, and latching on to the Quad.⁸⁹

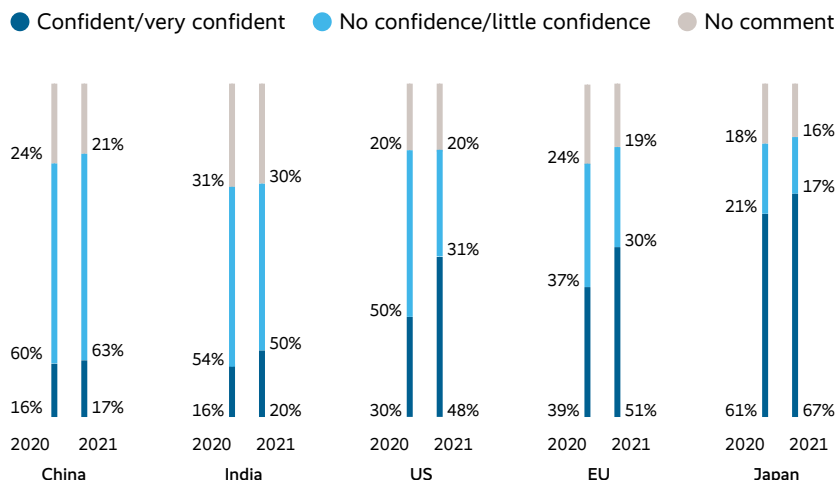
Fortunately for the transatlantic partners, more engagement is generally welcome in the region. The US and Europe enjoy a significant soft-power advantage over China, and public opinion is “broadly well disposed.”⁹⁰ However, many believe “the days of US hegemony and naval domination in East Asia are gone,”⁹¹ and states in the region see it as neither profitable nor feasible to

isolate China.⁹² Even staunch US ally Australia maintains that “stark choices are in no one’s interests” and superpowers should leave their allies and partners “more room to move.”⁹³ What Indo-Pacific states do hope for, however, is a strategy of “diluting and absorbing Chinese power.”⁹⁴ As Kurt Campbell and Rush Doshi, top officials for the Indo-Pacific and China in the US National Security Council, write, there needs to be “a place for Beijing in the regional order” and “in the order’s primary institutions”⁹⁵ – but in a way that keeps it from domineering. With an “ally-centered”⁹⁶ approach that takes the needs and interests of regional players into account, both the US and Europe can find common ground and touchpoints for cooperation in the region.

Figure 3.5

Southeast Asian experts’ trust in major powers to act in the global interest, 2020–2021, percent

How confident are you that ... will “do the right thing” to contribute to global peace, security, prosperity, and governance?



Data: ISEAS-Yusof Ishak Institute. Illustration: Munich Security Conference

To be effective, they will have to develop a clearer picture of what a “division of labor” that plays to European and US strengths would look like. The realm of security will likely remain a “core competency” of the United States, and it will likely build on the recent momentum of the Quad grouping in this regard.⁹⁸ The US may also have to further sensitize Europe to the security concerns felt by Indo-Pacific states facing Chinese encroachment.⁹⁹ Conversely, Europe may find itself tempering the US approach when it leans more heavily toward the China containment that is viewed skeptically by many regional players.



“A critical priority is to build a durable strategic balance in the Indo-Pacific. For more like-minded nations to act more cohesively, more consistently, more often. To align.”¹⁰²

Scott Morrison, Australian Prime Minister, Aspen Security Forum, August 5, 2020

Europe is better equipped to use its economic clout in the region. The EU’s capability to negotiate free trade agreements as well as its Asia connectivity strategy are assets for reducing states’ dependencies on China and setting standards.¹⁰⁰ Cooperation on strategically filling the Indo-Pacific’s massive infrastructure investment needs is embraced by Japan, India, South Korea, and Australia – and by smaller countries with BRI projects, which benefit from more competition.¹⁰¹ The US and Europe can also support smaller players through increased capacity-building efforts in various areas and by engaging with and through ASEAN, bolstering its “centrality” and convening power – despite its fractiousness and flaws. Both can also do more to exert diplomatic pressure in support of multilateral principles.

An Indo-Pacific in which “incentives and coercive leverage [...] compel regional countries to defer to Beijing’s wishes, and constrict their ability and willingness to defy and resist against China’s power” would spell trouble for regional stability and for the rules-based international order.¹⁰³ The challenges for the transatlantic partners are daunting. However, the United States and Europe have a multitude of tools at their disposal to influence the region’s overall trajectory for the better. To do so, they need to work within an inclusive Indo-Pacific framework that broadens the range of options for regional actors, rather than presenting them with dichotomous choices. In doing so, the transatlantic allies and their like-minded partners can counterbalance Chinese power and create inhibiting networks and forces to which China will have to adjust. This would be a recipe for burden-sharing in the Indo-Pacific that is far more attainable and sustainable than returning one country to single-handed dominance.

Key Points

- ① The Indo-Pacific is ground zero for challenges to the liberal international order – not exclusively but in large part due to the growing influence and coercive behavior of China.
- ② Countries in the Indo-Pacific and around the world are increasingly developing comprehensive regional strategies to defend their interests and ideas of order in the region.
- ③ Coordinating strategies within the transatlantic alliance and with like-minded partners in the Indo-Pacific must be a priority.
- ④ Transatlantic engagement in the region should focus on counterbalancing China and changing its calculus by broadening the range of options for other regional actors.



4

Staring Down the Barrel

What are the greatest current and future challenges to the global arms control architecture? Why does the growth of China's nuclear and missile arsenal challenge existing arms control agreements? How do new and emerging technologies impact deterrence and strategic stability? And what could the future of global arms control look like if bilateral treaties focused on quantitative weapon reductions are confronted with major obstacles?

Staring Down the Barrel

Sophie Eisentraut,
Franziska Stärk, and
Simon Pfeiffer

Global arms control lies in shambles. Nowhere has this become more obvious than in the realm of legally binding treaties, the backbone of the international arms control architecture. Arms control agreements have already become a critically “endangered species.”¹ From the Intermediate-Range Nuclear Forces (INF) Treaty to the Open Skies Treaty, the past few years have seen the gradual unraveling of landmark agreements that had limited the weapons arsenals of the US and Russia or helped build trust among the former Cold War adversaries.

Many hope that this dynamic will be reversed under the leadership of US President Joe Biden, who agreed with Russian President Vladimir Putin to a five-year extension of New START and claimed he would use this deal “as a foundation for new arms control arrangements.”³ Yet as profound geopolitical changes usher in a “new nuclear age,”⁴ a resurrection of old arms control frameworks might be neither feasible, nor sufficient to contain the broadening spectrum of threats. Arms control and nonproliferation efforts require the buy-in of a much broader set of players (see Figure 4.1), while emerging technologies profoundly challenge traditional conceptions of deterrence and strategic stability.⁵ And, as if this were not enough, collective efforts to adapt the global arms control and nonproliferation architecture have to occur under the conditions of growing systemic competition.



“A confluence of factors that include corrosive relations between nuclear-armed states in an increasingly multipolar nuclear order, technological advances with strategic implications, regional security crises with nuclear overtones, and the advent of a costly so-called ‘qualitative arms race,’ have increased nuclear risks to unacceptable levels.”²

Izumi Nakamitsu, UN High Representative for Disarmament Affairs, UNODA Arms Control Association Annual Meeting, December 1, 2020

The Gradual Unraveling of Treaty-Based Arms Control

A new arms race is already well underway. Russia is modernizing its nuclear arsenal, including by developing new missiles and new types of nuclear delivery systems.⁶ There are also serious concerns that a stronger emphasis on nuclear options in Russia’s nuclear doctrine, along with deliberate ambiguity about “the time, place, and capability chosen for Russian nuclear escalation of conflict,”⁷ suggests that Moscow has abandoned the principle of mutual restraint in favor of an “escalate-to-deescalate” strategy.⁸ The Trump administration, for its part, published a Nuclear Posture Review that discontinued prior commitments to not develop new nuclear capabilities.⁹

The unraveling of bilateral arms control threatens the security of nations beyond the United States and Russia. Still, the countries that have the most to fear from the demise of US-Russian cooperation, European ones in particular, are struggling to become “active players” in arms control.¹² Rather than define their own interests regarding global nuclear governance and pushing for their

Figure 4.1

Nuclear weapon states, arms control treaties, and export control regimes

<p>■ recognized nuclear weapon state under the NPT and permanent member of the UN Security Council</p> <p>● has ratified the treaty; is a full member of the export control group; supports the negotiation of the FMCT</p> <p>● has signed but not ratified the treaty; is not a member of the export control group but adheres to its rules; neither actively supports nor publicly opposes the FMCT</p> <p>● has not signed or ratified the treaty; is not a member of the export control group; actively opposes the negotiation of the FMCT</p>	Nuclear weapons capabilities since									
	US	Russia	UK	France	China	Israel	India	Pakistan	North Korea	
	1945	1949	1952	1960	1964	1965*	1974	1998	2006	
Treaty on the Non-Proliferation of Nuclear Weapons (NPT)										
Parties: 190										
Status: in force since 1968										
The NPT recognizes the US, Russia, the UK, France, and China as nuclear weapon states. All other treaty parties agree not to develop nuclear weapons while the recognized nuclear weapon states agree to pursue general and complete disarmament.										
Treaty on the Prohibition of Nuclear Weapons (TPNW)										
Parties: 54**										
Status: in force since 2021										
The TPNW prohibits the development, testing, production, stockpiling, stationing, and transfer as well as the use and threat of use of nuclear weapons.										
Comprehensive Nuclear-Test-Ban Treaty (CTBT)										
Parties: 170										
Status: adopted in 1996, not yet in force										
Adopted by the UN General Assembly in 1996, the CTBT would ban all nuclear tests. The treaty will only come into force after all countries that possess nuclear technology have ratified the treaty.										
Fissile Material Production Cutoff Treaty (FMCT)										
Parties: –										
Status: not negotiated										
The FMCT is a proposed treaty that would ban the production of fissile material that could be used in nuclear weapons. While the NPT already prohibits non-nuclear weapon states from producing fissile material, the FMCT would also affect nuclear weapon states.										
Nuclear Suppliers Group (NSG)										
Members: 48										
Status: active since 1974										
The NSG is a group of 48 states that seeks to prevent nuclear proliferation by voluntarily agreeing to coordinate its export of materials and technology that can be used to produce nuclear weapons.										
Missile Technology Control Regime (MTCR)										
Members: 35										
Status: active since 1987										
The MTCR is an informal, voluntary group of 35 states that seeks to limit the proliferation of missiles and unmanned delivery systems that could be used to carry nuclear, chemical, or biological weapons.										
International Atomic Energy Agency (IAEA) Additional Protocol (AP)										
Signatories: 136										
Status: active since 1997										
The AP is an expanded set of requirements for information and access provision designed to help the IAEA obtain a comprehensive picture of a state's nuclear activities, including all nuclear-related imports and exports.										
Hague Code of Conduct (HCOC) against Ballistic Missile Proliferation										
Members: 143										
Status: active since 2002										
The HCOC is a political initiative intended to supplement the MTCR. Under the HCOC, states make politically binding commitments to curb the proliferation of ballistic missiles that could carry weapons of mass destruction.										

*Israel has never officially confirmed or denied the existence of its nuclear weapons. It is assumed that Israel developed a nuclear weapons capability in the 1960s.

North Korea unilaterally withdrew from the NPT in 2003, but it is unclear whether such a withdrawal is possible. *This number was last updated in March 2021.

Data and illustration: Centre for International Security, Hertie School



“Just as we engage the Russian Federation in ways that advance American interests, like seeking a five-year extension of New START and broader discussions to reduce the likelihood of crisis and conflict, we remain clear-eyed about the challenges that Russia poses to the United States and the world.”¹⁰

Antony Blinken, US Secretary of State, Press Statement, February 3, 2021



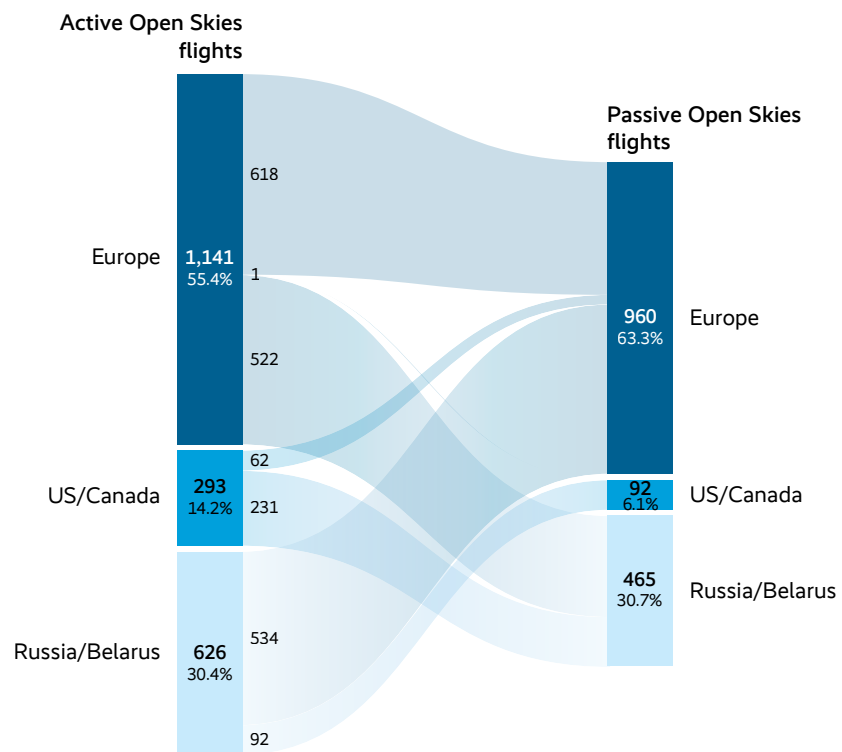
“The very notion of ‘strategic stability’ is disappearing from the vocabulary of the current US administration. Instead of strategic stability as the desired objective in our relations and in relations between all major powers, they use the new notion of ‘strategic competition’ among major powers.”¹¹

Sergey Lavrov, Russian Minister of Foreign Affairs, News Conference Following the Ministerial Session of the Council of the Baltic Sea States, May 19, 2020

concerns to be incorporated in US-Russian nuclear negotiations, European countries have confined themselves to lamenting the demise of core elements of the global arms control architecture.¹³ If the Open Skies Treaty fails, they stand to lose yet another cornerstone of confidence-building and intelligence gathering.¹⁴

Figure 4.2

Active and passive Open Skies flights of Europe, the United States and Canada as well as Russia and Belarus, 2002–2019, total and percent*



*Active flights denote flights conducted by one state over the territory of another. Passive flights are flights over that state's own territory.

Data and illustration: IFSH

The new US-Russian arms race also undermines global nonproliferation objectives. In an increasingly competitive security environment, great powers' incentives to cooperate on shared nonproliferation goals decline, while third countries might feel pressured to reevaluate their own perceived needs for nuclear weapons.¹⁵ Most importantly, a great-power arms race erodes the basic bargain



“History shows that the prohibition of certain types of weapons is the first step towards their elimination.”²³

Beatrice Fihn, Executive Director of ICAN, Willy Brandt Lecture 2020, November 2, 2020



“Simply giving up our deterrent without any guarantees that others will do the same is a dangerous option. [...] [I]t would leave us vulnerable to pressure and attack.”²⁸

Jens Stoltenberg, NATO Secretary General, 16th Annual NATO Conference on Weapons of Mass Destruction, Arms Control, Disarmament and Non-Proliferation, November 10, 2020

at the heart of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) – namely that nuclear weapon states pursue disarmament in good faith while non-nuclear states promise not to acquire nuclear weapons.¹⁶ As a result, the pressure on states to abide by their nonproliferation duties might wane.¹⁷

Polarization among nuclear “haves” and “have-nots” is already growing – visibly on display in the debate about the Treaty on the Prohibition of Nuclear Weapons (TPNW).¹⁸ Considering the “catastrophic humanitarian consequences that would result from any use of nuclear weapons,”¹⁹ the treaty, which came into force in January 2021, bans parties from “making, using or hosting nuclear weapons.”²⁰ Its supporters hope the TPNW will “help end decades of paralysis in disarmament,”²¹ including by strengthening legal structures and political norms against nuclear weapons and by increasing governmental and civil society’s pressure on nuclear weapon states to disarm.²²

Critics, on the other hand, fear that the ban treaty will undermine the existing arms control and nonproliferation architecture, including International Atomic Energy Agency safeguards and the NPT itself.²⁴ They also argue that pressure from civil society to join the TPNW is only effective in democratic societies, which could change geopolitical dynamics in favor of nuclear dictatorships.²⁵ NATO has strongly criticized the treaty for delegitimizing nuclear deterrence. For NATO countries, treaty membership would require abandoning the US nuclear umbrella and removing nonstrategic US nuclear weapons from their territories – dispensing with NATO’s nuclear deterrent at a time when many allies are concerned about the threat of Russian coercion.²⁶ Some NATO members are already facing strong societal opposition to the idea of a nuclear deterrent based in their country (see Figure 4.3).

While agreeing that nuclear weapon states have to make much greater efforts to live up to their disarmament obligations, NATO has argued that “[a] world where the states that challenge the international rules-based order have nuclear weapons, but NATO does not, is not a safer world.”²⁷

New Players

The US and Russia may remain the most potent nuclear powers for the foreseeable future. Yet nuclear risks to human civilization are no longer restricted to a US-Russian nuclear war. They also include a military escalation between states with more limited nuclear arsenals like India and Pakistan; an Iran that has resumed its nuclear enrichment program and could spark a regional nuclear arms race if allowed to continue; and the increasingly aggressive

Figure 4.3

Citizens' support for a nuclear deterrent based in their country, 2021, percent

To what extent do you support or oppose a nuclear deterrent based in your country?



*NATO members surveyed: Canada, France, Germany, Italy, UK, US.

Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

rhetoric and posturing of North Korea's leader Kim Jong-un.²⁹ For instance, according to data collected for the Munich Security Index, 56 percent of Indian respondents see a high risk of nuclear war between India and Pakistan. Moreover, in 2020, the Nuclear Threat Initiative recorded slowing progress in many states' efforts to protect their nuclear facilities and materials against sabotage and theft. Non-state actors may well exploit these security gaps – conducting nuclear terrorism or committing cyberattacks against nuclear facilities.³⁰

The growth of China's nuclear and missile arsenal poses a particular challenge to Cold War-based bilateral arms control frameworks.³¹ When withdrawing from the INF Treaty, the Trump administration not only referred to Russian treaty violations, it also cited the fact that the treaty did not include Beijing and thus imposed no limits on China's missile arsenal.³² While China is estimated to possess less than a tenth of the nuclear arsenal owned by the US and Russia,³³ The Pentagon projects Beijing's nuclear warhead stockpile to “at least double” within the next ten years.³⁴ And the nuclear realm is not the only area where China has become more powerful. Beijing has also become a major player in armed drones and is developing sophisticated outer space and cyberwarfare capabilities.³⁵

So far, China has revealed little inclination to engage in arms control talks. It has rebuffed the Trump administration's pressure to join the New START agreement, justifying its reluctance with the large asymmetry between its own nuclear arsenal and the arsenals of both the US and Russia.³⁶ With increasing strategic competition between Washington and Beijing, efforts to curb China's nuclear expansion will likely face severe obstacles. At the same time, a new costly bilateral arms race can only be prevented if Beijing is brought “into the fold” of existing and new frameworks for arms control and confidence-building.³⁷



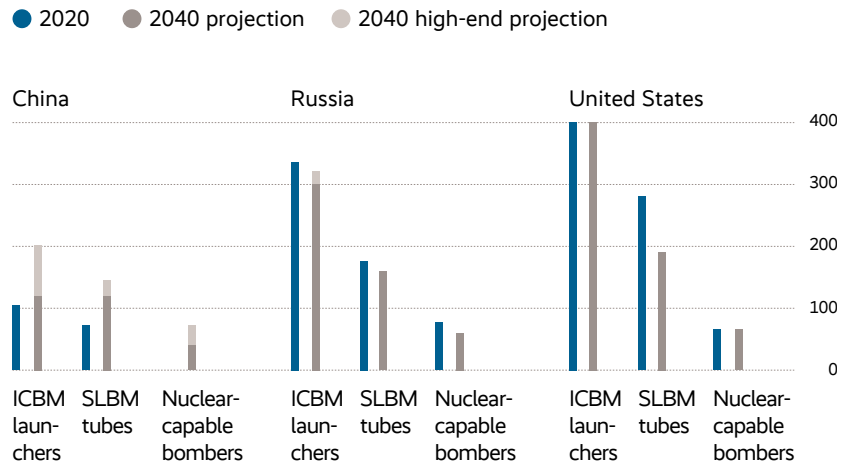
“[W]e simply do not believe that there is any fair and equitable basis for China to join the US and the Russian Federation in a nuclear arms control negotiation.”⁴¹

Fu Cong, Director-General of the Department of Arms Control of the Chinese Foreign Ministry, Interview with *Kommersant*, October 16, 2020

Against the backdrop of a much “more complex nuclear environment,”³⁸ analysts have proclaimed the end of a predominantly bilateral arms control era.³⁹ Yet it is far from clear what a multilateral successor could look like. Debates about trilateral arms control are still at an early stage. And efforts to resuscitate the Joint Comprehensive Plan of Action (JCPOA), which once served as an exemplary outcome of multilateral nuclear diplomacy, will likely face fierce headwinds – despite President Biden's plans to reenter the agreement if Iran is willing to return to treaty compliance.⁴⁰

Figure 4.4

Strategic nuclear forces of China, Russia, and the United States, 2020–2040



Russia and the United States are modernizing their respective nuclear triads, consisting of intercontinental ballistic missiles (ICBM), ballistic missile submarines (SSBN) carrying submarine-launched ballistic missiles (SLBM), and heavy-bombers. Yet, the number of systems in their strategic nuclear forces is projected to slightly contract across nearly all platforms by 2040. The US is expected to replace its entire ICBM and SSBN fleet and introduce new heavy-bombers into service. Russia is expected to continue replacing its remaining older ICBM and its SSBN with newer systems and modernize its heavy-bomber fleet. In contrast, China's strategic nuclear forces are projected to grow by 2040 across all three legs of its nuclear triad, but exactly to what extent is uncertain given Beijing's opacity over its nuclear forces.

Data and illustration: The International Institute for Strategic Studies



The Qualitative Challenges Posed by New and Emerging Technologies

The most substantial challenge for arms control, both conventional and nuclear, might come from yet another field. From hypersonic flight, biotechnologies, and new space capabilities, to quantum computing and artificial intelligence (AI), new and emerging technologies possess “obvious military applications” that may fundamentally alter the nature of warfare.⁴² Yet, arms control negotiations struggle to keep up with the speed of innovation. The militarization of space continues to accelerate.⁴³ 2020 saw tests of anti-satellite weapons and accelerated competition for “space superiority.”⁴⁴ In the cyber domain, the massive cyber espionage campaign conducted



“The ongoing global technological competition is, at its core, a competition of values.”⁶⁰

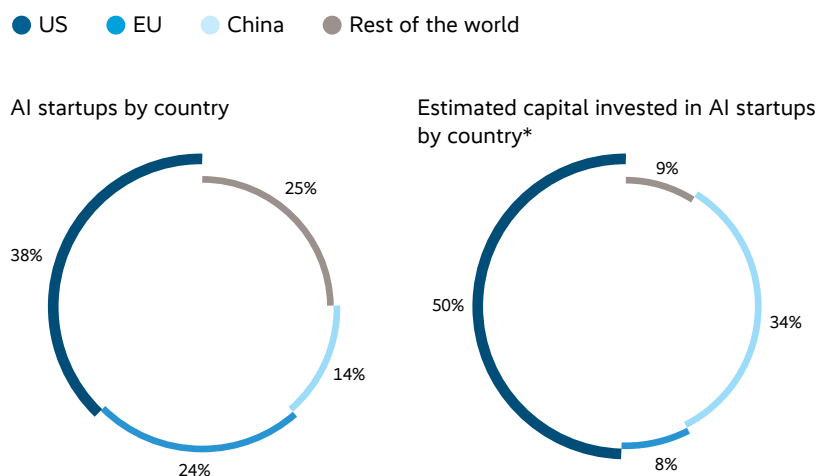
Robert O. Work, Vice Chair, National Security Commission on Artificial Intelligence, MSC Technology Roundtable, December 7, 2020

through SolarWinds’ Orion product, allegedly perpetrated by Russia, has showcased once more that the world has entered an “age of perpetual cyber-conflict.”⁴⁵ According to data collected for the Munich Security Index, in all states surveyed relative majorities expect the risk of cyberattacks on their country to increase over the course of the next year. The share of respondents who anticipate an enhanced risk of cyberattacks was smallest in China and largest in India, at 42 percent and 65 percent, respectively. Moreover, the proliferation of armed drones has skyrocketed – through wide-ranging purchases from China, but also because even countries the size of Georgia have started manufacturing armed drones themselves.⁴⁶ The availability of drones has shaped a variety of recent conflicts, including the one in Nagorno-Karabakh, showing that these inexpensive devices offer real advantages in the battlefield and might be used to break military deadlocks that previously discouraged further aggression.⁴⁷

Most far-reaching are the effects of AI, which promise to revolutionize every aspect of human life, including the conduct of war.⁴⁸ Current deployments of AI in the military realm include equipment maintenance,⁴⁹ autonomy in weapons systems,⁵⁰ and the support of fundamental command and control structures.⁵¹

Figure 4.5

Startups and invested capital in the field of artificial intelligence (AI), Q3 2020, share of world total, percent



*Since 2015.

Data: McKinsey & Company. Illustration: Munich Security Conference

McKinsey
& Company

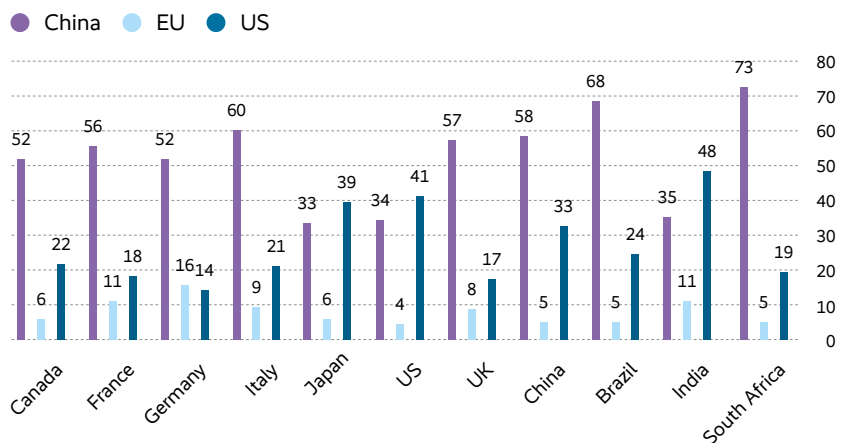
The technology's implications for international stability are equally far-reaching: AI might accelerate the tempo of warfare to a pace beyond human control, incentivize risk taking, increase ambiguity regarding adversaries' capabilities and intentions, and ultimately lead to substantially reduced human agency in conflict situations.⁵² These risks are even more substantial when AI is used in the context of nuclear weapons, including in the detection of nuclear attacks, the selection of targets, and the deployment of nuclear weapons.⁵³

While new technologies may usher in a new era of warfare, with profound new risks that still miss regulations, they also challenge existing arms control frameworks. Most importantly, they undermine the foundations of deterrence and strategic stability that are at the heart of nuclear arms control arrangements.⁵⁴ For instance, advances in missile defense threaten to relieve players from the “fear of catastrophe” without which nuclear deterrence does not work.⁵⁵ The weapons that are “designed to evade and defeat”⁵⁶ improved defense capabilities pose equally significant challenges. Hypersonic weapons, for instance, given their speed, maneuverability, and warhead ambiguity, could revive the Cold War's launch-on-warning doctrines.⁵⁷

Figure 4.6

Citizens' expectations about technological leadership 50 years from now, 2021, percent

In 50 years, which country do you think will be the greatest power in the area of technology?

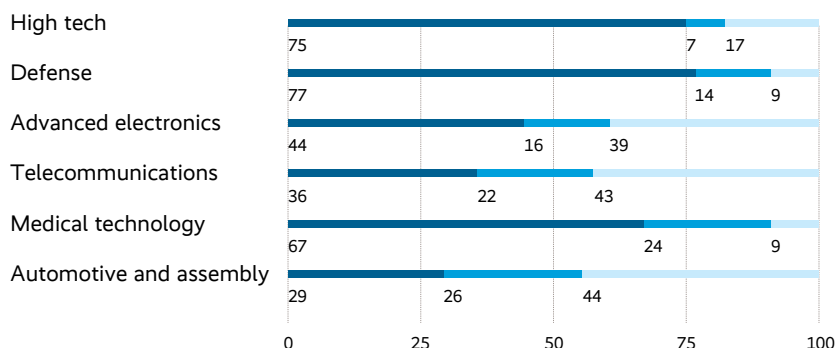


In such an environment, the chief focus of existing arms control agreements, namely on quantitative limits for certain categories of weapons, runs into serious trouble. Governments now have to grapple with the fact that existing weapon systems and novel technologies may acquire dangerous new abilities.⁵⁸ This requires new norms and codes of conduct, both for the responsible development and ethical use of emerging technologies.⁵⁹

Figure 4.7

European, US, and Asian share of the top 100 global companies in selected defense and technology sectors, Q3 2020, percent

● US ● EU ● Asia



Data: McKinsey & Company based on S&P Capital IQ.
Illustration: Munich Security Conference

McKinsey
& Company



“Europe must now lead the way on digital – or it will have to follow the way of others, who are setting these standards for us. This is why we must move fast.”⁶⁴

Ursula von der Leyen, President of the European Commission, State of the Union Address, September 16, 2020

The norms that prevail will not only determine the military risks of the future. They will also shape the balance of power between liberal and illiberal governance standards.⁶¹ As German Foreign Minister Heiko Maas recently argued, new technologies like autonomous weapons systems have the potential to “gravely undermine human rights and humanitarian law.”⁶² Against this backdrop, the technological competition we are currently witnessing is not only about military superiority. Countries that fall behind in the contest for technological leadership could also find themselves excluded from discussions about regulating the uses of new technologies.⁶³

The Way Forward

The type of arms control that states have pursued over the past several decades – “bilateral, legally binding, and predominantly quantitative” in nature – may well have reached its limits.⁶⁵ What follows, however, need not be “an era of strategic chaos.”⁶⁶ In the absence of binding treaties, much will depend on major powers engaging in regular and comprehensive strategic stability talks.⁶⁷ These talks, which would have to include China and other nuclear powers, could help build confidence, foster the mutual understanding of nuclear doctrines, and encourage the adoption of risk reduction measures.⁶⁸ They could also help revive great-power cooperation on core challenges to nuclear nonproliferation.⁶⁹ While prioritizing the short-term goal of building predictable security relationships, this type of dialogue must not lose sight of the long-term goal: it would ultimately aim to adapt arms control and strategic stability frameworks to the requirements of the 21st century.

Key Points

- ① The past few years have seen the unravelling of landmark arms control agreements that limited the weapons arsenals of the US and Russia or helped build trust among the former Cold War adversaries. A new arms race is well underway.
- ② Efforts to revive traditional arms control frameworks need to account for a much broader set of players. They also have to factor in the challenges posed by new and emerging technologies.
- ③ While the growth of China's nuclear and missile arsenal challenges bilateral arms control structures, efforts to bring Beijing into the fold of existing and new arms control frameworks have not yet succeeded.
- ④ New and emerging technologies will usher in a new era of warfare. Yet, arms control efforts struggle to keep up with the speed of technological innovation.
- ⑤ To adapt arms control and strategic stability frameworks to the requirements of the present and the future, major powers will have to engage in regular and comprehensive strategic stability talks.



5 Power Shifts

What are the geopolitical implications of the energy transition? Which risks could the transition generate for fossil fuel exporting countries and for states rich in materials that are critical to green technologies? Could some states exploit their dominant positions within green energy supply chains? And how does growing great-power competition affect global efforts to fight climate change and tackle the multiple challenges involved in the energy transition?

Power Shifts

Julia Hammelehle,
Juliane Kabus, and
Sophie Eisentraut

Covid-19 has stopped the world in its tracks and it shows: with demand for oil, gas, and coal down, CO₂ emissions from fossil fuels, which account for more than 75 percent of global greenhouse gas emissions, dropped by a record seven percent in 2020.¹ However, these reductions were neither voluntary – coming at the expense of global prosperity – nor will they last, with rebound effects already becoming visible.² And while it is clear that global warming, one of the gravest threats humanity faces today, will only be mitigated by much bolder steps toward a low-carbon future, the energy transition itself, if not managed well, also has the potential to be highly disruptive. Among others, it may be accompanied by a destabilization of fossil fuel exporting countries, the emergence of a new, green resource curse, and growing strategic risks associated with the dependence on critical inputs to the green energy revolution. Yet, in a climate of increasingly fierce geopolitical competition, efforts to effectively mitigate climate change and tackle the multiple challenges involved in the energy transition face serious obstacles. Both climate and energy have become central domains of global competition.³ Unless the world's major powers find a way to ensure that this competition is conducted as fairly and productively as possible, the future will not only look less green, but could also look much more brittle.⁴



“This decline in emissions, the biggest in history, is the result of economic trauma. [...] It is nothing to celebrate. It is not the result of policy. This decline will be easily erased if the right policy measures are not put in place.”⁵

Fatih Birol, Executive Director of the International Energy Agency, *The Guardian*, May 19, 2020

Walking the Walk

At first glance, optimism seems warranted: five years after the Paris Agreement, 127 countries – collectively accounting for 63 percent of global emissions – have committed to net zero emission targets by around mid-century.⁶ Following the ambitious European Green Deal that some argue makes Europe the “master clock for climate goals”⁷ as well as the bold climate pledges by countries like the US, China, Japan, and South Korea, the Paris goals appear to be within reach for the very first time.⁸ While these climate promises were reaffirmed at President Biden’s virtual climate summit on Earth Day, globally, implementation policies still fall strikingly short of these declarations of ambition.⁹ And although respondents in major countries seem to agree on the need for binding emission targets (see Figure 5.2), some of them seem to entertain significant doubt about the climate commitments of their peers (see Figure 5.3). A yawning gap between long-term promises and near-term action is already visible in states’ responses to the Covid-19 pandemic. More than 44 percent of the nearly 623 billion US dollars that the recovery packages of the G20 countries have committed to the energy sector go to fos-



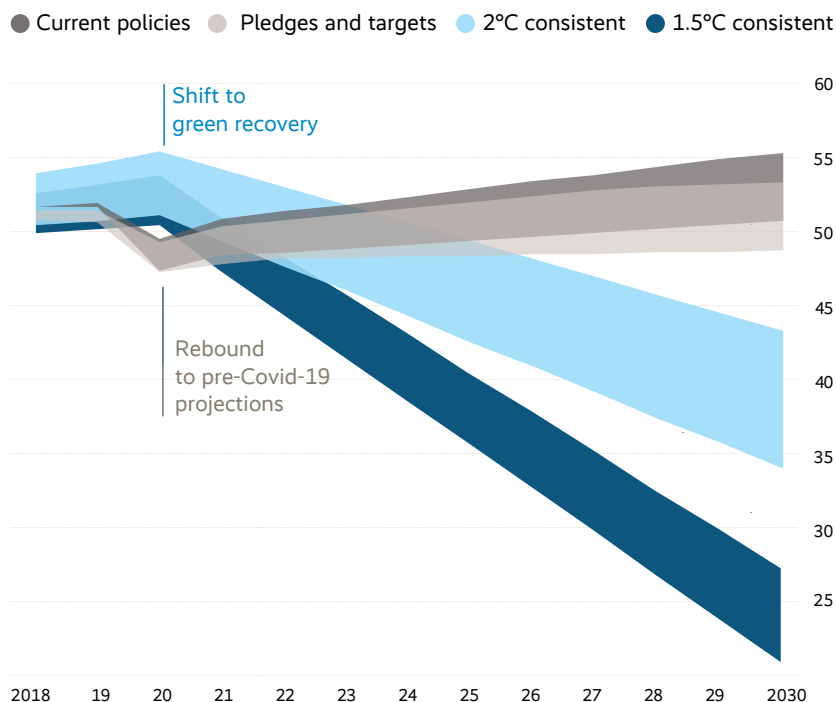
“It is the leaders who have ignored the scientists and the science. It is the leaders who time and time again have failed to treat the climate crisis like a crisis. This is not naming and shaming. This is telling the truth.”¹²

Vanessa Nakate, Founder of Rise Up Climate Movement, 7th Berlin Energy Transition Dialogue, March 16, 2021

sil fuels. Less than 40 percent of these funds are committed to clean energy.¹⁰ With stimulus and recovery measures favoring non-green spending, governments are largely missing the opportunity to speed up the energy transition – and to truly “build back greener,” as the UK Prime Minister Boris Johnson urged at the MSC Special Edition on February 19, 2021.¹¹

Figure 5.1

Global greenhouse gas emission scenarios, 2018–2030, gigatons



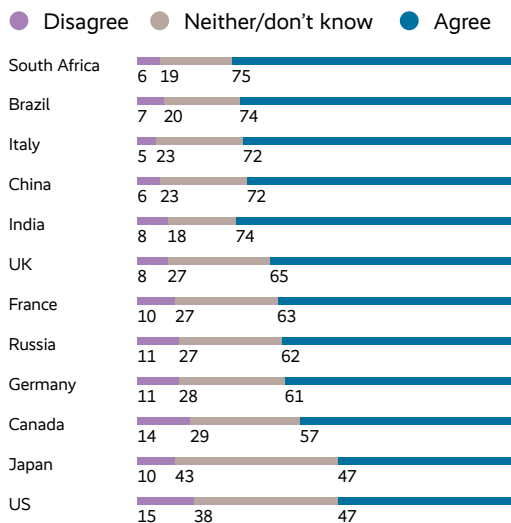
Data: Climate Analytics/NewClimate Institute; Stockholm Environment Institute, International Institute for Sustainable Development, Overseas Development Institute, E3G, and United Nations Environment Programme. Illustration: Munich Security Conference

Wealthier nations not only fall short of their national climate targets but also of their financial commitments to developing countries in support of their efforts to mitigate and adapt to climate change.¹³ In 2009, industrialized states pledged to mobilize 100 billion US dollars per year by 2020. This goal was reinforced under the Paris Agreement.¹⁴ However, according to the most recent data available, wealthy nations still failed to fulfil that promise by as

Figure 5.2

Citizens' support for binding net zero emission targets, 2021, percent

Do you agree or disagree that states should agree to binding targets to get to net zero CO₂ emissions?

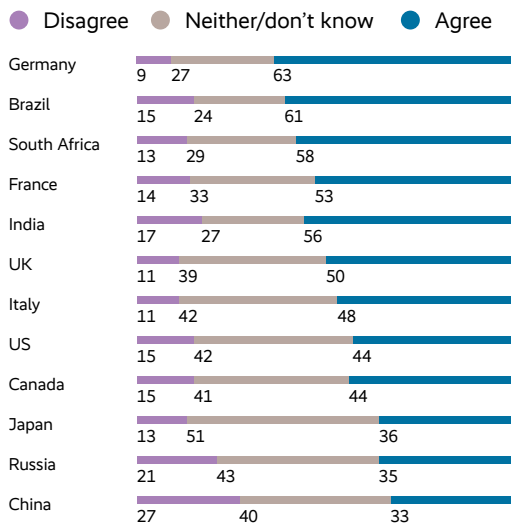


Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

Figure 5.3

Citizens' trust in other countries meeting their climate change obligations, 2021, percent

Do you agree or disagree that other countries cannot be trusted to meet their climate change obligations?

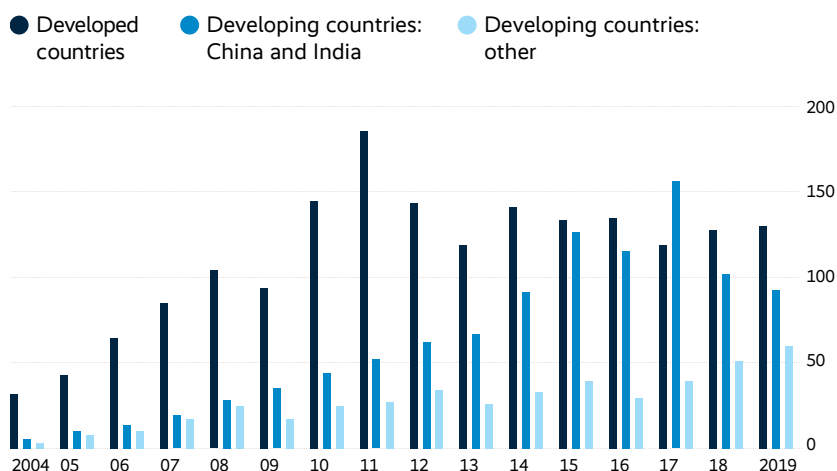


Data and illustration: Kekst CNC, commissioned by the Munich Security Conference

much as 20 billion US dollars in 2018.¹⁵ The risk of an uneven energy transition, which leaves poorer countries behind, is further amplified by the huge difference in renewable energy investment in developing and developed countries. In 2019, the amount invested in renewable energy capacity – excluding China and India – accounted for only 21 percent of the global total.¹⁶ This has dire consequences for the Global South, depriving it of sustainable growth perspectives, cementing inequality, and weakening resilience to the effects of climate change. Globally, this gap hampers efforts to achieve net zero carbon emissions, particularly as future energy demand will be heavily driven by non-OECD countries.¹⁷

Figure 5.4

Investment in renewable energy capacity, developed vs. developing countries, 2004–2019, USD billions



Data: UNEP; Frankfurt School–UNEP Centre; BloombergNEF. Illustration: Munich Security Conference

In the past few years, the climate policies of the US and China, as well as the worsening relationship between the two countries, have severely impeded progress on the climate agenda. As the US and China are the world's largest emitters – together accounting for more than 40 percent of global CO₂ emissions¹⁸ – and possess unmatched assets to combat global warming, their “full-throttle engagement” is needed to move toward the net-zero target.¹⁹ While Chinese-US climate collaboration was key to the successful conclusion



“We cannot solve the biggest problems when the biggest powers are at odds.”²³

António Guterres, UN Secretary-General, MSC Special Edition, February 19, 2021

of the Paris Agreement, rising tensions between the two powers in recent years have not spared the climate.²⁰ Fierce competition has compromised scientific collaboration on research and development of low-carbon energy technologies as well as joint action to shape international climate governance, including efforts to establish “green” international trade rules.²¹ And the expansion of trade barriers and efforts at economic decoupling by both countries have hampered further cost reductions of low-carbon energy and increased the risk of disrupting clean energy supply chains.²²

But there is not only the risk of the energy transition not proceeding quickly and comprehensively enough to mitigate climate change; the transition itself may create multiple security challenges – both within and between states.

Combustible Riches

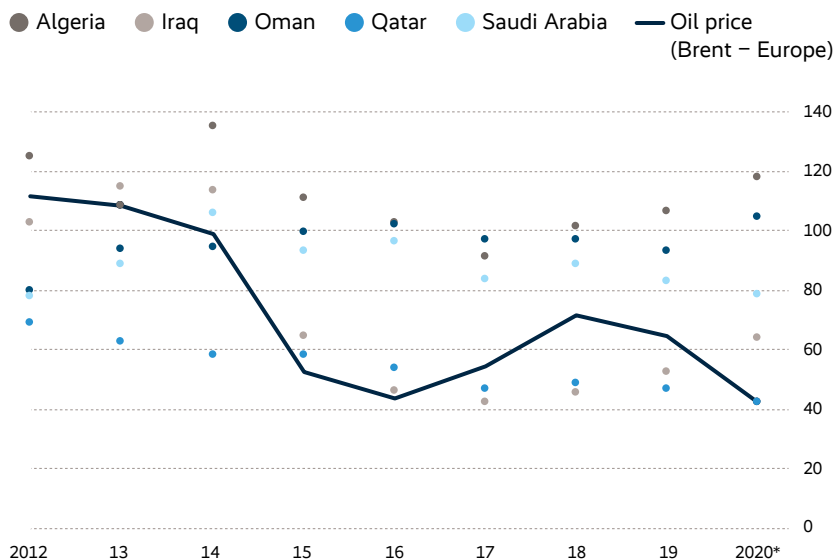
For countries that rely heavily on fossil fuel revenues, the Covid-19-induced drop in the global demand for oil, gas, and coal was a stark reminder of the destabilizing effects that the energy transition may have on them. These countries have long known that the era of fossil fuels – and with it their entire economic model – will come to an end at some point.²⁴ In some petrostates, for instance Kuwait and Iraq, hydrocarbons account for 90 percent or more of government revenues.²⁵ Experts estimate that revenues of petrostates could decline by 9 trillion US dollars over the next two decades if the world shifts toward a low-carbon future.²⁶ Yet, states’ efforts to reduce their dependence on fossil fuel revenues have rarely succeeded – with Norway being one of the few, if not the only, exceptions to the rule.²⁷

As peak demand for fossil fuels may be near, the need for petrostates to adapt becomes ever more pressing.²⁸ Yet the process of transitioning toward non-carbon revenues carries the risk of economic, social, and political instability – especially if fossil fuel proceeds are already dwindling and reduce governments’ fiscal space to ease in tough reforms.²⁹ In states that compensate for citizens’ lack of political representation by offering them payouts from fossil fuel revenues, the entire social contract may fracture.³⁰ In response, some of these regimes may choose to become more politically inclusive, while others may opt for repression.³¹

However, the era of fossil fuels is not over just yet.³² Demand is already showing signs of recovery.³³ In the medium term, low-cost producers of oil and gas with fiscal leeway, like the Middle East, will continue producing and profiting from fossil fuels.³⁴ In the short term, countries like Algeria

Figure 5.5

Crude oil price and fiscal breakeven prices in selected oil-exporting countries in the Middle East and North Africa, 2012–2020, USD per barrel



*Breakeven prices for 2020 are projections.

Data: Federal Reserve Bank of St. Louis; International Monetary Fund.

Illustration: Munich Security Conference

face the greatest risk of destabilization because they produce hydrocarbons at high costs and are less well equipped to compete in a shrinking global fossil fuel market.³⁵ For several years, Algiers' fiscal breakeven price – the oil price it needs to balance its budget – was well above what the global market had to offer (see Figure 5.5).³⁶ The OECD has already issued a warning: the double crisis posed by Covid-19 and a structural decline in the demand for fossil fuels could cause many countries to take on unsustainable debt and become increasingly fragile.³⁷

Even in countries that are less dependent on fossil fuels, the energy transition creates profound socioeconomic uncertainty.³⁸ If the social and economic costs and benefits of the transition are not perceived to be distributed equally, this could strengthen populist forces that are already instrumentalizing people's fear of change.³⁹



“It’s difficult to imagine the United States winning the long-term strategic competition with China if we cannot lead the renewable energy revolution. Right now, we’re falling behind.”⁴⁸

Antony Blinken, US Secretary of State, Chesapeake Bay Foundation, April 19, 2021

Being Green, Feeling Blue

As petrostates face an uncertain future, countries that are able to export clean energy or are rich in materials that are critical to green technologies, such as lithium, cobalt, and rare earth elements, stand to benefit massively.⁴⁰ Yet for some countries, their newfound riches may not be a blessing. Producers of critical materials are at particular risk of falling prey to the green variant of the so-called resource curse.⁴¹ Similar to many fossil-fuel-rich countries, they risk becoming over-reliant on resource exports.⁴² As critical materials become the proverbial only game in town, political competition over the control of clean energy resources and the wealth they provide may create fertile ground for corruption, increase democratic deficits, or even spark violent conflict.⁴³ These risks are exacerbated by the fact that many critical materials are located in areas that are affected by instability. For example, cobalt produced in the extremely fragile Democratic Republic of Congo makes up 70 percent of the world market.⁴⁴

Figure 5.6

Share of global critical mineral reserves at different fragility levels, top reserve countries, 2020, percent

Fragility level: ● Sustainable ● Stable ● Warning ● Alert

Global rank with regard to reserves	Bauxite	Cobalt	Copper	Graphite	Lithium	Nickel	Rare earths
1	Guinea 25%	DR Congo 51%	Chile 23%	Turkey 28%	Chile 44%	Indonesia 22%	China 37%
2	Australia 19%	Australia 20%	Peru 11%	China 23%	Australia 22%	Australia 21%	Vietnam 18%
3	Vietnam 12%	Cuba 7%	Australia 10%	Brazil 22%	Argentina 9%	Brazil 17%	Brazil 18%

Data: US Geological Survey; The Fund for Peace. Illustration: Munich Security Conference

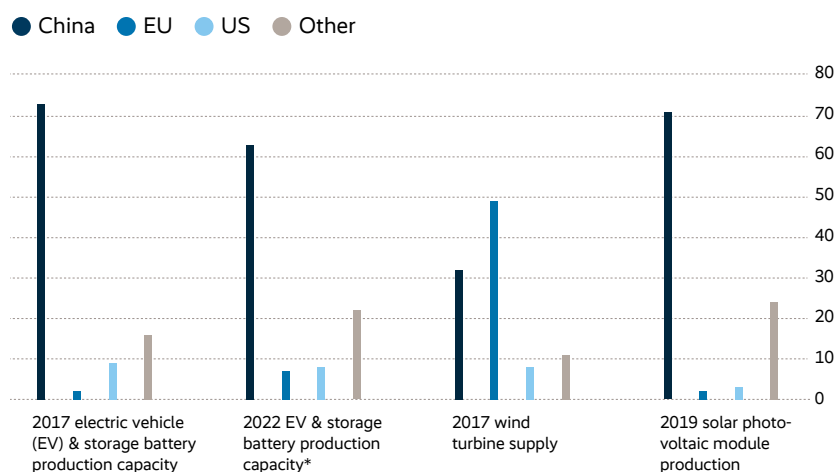
Energized Rivalry

Besides the potential for increasing state fragility, the energy transition also has profound geopolitical implications.⁴⁵ Given that green technologies constitute the key to states’ future prosperity, they have become a core element of geoeconomic competition.⁴⁶ Observers are already speaking of a “global clean energy arms race” between the US and China.⁴⁷

And just as the role of clean energy technologies for power competition has grown, so have concerns that some states may exploit their dominant positions within green energy supply chains. In this regard, some Western states are particularly concerned about China. For instance, in his capacity as a private citizen, current US Special Presidential Envoy for Climate John Kerry warned in 2019 that it would be “folly to replace a world order too dependent on Middle Eastern oil with one that’s too dependent on Chinese technology.”⁴⁹

Figure 5.7

Market supply shares for green energy technologies, 2017, 2019, and 2022, percent



*Figures for 2022 are projections.

Data: Allianz Research. Illustration: Munich Security Conference

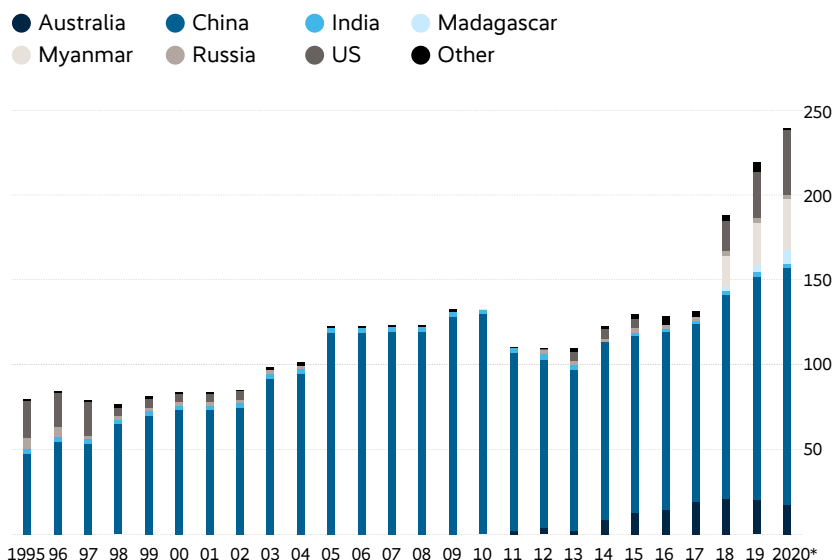
Beijing’s strong market position in green energy technology and materials as well as the risks that come along with it are particularly obvious in the realm of rare earth elements.⁵⁰ China’s influence over the whole industry chain made headlines in 2010 following Beijing’s export restrictions on rare earth elements to Japan amid a bilateral territorial dispute.⁵¹ More recently, Beijing has suggested that it would use rare earth elements to respond to a US trade war.⁵² In response to these incidents, and aware that rare earth elements are not only relevant to the energy transition but also for advanced defense manufacturing,⁵³ Western countries have slowly scaled up the mining of rare earth elements outside of China (see Figure 5.8). Yet, China further cemented



its dominance in the processing of rare earth elements, accounting for an 85 to 90 percent market share in the conversion of rare earth elements into metals and magnets.⁵⁴

Figure 5.8

Global mine production of rare earths, 1995–2020, thousand tons



*Figures for 2020 are preliminary.

Data: US Geological Survey. Illustration: Munich Security Conference



“2021 can and must be the year humanity began making peace with nature and secured a fair, just, and sustainable future for everyone.”⁵⁹

Inger Andersen, UN Under-Secretary-General and Executive Director of UNEP, Statement at the Launch of the “Making Peace with Nature” Report, February 18, 2021

Productive Competition

The international community is confronted with a dual challenge: in order to mitigate what constitutes an existential threat “to the survival, health, and prosperity of the whole human species,”⁵⁵ it has to urgently step up collective efforts to move away from carbon-intensive pathways. In this regard, the heads of the International Energy Agency and the International Renewable Energy Agency recently argued that 2021 presents a “tipping point.”⁵⁶ At the same time, the international community needs to properly manage the energy transition itself, both acknowledging and mitigating its potentially disruptive effects. Key to this are fair transition policies at the national, regional, and international levels, such as those pursued by the EU’s Just Transition Fund. Proper support for developing countries is decisive, including



“So we are absolutely, clearly, without question, now inside the decisive decade. [...] It’s what people will do in the next ten years that matter. That’s what we have to talk about.”⁶⁴

John Kerry, US Special Envoy for Climate, MSC Special Edition, February 19, 2021

technology transfers and financial support.⁵⁷ Equally crucial for a peaceful energy transition is the development of global standards for the responsible sourcing of critical minerals as well as efforts to ensure the secure supply of the component minerals of green technologies.⁵⁸

With the election of US President Joe Biden, who has made climate action one of his top political priorities and expressed willingness “to work with Beijing when it’s in America’s interest to do so,”⁶⁰ prospects for international climate cooperation may be brightening. There are also opportunities in the fact that leadership on the energy transition is increasingly seen as a strategic asset that may provide players with valuable geopolitical leverage:⁶¹ if managed properly, the clean energy competition between the US and China could inspire “a race to the top” – spurring green investments and boosting bold climate action.⁶² However, given the difficulty of insulating climate cooperation from the broader and increasingly tense China-US rivalry, “a productive competition strategy”⁶³ will not be easy to achieve. Against this backdrop, other players and collaborative frameworks gain in importance.

The transatlantic partners are in a particularly powerful position. By aligning their respective climate and energy agendas, the US and Europe could lead the way toward a more sustainable future. According to the European Commission, promising elements of a “comprehensive transatlantic green agenda”⁶⁵ include collaboration on a global regulatory framework for sustainable finance; a transatlantic green trade agenda, which incorporates joint efforts to price carbon across borders; and a green technology alliance for investment in and development of clean energy technologies – among them clean hydrogen – as well as carbon capture and storage.⁶⁶ But the success or failure of the energy transition is no longer only up to states. Businesses, civil society, and cities have become influential players in global climate governance.⁶⁷ Their contributions – and thus the move toward what the UN Secretary-General recently described as “inclusive multilateralism” – will become decisive on the global way toward net zero.⁶⁸

Key Points

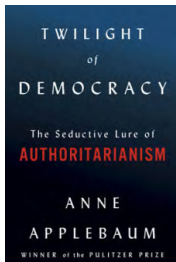
- ① The threat of global warming will only be mitigated by much bolder steps toward a low-carbon future. Yet governments are largely missing the opportunity to build back greener after Covid-19.
- ② The energy transition itself has the potential to be highly disruptive: it could be accompanied by a destabilization of fossil fuel exporting countries, the emergence of a new, green resource curse, and growing risks associated with the dependence on critical inputs to the green energy revolution.
- ③ Collective efforts to mitigate climate change and ensure a peaceful energy transition face an additional challenge: both climate and energy have become central domains of great-power competition.
- ④ The US and China need to ensure that their competition is conducted as fairly and productively as possible – hopefully spurring green investments and boosting bold climate action. And by better aligning their respective climate and energy agendas, the US and Europe could lead the way toward a more sustainable future.



Food for Thought

Food for Thought

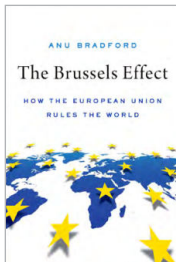
Books



Anne Applebaum, *Twilight of Democracy: The Seductive Lure of Authoritarianism*

New York: Doubleday, 2020.

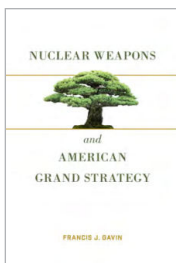
Around the world, democracy is declining, while authoritarianism and nationalism are on the rise. Historian Applebaum analyzes the appeal of autocratic political systems and how illiberal actors use disinformation and conspiracy theories to further political polarization. She deconstructs what motivates aspiring autocrats and the societal mentalities that enable their ascent to power.



Anu Bradford, *The Brussels Effect: How the European Union Rules the World*

New York: Oxford University Press, 2020.

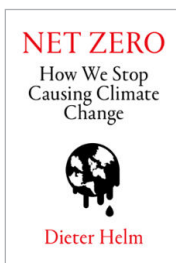
Bradford counters common assumptions about the EU's declining role in the world with a depiction of the Union as an influential regulatory superpower – especially in the fields of consumer health and safety, privacy, and environmental protection. She argues that the EU's stringent regulations and the way it has made market access conditional based on the fulfillment of these rules has led to elevated global standards.



Francis J. Gavin, *Nuclear Weapons and American Grand Strategy*

Washington, DC: Brookings Institution Press, 2020.

Due to the emergence of new technologies and growing great-power rivalry, the threat of nuclear escalation is rising once again. In this essay collection, Gavin offers an in-depth analysis of how the Cold War and relations between nuclear powers unfolded differently than predicted by theorists – and why this matters when it comes to understanding issues like nuclear deterrence and nuclear coercion today.



Dieter Helm, *Net Zero: How We Stop Causing Climate Change*

London: William Collins, 2020.

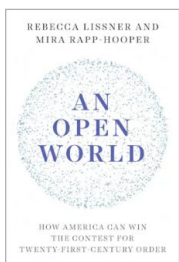
Helm focuses on how to tackle the climate crisis caused by carbon-intensive lifestyles on a personal, local, national, and global level. He outlines the need to adopt a net-zero strategy for reducing carbon emissions, including by means of attaching a carbon price to everything, and highlights the importance of engaging in efforts to increase carbon absorption.



Christina Lamb, *Our Bodies, Their Battlefield: War Through the Lives of Women*

London: William Collins, 2020.

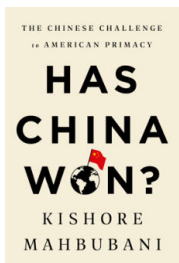
Lamb shines a light on sexual violence as a weapon of war used by various conflicts parties to intimidate their enemies. Providing historic and current examples from various conflict settings, she highlights the prevalence of rape in war and documents women's bravery and resistance as they fight for justice. The book is an important contribution to recognizing rape as a much-neglected war crime.



Rebecca Lissner and Mira Rapp-Hooper, *An Open World: How America Can Win the Contest for Twenty-First-Century Order*

New Haven: Yale University Press, 2020.

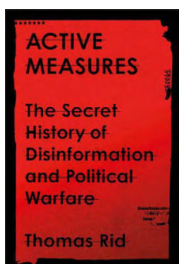
Lissner and Rapp-Hooper analyze the contemporary international order and lay out a vision for the post-Trump era. They call for a US grand strategy of openness to break with the US global leadership crisis and meet current geo-political challenges. This strategy would entail increased US involvement in world affairs and efforts to counter authoritarian rule.



Kishore Mahbubani, *Has China Won? The Chinese Challenge to American Primacy*

New York: PublicAffairs, 2020.

The geopolitical contest between the US and China will define the 21st century. Veteran diplomat Mahbubani presents an in-depth analysis of both actors' strengths, weaknesses, and ambitions, and calls for the US to rethink domestic and foreign policies to effectively meet the challenges posed by China.



Thomas Rid, *Active Measures: The Secret History of Disinformation and Political Warfare*

New York: Macmillan Publishers, 2020.

This book traces disinformation campaigns from the interwar period to the 2016 US election. Rid explains how these campaigns shape emotions to create societal divisions, foster polarization, and further distrust in political candidates and the political system more broadly. He also offers insights into possible ways to counter disinformation campaigns.

Reports



Transatlantic Task Force, “Together or Alone? Choices and Strategies for Transatlantic Relations for 2021 and Beyond”

Washington, DC/Hamburg: GMF, Bundeskanzler-Helmut-Schmidt-Stiftung, October 2020, <https://perma.cc/K63D-ZZBF>.

This task force report outlines the existential challenges that the US and Europe face, ranging from the Covid-19 pandemic, economic recession, and climate change, to technological competition and the rise of China. The authors make numerous concrete recommendations for how the transatlantic partners can work together to successfully manage these challenges and regain citizens’ trust in their governments’ ability to protect them.



Salman Ahmed and Rozlyn Engel (eds.), “Making U.S. Foreign Policy Work Better for the Middle Class”

Washington, DC: Carnegie Endowment for International Peace, September 2020, <https://perma.cc/EL3C-3USG>.

The report explains why a new US foreign policy agenda needs to aim at rebuilding trust at home and at regaining the support of the American middle class. This entails the need to widen the approach to foreign policy from focusing merely on security and geopolitical competition to incorporating the complex links with domestic economic and social issues, such as the growing economic inequality within the US.



Jonathan Hackenbroich et al., “Defending Europe’s Economic Sovereignty: New Ways to Resist Economic Coercion”

Berlin: ECFR, October 2020, <https://perma.cc/3WA5-3CBM>.

Highlighting that the EU has become increasingly vulnerable to threats in the geo-economic sphere, this report outlines ten possible tools European nations could employ to protect and enhance European sovereignty in the economic realm. Increasing Europe’s own capabilities, for example by building a European Export Bank, is considered necessary to preserve the EU’s openness.



Christie Lawrence and Sean Cordey, “The Case for Increased Transatlantic Cooperation on Artificial Intelligence”

Cambridge, MA: Harvard Kennedy School – Belfer Center for Science and International Affairs, August 2020, <https://perma.cc/6CVU-4S7X>.

There is an urgent need for increased cooperation between the US and the EU on AI – both to take advantage of the opportunities AI offers and to counter the risks it entails. This report lays out how structures of transatlantic cooperation can be strengthened to this end, including in the field of healthcare.



IISS, “The COVID-19 Pandemic: Scenarios to Understand the International Impact”

London: IISS, November 2020, <https://perma.cc/WDU4-2TPJ>.

The Covid-19 pandemic has profoundly affected people around the globe and its long-term effects remain uncertain. This report systematically lays out four scenarios of plausible trajectories for the medium term. They focus on six clusters of drivers of change: governance, geopolitics, economic reordering, economic recovery, armed conflict, and military posture.



Jonathan Woetzel et al., “Climate Risk and Response: Physical Hazards and Socioeconomic Impacts”

Shanghai: McKinsey Global Institute, January 2020, <https://perma.cc/CU5G-WL78>.

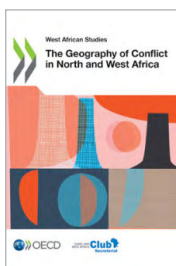
Many regions of the world are already experiencing the effects of climate change. This report helps develop an understanding of the socioeconomic consequences of climate change and the risks posed by extreme weather conditions. As the number of affected regions continues to grow, countries with lower levels of GDP per capita will remain at particular risk.



Hannah Neumann and Leonie Hopgood, “The #SHEcurity Index Edition 2020”

Brussels: #SHEcurity, October 2020, <https://perma.cc/Y6K6-75J7>.

Marking the 20th anniversary of the UN women, peace, and security agenda, the first edition of the #SHEcurity Index tracks the progress EU and G20 countries are making toward ensuring participation and representation of women at all levels of decision-making in foreign and security policy.



OECD and The Sahel and West Africa Club, “The Geography of Conflict in North and West Africa”

Paris: OECD Publishing, February 2020, <https://doi.org/10.1787/02181039-en>.

This report analyzes the complex conflict landscape in North and West Africa, where new forms of political violence combine with the increasing activities of rebel groups, transnational organizations, and independent militias. Against the backdrop of a series of failed military interventions aimed at improving regional security, the authors shed light on the geography of ongoing conflicts and other obstacles to durable peace.



Notes

Please note that quotations originally in British English have been adapted to American English.

Endnotes

1 Introduction: Between States of Matter – Competition and Cooperation

1. Joseph R. Biden, “Remarks by President Biden at the 2021 Virtual Munich Security Conference,” Washington, DC/Munich: Munich Security Conference, February 19, 2021, <https://perma.cc/4ZYV-66K6>. For more background on the return of great-power competition and the increasing contestation of liberal-democratic norms see the analysis in previous MSC publications, especially in Tobias Bunde et al., “Munich Security Report 2019: The Great Puzzle: Who Will Pick Up the Pieces?,” Munich: Munich Security Conference, 2019, doi:10.47342/Ryty8045; Tobias Bunde et al., “Munich Security Report 2020: Westlessness,” Munich: Munich Security Conference, February 2020, doi:10.47342/IAQX5691; Tobias Bunde et al., “Zeitenwende | Wendezeiten: Special Edition of the Munich Security Report,” Munich: Munich Security Conference, 2020, doi:10.47342/SBID8214.
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7. Sophie Eisentraut et al., “Polypandemic: Special Edition of the Munich Security Report on Development, Fragility, and Conflict in the Era of Covid-19,” Munich: Munich Security Conference, November 2020, doi:10.47342/CJAO3231.
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List of Figures

Possible deviations from a total of 100 percent in visualized data result from rounding.

Munich Security Index 2021

All illustrations and data in this section are based on the survey conducted by Kekst CNC. For the detailed method underpinning the index, see page 38.

Country profiles

The likelihood figures were calculated by adding together the percentage of respondents who answered “now or in the next few months,” “in the next year,” and “in the next 5 years” in answer to the question “For each of the following, please say how imminent a threat you think it is.” The trajectory figures were calculated by subtracting the percentage of respondents saying a risk will increase in the next year minus the percentage saying it will decrease in the next year in answer to the question “Please say for each of the following whether you think the risk posed in your country will increase, decrease, or stay the same in the next year.” The preparedness figures refer to the proportion of respondents who rated their country’s preparedness as less than 6 on a 0-10 scale in answer to the question “For each of the following, please say how prepared your country is to deal with this threat.”

1 Introduction: Between States of Matter – Competition and Cooperation

1.1 Dispute about Chinese policies on Xinjiang and Hong Kong in the United Nations General Assembly, October 6, 2020

Illustration by the Munich Security Conference based on UN General Assembly, “Third Committee, 3rd Meeting – General Assembly, 75th Session,” New York: United Nations, Social, Humanitarian & Cultural Committee of the General Assembly, October 6, 2020, <http://webtv.un.org/search/third-committee-3rd-meeting-general-assembly-75th-session/6198110488001/?term=&lan=english&cat=3rd%20Committee&page=5>. Germany delivered a joint statement on behalf of 39 countries, raising grave concerns “about the human rights situation in Xinjiang and the recent developments in Hong Kong,” calling on China to “uphold autonomy, rights and freedoms in Hong Kong” and “allow immediate, meaningful and unfettered access to Xinjiang.” In response, Pakistan delivered a joint statement on behalf of 55 countries, describing Hong Kong as an “inalienable part of China” and condemning foreign interference. Subsequently, Cuba brought forward a statement on behalf of 45 countries, commending China’s advances to protect human rights and noting with appreciation China’s response to extremism and terrorism in Xinjiang. Boundaries shown are not intended to be exhaustive and do not imply official endorsement. This illustration was inspired by a similar overview of members of the United Nations Human Rights Council

(UNHRC) who condemned or supported China on the Xinjiang Re-education Camps in July 2019, found in Alexander Cooley and Daniel Nexon, *Exit From Hegemony: The Unraveling of the American Global Order*, Oxford: Oxford University Press, 2020, 102.

1.2 Citizens' preference for their country's response to the rise of China, share saying that their country should oppose China minus share saying that their country should support China, 2021, percent

Data and illustration provided to the Munich Security Conference by Kekst CNC. In answer to the question "What do you think your country should do in response to the rise of China as a military and economic power?" Respondents were given the following options: "fully cooperate with China," "somewhat cooperate with China," "stay neutral," "somewhat oppose China," "fully oppose China," "don't know."

Figures shown are the net of the total percentage for "oppose" minus the total percentage for "cooperate."

1.3 GDP (Purchasing Power Parity), share of world total, 1994-2019, percent

Illustration by the Munich Security Conference based on International Monetary Fund, "World Economic Outlook Database," April 2020, <https://perma.cc/6TW7-VF2U>. This illustration was inspired by a similar chart in the Financial Times. See Martin Wolf, "The World Falls Apart as the US Withdraws," Financial Times, July 7, 2020, <https://perma.cc/3DNT-G6UU>.

1.4 Citizens' perceptions of other countries, share saying country is an ally minus share saying country is a threat, 2021, percent

Data and illustration provided to the Munich Security Conference by Kekst CNC. In answer to the question "For each country/jurisdiction below please say whether you think they pose a threat or are an ally to your country or neither [0-10, where 0 is 'threat,' 5 is neither and 10 is 'ally']." The scores run from a potential -100 (if 100 percent of a population said that x was a threat) to +100 (if 100 percent of a population said that x was an ally).

2 European Neighborhood: Geopolitical Omission

Challenges in Europe's wider southern and eastern neighborhoods

Illustration by the Munich Security Conference based on The Economist Intelligence Unit, "Democracy Index 2020: In Sickness and in Health?," London: EIU, February 2021, <https://perma.cc/K3WS-LY4L>, 54-68, and additional research by the Munich Security Conference. Note that the EIU's Global Democracy Index does not cover Kosovo and Western Sahara. The index uses overlapping threshold values (4.0, 6.0, and 8.0), but these are not assigned. For "other major disputes" see Sinem Adar and Ilke Toygür, "Turkey, the EU and the Eastern Mediterranean Crisis: Militarization of Foreign Policy and Power Rivalry," Berlin: Stiftung Wissenschaft und Politik, SWP Comment 62, December 2020, doi:10.18449/2020C62; Federal Foreign Office, "The Joint Comprehensive Plan of Action on the Iranian Nuclear Programme," Berlin: Fed-

eral Foreign Office, October 10, 2020, <https://perma.cc/Q4V7-JPPZ>; Dina Khrennikova, Anna Shiryaevskaya, and Daryna Krasnolutska, “Why the Russia-Ukraine Gas Dispute Worries Europe,” *Bloomberg*, December 6, 2019, <https://perma.cc/M8LL-C4EV>. The disputes illustrated are a non-exhaustive selection of disputes with high relevance for the EU. For “nationwide anti-government protests” see reporting on their occurrence in the relevant literature since 2019, including Kizzi Asala, “Thousands Protest in Sudan for Reforms on Uprising 2-Year Anniversary,” *Africa News*, December 20, 2020, <https://perma.cc/9CJY-HB57>; “Belarus Protests: National Opposition Strike Gains Momentum,” *BBC*, October 26, 2020, <https://perma.cc/K25Z-45J6>; Imad Creidi, “Lebanon’s Protest Flame Still Flickers on Anniversary of ‘Revolution,’” *Reuters*, October 27, 2020, <https://perma.cc/QW4U-DGXV>; “Armenian Prime Minister Rejects 25,000 Protesters’ Calls to Resign,” *Deutsche Welle*, December 22, 2020, <https://perma.cc/CN3V-3TTR>; “Protesters and Police Clash as Thousands Mark One Year of Iraq Demonstrations,” *Deutsche Welle*, October 26, 2020, <https://perma.cc/2RKK-M28D>; “Russia: Police Detain Thousands at Pro-Navalny Protests,” *Deutsche Welle*, January 24, 2021, <https://perma.cc/H5ND-JNJT>; Farnaz Fassihi and Rick Gladstone, “With Brutal Crackdown, Iran Is Convulsed by Worst Unrest in 40 Years,” *The New York Times*, December 1, 2019, <https://perma.cc/F8VN-C92H>; Human Rights Watch, “Egypt: No End to Escalating Repression: Authorities Punish Critics, Close Civic Space with Impunity,” *Beirut: HRW*, January 13, 2021, <https://perma.cc/7AM6-RVUM>; Andrew Lebovich, “Unchecked Escalation: Why Mali is in Turmoil,” *London/Berlin: ECFR*, July 22, 2020, <https://perma.cc/93UF-7AND>; Isabelle Werenfels and Luca Mieke, “A National Solution to the Algerian Crisis?,” *PeaceLab*, September 20, 2019, <https://perma.cc/4WK7-PT6N>. Please note that this map is for illustrative purposes only. The icon placement does not represent a precise geographical event location. Boundaries shown are not intended to be exhaustive and do not imply official endorsement.

2.1 US military posture, personnel in selected commands, 2019, thousands

Illustration by the Munich Security Conference based on data from the annual posture hearings of the US Combatant Commands before the US Senate Armed Services Committee. See US Senate Armed Services Committee, “USEUCOM 2019 Posture Statement: Statement of General Curtis M. Scaparrotti, United States Army Commander United States European Command,” Washington, DC: US Senate Armed Services Committee, March 5, 2019, <https://perma.cc/8HLS-BZXS>; US Senate Armed Services Committee, “The Posture of U.S. Central Command: Great Power Competition: The Current and Future Challenges in the Middle East,” Washington, DC: US Senate Armed Services Committee, February 5, 2019, <https://perma.cc/4A7T-SNC5>, 40; US Senate Armed Services Committee, “Statement of Admiral Philip S. Davidson, U.S. Navy Commander, U.S. Indo-Pacific Command Before the Senate Armed Services Committee on U.S. Indo-Pacific Command Posture,” Washington, DC: US Senate Armed Services Committee, February 12, 2019, <https://perma.cc/L2SH-JYTM>, 41.

2.2 Role of EU trade and official development assistance (ODA) in the European neighborhood

Illustration by the Munich Security Conference based on OECD, “Query Wizard for International Development Statistics,” Paris: OECD, 2021, <https://stats.oecd.org/>

quids/ and European Commission, “Statistics,” Brussels: European Commission, 2021, <https://perma.cc/F4WH-5QXU>. The EU’s southern and eastern neighborhoods are defined in accordance with the European Neighbourhood Policy (ENP). Southern ENP partners (“South”) are Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, and Tunisia. Eastern ENP partners (“East”) are Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. The trade and ODA shares for the “South” and the “East” are the averages across the countries covered in each of the two categories. The EU’s ODA shares combine ODA provided by EU institutions and ODA provided by individual EU member states.

2.3 Citizens’ perceptions of other countries, share saying country is an ally minus share saying country is a threat, 2021, percent

Data and illustration provided to the Munich Security Conference by Kekst CNC. In answer to the question “For each country/jurisdiction below please say whether you think they pose a threat or are an ally to your country or neither [0-10 where 0 is ‘threat’, 5 is neither, and 10 is ‘ally’].”

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Illustration by the Munich Security Conference based on survey data provided by the Centre for East European and International Studies (Zentrum für Osteuropa- und internationale Studien, ZOiS). The survey was conducted in December 2020 among 2,000 Belarusians aged 16-64. The survey results are part of a broader study on the political and social mood among Belarusian citizens, see Nadja Douglas et al., “Belarus at a Crossroads: Attitudes on Social and Political Change,” Berlin: Centre for East European and International Studies, March 2021, <https://perma.cc/6DU7-482Y>.

2.5 Nations supporting Libya’s rival factions, selected domains, 2020

Data and illustration based on Lead Inspector General, “East Africa Counterterrorism Operation – North and West Africa Counterterrorism Operation: Lead Inspector General Report to the United States Congress,” Washington, DC: OIG, September 30, 2020, <https://perma.cc/E7Q3-ZKEH>, 36. Note that the nations listed are a non-exhaustive selection of international supporters of Libya’s rival factions based on the Lead Inspector General’s quarterly report to the US Congress.

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3.1 Share of world GDP growth generated in the top ten Indo-Pacific economies, five-year rolling average, 1999–2019, percent

Illustration by the Munich Security Conference based on World Bank, “GDP (constant 2010 US\$) – China, Japan, India, Korea, Rep., Australia, Indonesia, Thailand, Malaysia, Philippines, Singapore – World Bank National Accounts Data and OECD National Accounts Data Files,” Washington, DC: World Bank, 2021, <https://perma.cc/6VZF-GZT2>. The World Bank does not provide country-level data for Taiwan, instead including the GDP of Taiwan in the GDP of China. Taken on its own, Taiwan’s economy would be the sixth largest on this list.

3.2 Citizens' views on the risk to global security from conflicts in the Indo-Pacific, share who think the risk is great, 2021, percent

Data and illustration provided to the Munich Security Conference by Kekst CNC. In response to the question "Here are some specific risks. How great a risk do the following things pose to the world [on a 0-10 scale, where 0 is a 'very low' and 10 is a 'very high' risk]?" The figure indicates the percent share of those who think the risk is greater than 6 out of 10.

3.3 The state of freedom in the Indo-Pacific, Global Freedom Score, 2015–2021

Illustration by the Munich Security Conference based on Freedom House, "Freedom in the World 2013-2021 Raw Data," Washington, DC: Freedom House, 2021, <https://perma.cc/4DRL-DWPG>. Freedom in the World rates countries and territories around the world according to the state of political rights and civil liberties. The aggregate score ranges from 0 (least free) to 100 (most free). For more on the methodology, see Freedom House, "Freedom in the World Research Methodology," Washington, DC: Freedom House, 2021, <https://perma.cc/N7UB-V2CF>.

3.4 Economic and human risks from climate change in Asia, first-order impact, by 2050

Data and illustration provided by McKinsey Global Institute, based on Jonathan Woetzel et al., "Climate Risk and Response in Asia," n.a.: McKinsey Global Institute, November 24, 2020, <https://perma.cc/3KAU-N2SQ>. For details on the selection of RCP 8.5 and the methodology for assessing risk to livability and workability and physical assets/infrastructure, see Woetzel et al., 32-33.

3.5 Southeast Asian experts' trust in major powers to act in the global interest, 2020–2021, percent

Illustration by the Munich Security Conference based on Sharon Seah et al., "The State of Southeast Asia: 2021," Singapore: ISEAS-Yusof Ishak Institute, February 10, 2021, <https://perma.cc/28M4-QX6K>. The online survey was conducted among an expert panel of 1,032 respondents from the categories academia/research, business/finance, government, civil society/non-governmental organizations/media, and regional/international organizations in the ten ASEAN member states (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam).

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Data and illustration provided to the Munich Security Conference by Felix Lemmer from the Centre for International Security at the Hertie School.

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Data and illustration provided to the Munich Security Conference by Alexander Graef and Moritz Kütt from the Institute for Peace Research and Security Policy at the Uni-

versity of Hamburg (IFSH). See Alexander Graef and Moritz Kütt, “Visualizing the Open Skies Treaty,” <http://www.openskies.flights>, last updated on April 27, 2020. Note that the geographical units “Europe,” “US/Canada,” and “Russia/Belarus” are used for the purpose of this illustration and, except for the latter, are not equivalent to the formal groups of States Parties to the Open Skies Treaty. Also note that states participating in the Open Skies Treaty often share flights on board the same aircraft. Hence, the number of active flights does not equal the number of passive flights in the displayed timeframe. The latter is equivalent to the number of actual overflights.

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Data and illustration provided to the Munich Security Conference by Kekst CNC. In answer to the question “To what extent do you support or oppose the following things? – A nuclear deterrent based in your country.”

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Illustration by the Munich Security Conference based on data provided by McKinsey & Company.

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Illustration by the Munich Security Conference based on Climate Analytics and NewClimate Institute, “Climate Action Tracker Emissions Gaps,” Berlin/Cologne: Climate Analytics and NewClimate Institute, September 2020, <https://perma.cc/U7N2-LNR2>; Michael Lazarus and Cleo Verkuijl, “The Production Gap: The Discrepancy Between Countries’ Planned Fossil Fuel Production and Global Production Level Consistent with Limiting Warming to 1.5°C or 2°C,” Stockholm: Stockholm Environment Institute et al., 2020, <https://perma.cc/868L-ADER>.

5.2 Citizens' support for binding net zero emission targets, 2021, percent

Data and illustration provided to the Munich Security Conference by Kekst CNC. In response to the question “Do you agree or disagree with the following statements about your country and climate change? – We should agree to binding targets to get to net zero CO₂ emissions.”

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5.4 Investment in renewable energy capacity, developed vs. developing countries, 2004–2019, USD billion

Illustration by the Munich Security Conference based on Frankfurt School-UNEP Collaborating Centre for Climate & Sustainable Energy Finance and BloombergNEF, “Global Trends in Renewable Energy Investment 2020,” Frankfurt am Main: FS-UNEP Centre and BNEF, 2020, <https://perma.cc/3BXL-DN26> and data provided to the Munich Security Conference by the FS-UNEP Collaborating Centre. Developed countries are all OECD countries excluding Mexico, Chile, and Turkey.

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Illustration by the Munich Security Conference based on Federal Reserve Bank of St. Louis, “Crude Oil Prices: Brent - Europe,” St. Louis: FRED, January 6, 2021, <https://perma.cc/6TZH-CDKK>; IMF, “Regional Economic Outlook: Middle East and Central Asia, Statistical Annex,” Washington, DC: IMF, October 2020, <https://perma.cc/FD8V-QVRD>; IMF, “Regional Economic Outlook: Middle East and Central Asia,” Washington, DC: IMF, October 2019, <https://perma.cc/V3ES-G7AY>; IMF, “Regional Economic Outlook: Middle East and Central Asia,” Washington, DC: IMF, October 2016, <https://perma.cc/7REM-SNTM>; IMF, “Regional Economic Outlook: Middle East and Central Asia,” Washington, DC: IMF, October 2015, <https://perma.cc/4JXS-726P>.

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Illustration by the Munich Security Conference based on United States Geological Survey, “Mineral Commodity Summaries 2021,” Reston: USGS, January 2021, <https://perma.cc/PC2G-L73T>; The Fund for Peace, “Fragile States Index 2020: Global Data,” Washington, DC: The Fund for Peace, May 2020, <https://perma.cc/9NBY-JEHB>.

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Illustration by the Munich Security Conference based on Markus Zimmer, Françoise Huang, and Arne Holzhausen, “The Hot Race for Green Tech Dominance to Cool the Global Climate,” Munich: Allianz, January 26, 2021, <https://perma.cc/E8L4-NTQQ>, 1.

The figures, some of which have been updated, are based on Feng Zhao et al., “Global Wind Market Update – Demand & Supply 2017: Part One – Supply Side Analysis,” Washington, DC: FTI Consulting, April 6, 2018, <https://perma.cc/Y3LL-8MPH>; Roberto Lacal-Arántegui, “Globalization in the Wind Energy Industry: Contribution and Economic Impact of European Companies,” *Renewable Energy* 134 (2019), 612–628, doi:10.1016/j.renene.2018.10.087; International Energy Agency, “Commissioned EV and Energy Storage Lithium-Ion Battery Cell Production Capacity by Region, and Associated Annual Investment, 2010-2022,” Paris: IEA, April 10, 2020, <https://perma.cc/P3M4-ATR8>; Madhumitha Jaganmohan, “Global PV Module Manufacturing Share 2019 by Country,” Hamburg: Statista, February 2, 2021, <https://perma.cc/NC4U-RT66>.

5.8 Global mine production of rare earths, 1995–2020, thousand tons

Illustration by the Munich Security Conference based on United States Geological Survey, “Rare Earths Statistics and Information: Annual Publications,” Reston: USGS, 1996-2021, <https://perma.cc/6F2X-37HH>. The category “other countries” refers to the world total minus the illustrated countries, which are those with the highest production share over the period covered.

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List of Abbreviations

AI	Artificial intelligence
ASEAN	Association of South East Asian Nations
BRI	Belt and Road Initiative
CENTCOM	Central Command
CCP	Chinese Communist Party
CO ₂	Carbon dioxide
COP	Conference of the Parties
Covid-19	Coronavirus disease 2019
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CSIS	Center for Strategic and International Studies
DGAP	German Council on Foreign Relations
ECFR	European Council on Foreign Relations
EU	European Union
EUCOM	European Command
FOIP	Free and Open Indo-Pacific
FONOP	Freedom of navigation operation
GDP	Gross domestic product
GIGA	German Institute for Global and Area Studies
GPPI	Global Public Policy Institute
ICAN	International Campaign to Abolish Nuclear Weapons
IEA	International Energy Agency
IFSH	Institute for Peace Research and Security Policy at the University of Hamburg
IISS	International Institute for Strategic Studies
IMF	International Monetary Fund
INDOPACOM	Indo-Pacific Command
INF	Intermediate-Range Nuclear Forces
IRENA	International Renewable Energy Agency
ISR	Intelligence, surveillance, and reconnaissance
JCPOA	Joint Comprehensive Plan of Action
MENA	Middle East and North Africa
MERICS	Mercator Institute for China Studies
MSB	Munich Security Brief
MSC	Munich Security Conference
MSR	Munich Security Report
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NGO	Non-governmental organization
NPT	Treaty on the Non-Proliferation of Nuclear Weapons
NTI	Nuclear Threat Initiative
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development

SIPRI	Stockholm International Peace Research Institute
START	Strategic Arms Reduction Treaty
SWP	German Institute for International and Security Affairs
TPNW	Treaty on the Prohibition of Nuclear Weapons
UK	United Kingdom
UN	United Nations
UNEP	UN Environment Programme
UNODA	UN Office for Disarmament Affairs
US	United States
USD	US dollar
USGS	United States Geological Survey
WTO	World Trade Organization
ZOIS	Centre for East European and International Studies

Team

Editorial Team



Dr. Tobias Bunde is Director of Research & Policy at the Munich Security Conference and a Postdoctoral Researcher at the Centre for International Security at the Hertie School in Berlin.



Dr. Sophie Eisentraut is a Senior Researcher at the Munich Security Conference.



Laura Hartmann is a Senior Publications Manager at the Munich Security Conference and the Managing Editor of the Munich Security Report.

Report Team



Randolf Carr is a Senior Policy Advisor at the Munich Security Conference.



Julia Hammelehle is a Policy Advisor at the Munich Security Conference.



Juliane Kabus is a Senior Policy Advisor at the Munich Security Conference.



Luca Mieke is a Researcher at the Munich Security Conference.



Simon Pfeiffer is a Policy Advisor at the Munich Security Conference.



Franziska Stärk was a Policy Advisor at the Munich Security Conference until February 2021 and is now a Researcher at the IFSH.



Felix Kirner is a Graphic Designer at the Munich Security Conference.



Amadée Mudie-Mantz is a Special Assistant to the Chairman and a Junior Policy Advisor at the Munich Security Conference.



Steffen Gleisenberg was a Project Assistant at the Munich Security Conference until April 2021.



Melissa Hanlon is a Visiting Robert Bosch Stiftung Fellow at the Munich Security Conference.



Dr. Julian Voje is Head of Policy at the Munich Security Conference.

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Ambassador Wolfgang Ischinger is Chairman of the Munich Security Conference.



Ambassador Boris Ruge is Vice-Chairman of the Munich Security Conference.



Dr. Benedikt Franke is Chief Executive Officer of the Munich Security Conference.

The report team would like to thank the entire team at the Munich Security Conference for their indispensable support in completing this Munich Security Report.

Kekst CNC (Munich Security Index)

Bernhard Meising is Co-Chief Executive Officer and Partner at Kekst CNC.

Kevin Soady is a Partner at Kekst CNC.

Dr. Tom Lubbock is a Senior Advisor at Kekst CNC.

James Johnson is a Senior Advisor at Kekst CNC.

Eleanor Cavill is a Consultant at Kekst CNC.

Hannah Day is a Senior Associate at Kekst CNC.

McKinsey & Company (Knowledge Partner, Graphic Design and Production Support)

Dr. Gundbert Scherf is a Partner at McKinsey & Company.

Quirin Maderspacher is an Engagement Manager at McKinsey & Company.

Tetsu Watanabe is an Associate at McKinsey & Company.

Tanja Barrall is a Design Project Leader at McKinsey & Company.

Juliane Schäfer is a Senior Media Designer at McKinsey & Company.

Julie Zemanek is a Visual Media Designer at McKinsey & Company.

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Latest MSC Publications



Simon Pfeiffer and Randolph Carr: “Error 404 - Trust Not Found: A European Survey on Digital (Dis)trust”

Munich: Munich Security Conference, Munich Security Brief 2, March 2021, <https://doi.org/10.47342/REFQ1817>.

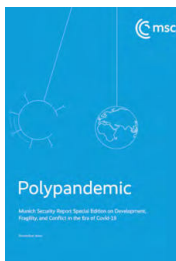
A joint tech agenda is one of the key priorities of the transatlantic partnership. An exclusive survey across six European countries commissioned by the MSC finds that to deliver on this goal, European leaders need to address a high level of digital distrust in Europe – vis-à-vis the United States, but also among Europeans. The Munich Security Brief explains what digital distrust means and how to address it on the way to better transatlantic tech cooperation.



Tobias Bunde, “Beyond Westlessness: A Readout From the MSC Special Edition 2021”

Munich: Munich Security Conference, Munich Security Brief 1, February 2021, <https://doi.org/10.47342/NLUJ4791>.

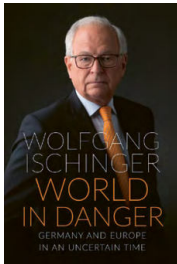
World leaders, including new US President Joe Biden, used the MSC Special Edition, broadcast live from Munich on February 19, 2021, to send a strong signal of transatlantic renewal and to present their ideas on how to deal with some of the most pressing issues, including the Covid-19 pandemic and climate change. A special Munich Security Brief summarizes the event’s key takeaways and outlines what lies ahead for transatlantic relations.



Sophie Eisentraut, Luca Mieke, Laura Hartmann, and Juliane Kabus, “Polypandemic: Special Edition of the Munich Security Report”

Munich: Munich Security Conference, November 2020, <https://doi.org/10.47342/CJAO3231>.

The coronavirus pandemic has become a polypandemic – a health crisis that is accompanied by various other pandemics, among them the pandemics of poverty and hunger, of nationalism and authoritarianism. Available in English and German, the special edition of the Munich Security Report zooms in on the threats to peace and security that the pandemic might provoke in various contexts, chiming in with a long tradition of MSC activities on human and health security.



Wolfgang Ischinger, *World in Danger: Germany and Europe in an Uncertain Time*

Washington, DC: Brookings Institution Press, 2020, ISBN 9780815738435,
<https://perma.cc/EY2V-VR5N>.

The world appears to be at another major turning point. Tensions between the United States and China threaten a resumption of great power conflict. Global institutions are being tested as never before and hard-edged nationalism has resurfaced as a major force in both democracies and authoritarian states. But a pivot point also offers the continent an opportunity to grow stronger: *World in Danger* sets out a vision of a European future of peace and stability.



Tobias Bunde, Laura Hartmann, Franziska Stärk, Randolph Carr, Christoph Erber, Julia Hammelehle, and Juliane Kabus, “Zeitenwende | Wendezeiten: Special Edition of the Munich Security Report”

Munich: Munich Security Conference, October 2020,
<https://doi.org/10.47342/SBID8214>.

30 years after German unification, the Federal Republic is confronted with enormous challenges. Europe’s security is threatened, Europe’s democracies are on the defensive. Available in English and German, the special edition of the Munich Security Report “Zeitenwende | Wendezeiten” provides an overview of the state of German foreign and security policy six years after the “Munich consensus.”

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Karolinenplatz 3

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Bibliographical Information

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The world's liberal democracies are facing renewed competition with autocratic systems of rule. While competition has become the defining feature of world politics, the most critical threats to humanity – including climate change, arms races, and the ongoing pandemic – require broad-based international cooperation. But competition and cooperation do not only coexist, they increasingly condition one another. To effectively tackle pressing security challenges and successfully compete in arenas like the Indo-Pacific, which have moved to the center of the geopolitical rivalry, the US and Europe need to harness the new transatlantic momentum. Yet, given that public opinion inside the West is often divided, as our new Munich Security Index reveals, it will not be an easy task to move beyond “Westlessness” and navigate an environment of both competition and cooperation. Together with like-minded countries, the transatlantic partners now have to seek the right balance between the two “states of matter”: competing against the illiberal tide where they must (to defend core values and interests) and cooperating with challengers where they can (to tackle shared risks and threats).

Tobias Bunde, Sophie Eisentraut, Laura Hartmann, Randolph Carr, Julia Hammelehle, Juliane Kabus, Luca Miehe, Simon Pfeiffer, Franziska Stärk, and Amadée Mudie-Mantz, “Munich Security Report 2021: Between States of Matter – Competition and Cooperation,” Munich: Munich Security Conference (MSC), June 2021, <https://doi.org/10.47342/CYPE1056>.