



ISSUE BRIEF

BY BARRY PAVEL AND MAGNUS NORDENMAN

# Global Trends and the Future of NATO: Alliance Security in an Era of Global Competition

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The current turbulent global landscape recalls past key transition points in history such as 1815, 1919, 1945, and 1989, when the path forward was not so clear-cut and the world faced the possibility of very different global futures. As the US National Intelligence Council suggested in its landmark 2012 report, *Global Trends 2030: Alternative Worlds*,<sup>1</sup> the transatlantic community is entering a new era in history that will pose a very different set of challenges and offer unprecedented opportunities. If it is to survive, the NATO Alliance must navigate this crucial period by fundamentally reconsidering its place in the global landscape as well as its future roles, missions, and functions from a strategic, long-term perspective. The world is changing rapidly, and if NATO does not adapt with foresight for this new era, then it will very likely disintegrate.

The strategic context is complex, and becoming more so; key developments of particular relevance to NATO and the broader transatlantic community include:

- An historic, rapid shift of economic and military power to Asia;
- An accelerated diffusion of power to nonstate actors enabled by new, disruptive technologies;
- Changing global demographics and rising scarcities of food, water, and other natural resources that will increasingly trigger regional tensions and conflicts;

## NATO in an Era of Global Competition

NATO is emerging from more than a decade of war in Afghanistan and is faced with unprecedented shifts in the world order, new global challenges, and severe fiscal constraints. Against this backdrop, the Atlantic Council's Brent Scowcroft Center on International Security and the Norwegian Institute for Defence Studies (IFS) launched the *NATO in an Era of Global Competition* project to provide recommendations for policymakers across the Alliance as they chart an appropriate strategic orientation for the world's most important political-military alliance.

Working with recognized experts, government representatives and military officials from Europe, Canada, and the United States, this project will produce a set of issue briefs informed by multiple public and private events. The project also aligns with NATO's major priorities as the Alliance prepares for its 2014 "transformation" summit. For more information about this effort, please contact Scowcroft Center Associate Director Simona Kordosova at [skordosova@AtlanticCouncil.org](mailto:skordosova@AtlanticCouncil.org).

- An ongoing energy revolution that is transforming geopolitics; and
- An uncertain leadership role for the United States and the West more broadly as transatlantic states continue to struggle with greatly reduced resources and, in many cases, paralyzed polities.

These factors, as well as potential strategic shocks that could reshape the international operating

<sup>1</sup> US National Intelligence Council, *Global Trends 2030: Alternate Worlds* (Washington: 2012), [http://www.dni.gov/files/documents/GlobalTrends\\_2030.pdf](http://www.dni.gov/files/documents/GlobalTrends_2030.pdf).

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environment even more in the coming decade, provide both challenges and opportunities for NATO's ability to carry out its core mission of collective defense and deterrence. The process of transforming this politico-military alliance for future challenges will be a long, uncertain, and uneven endeavor. In addition, most of the capabilities, platforms, command structures, and units that would be used for a NATO contingency in 2020 are already in place and in use today. Therefore, in order to truly address future security challenges, NATO and allied capitals must take into account a longer horizon than is normally used in NATO's defense and strategic planning, as well as consider the global megatrends that will shape the operating environment in the decades ahead.

### **The Strategic Environment and Global Trends**

In the wake of the Cold War's end, the transatlantic Alliance faced a rapidly changing world that challenged NATO in unanticipated ways. The turbulent decades since the end of the Cold War featured NATO interventions in Bosnia and Kosovo, a new relationship with Russia, the enlargement of the Alliance, a rapid response to a revolution in Libya, and the largest sustained operation in NATO's history in Afghanistan. The coming decades promise to be significantly more dynamic for the transatlantic relationship in general, and for NATO in particular, due to a new security environment fueled by global megatrends. Aspects of these trends that are most relevant to NATO and the transatlantic relationship are highlighted below.

#### *Power Shift to Asia*

The "rise of the rest" in Asia will have immense implications for global politics and economics. With an increasing share of global GDP, Asian nations can translate growing economic resources into other elements of national power, including military capabilities, and thereby gain a more decisive role in regional and global politics. This trend is likely to accelerate in the coming decades, and will soon reach a tipping point where Asia's share of global GDP eclipses that of the transatlantic community's.

#### *Disruptive Technologies*

The exponential proliferation of sophisticated, disruptive technologies will level the playing field between established actors and emerging ones, including a plethora of nonstate groups and networks that will have the power to take strategically significant actions within states and across regions. These technological developments will further accelerate global economic growth and speed global communications and production, but could also make global politics more tumultuous and enable nonstate actors to behave in ways formerly reserved for states.

#### *Shifting Demographics and Resource Demand*

Changing global demographics, with an aging population in most western countries and relatively youthful populations in emerging countries, will also impact global power and influence. Countries with aging populations will likely see their expenditures for health care and retirement rise rapidly (with less left over for defense spending), while youthful nations could very well see a boost in productivity. But states in the latter category will also be forced to manage potentially restive populations if they do not adequately fulfill rising expectations of prosperity and political rights. Finally, the growing demand for resources, and especially for energy, water, and food, will likely cause political and social friction in some countries, while enticing other countries to seek out resources in places beyond their borders. This could lead to new strategic arrangements and international tensions and conflicts.

#### *Global Energy Revolution*

The world is currently witnessing a quiet revolution in energy that could help transform geopolitics. Unthinkable just a few years ago, the United States is rapidly approaching energy self-sufficiency through the shale gas revolution, which will make new gas resources available to the broader global energy market. This could not only fuel an economic resurgence in the United States, but also influence a US strategic rebalancing in the Middle East, as well as negatively influence countries and economies around

the world currently relying on energy exports as their main revenue generator.

### *The Role of the United States*

Finally, the choices of individual nations still matter in this environment of structural change. Most importantly, because of its global role, the United States will still help determine the outlines of world politics. Whether the United States chooses to remain broadly engaged on the global stage or partially retreats for a period of domestic reconstitution will greatly influence global arrangements, alliances, and the actions of potential adversaries. The US-China relationship will be the single most important bilateral linkage for shaping the global security environment in the coming decades.

Together, these trends point to a world that will likely be more contested in grand strategic terms, and in which the transatlantic community will face mounting constraints on its ability to act in a concerted fashion. Alliance members will also be challenged to properly fund and maintain the level and quality of military power that preserves the Alliance's current superiority.

### **Issues for NATO**

These global megatrends present a number of new, unprecedented challenges, but also opportunities for NATO at the strategic and operational levels. While it is difficult, if not impossible, to accurately predict the future permutations of these megatrends and their specific impacts on the Alliance, it is important for NATO and its member states to start preparing for possible and likely outcomes now in order to prepare the Alliance to maintain its core capabilities over the long-term. These megatrends will impact core issues for NATO at both the strategic and the operational level:

#### *Strategic*

The "rise of the rest" in Asia and elsewhere understandably means different things to various NATO members. As power and economic opportunity continue to shift to the Asia-Pacific region, this may

undermine Alliance cohesion by realigning and reorienting the economic and political priorities of Alliance members. The United States plays a direct and pivotal security role in the broader Asia-Pacific region, while many European states are focused on Asia first and foremost as an economic actor. Additionally, emerging powers will bring new sets of values to the international community that will challenge common transatlantic values, the linchpin of Alliance cohesion. However, a conflict in the Asia-Pacific region could very well impact Europe too, as it could endanger or disrupt the global commons of space, cyberspace, and the maritime domain that underpin global trade and communications, as well as wreak havoc with the global economy. Two NATO allies, the United States and Canada, are also Pacific powers, and a contingency in the Pacific that involves either state may also involve NATO under the umbrella of the Alliance's Article V commitments.

Emerging powers may also take an interest in areas in or near Europe. For example, the Arctic is increasingly of interest to Asian nations, not only as a trade route (as climate change makes Arctic passages more navigable) but also as a potential source for energy supplies. Indeed, China, India, the Republic of Korea, Japan, and Singapore were recently granted observer status in the Arctic Council.

Changing global demographics and resource scarcity makes it probable that the Middle East remains an unstable region for decades to come. Just as it influenced the recent Arab Awakening, the combination of youthful populations in the Middle East and a failure to fulfill rising political and economic expectations could lead to sustained domestic turbulence and unrest throughout the region. The rise of Asia and its increasing need for energy resources will result in new actors wanting to guard their interests and energy supplies in the Middle East. This combination of social upheaval and new emerging actors in the region may necessitate NATO operations or an individual NATO member's forward presence in the region in the coming decades.

Changing demographics will also impact NATO at the strategic level at home. Long-term defense spending

across the Alliance could very well remain under pressure for the medium- to long-term even with a full and fast economic recovery in the United States and within the Eurozone, due to aging populations who will require steadily increasing funding levels for medical care and retirement.

Finally, energy is likely to have a significant impact on the future and posture of the transatlantic Alliance. The unfolding US shale gas revolution is likely to provide a real boost to the US economic recovery, but may also reduce the dominance of Russia in the European energy market. With Russia's economy dependent on the production and export of energy, this could also seriously challenge Moscow's ability to sustain its announced long-term military modernization. Additionally, shale gas could contribute to a US reposturing in the Middle East, with implications for NATO.

### *Operational*

Global megatrends will also affect NATO at the operational level. The rapid proliferation of major new technologies and changing demographics could have a decisive impact on NATO's ability to build, maintain, and sustain second-to-none military capabilities.

Today, the Alliance enjoys significant advantages in military effectiveness and capabilities, even when taking into account the drastic reductions in defense spending undertaken by some allies as part of austerity measures in the wake of the global financial crisis. The Alliance is currently able to generate high-quality military power for missions as diverse as counterinsurgency in Afghanistan and an air campaign over Libya. Furthermore, continuous NATO operations over the last decade have led to real improvements in allied interoperability that require long-term maintenance. The diffusion of technology around the world and continued fiscal pressures, however, could rapidly erode NATO's high ground. The current era of defense austerity will certainly take its toll on future military capabilities (a project cancelled or number of platforms reduced today means that they will not be in the inventory in a decade).

The proliferation of technology and of new economic powers means that other actors, even nonstate actors, can rapidly build meaningful capabilities at reduced costs and employ them in innovative ways. The development of unmanned systems, for instance, is currently dominated by the West (particularly the United States), but that does not mean that others could not leapfrog NATO members and devise improvements in both the technology and employment of these systems. Additive manufacturing (more popularly known as 3D printing) could aid in keeping costs down in platform prototyping and production, as well as lighten and shorten logistics lines. It could allow emerging powers to quickly build and maintain military capabilities that in previous times would have taken decades of planning, design, and funding to accomplish.

Cyberspace is another area of rapid evolution, presenting the Alliance with a new battlefield domain. While cyber capabilities are currently being integrated into concepts of military operations and contingency planning, they are relatively cheap and therefore could be harnessed by state and nonstate actors alike.

### **Conclusion and Recommendations**

NATO is slowly but surely transitioning into an era of constant high-intensity operations far away from its borders that began after the end of the Cold War and accelerated in the wake of the September 11, 2001 terror attacks. In the meantime, the global operating environment is evolving dramatically and now poses new challenges to NATO's ability to carry out its core missions of collective defense, cooperative security, and crisis management. In short, NATO is moving from a phase of deployment to a phase of preparation for future challenges. Herein lies a great opportunity for NATO to be a proactive organization rather than merely a reactive one.

Many global trends suggest that the Alliance's most pressing security challenges will be found closer to the Euro-Atlantic area. NATO's ability to respond to these challenges will be more constrained due to continued fiscal pressures, degraded Alliance cohesion, and the presence of significant new powers—both state and nonstate—with divergent

values and interests. Therefore, transatlantic policymakers must immediately begin the internal dialogue on how to best prepare NATO for this very different era of renewed, broadened global competition.

Of particular importance is to devise a thoughtful and careful Alliance strategy to emerging global powers in order to safeguard Alliance interests. This will also allow the emerging global powers to find common interests and themes that can serve as a platform for collaboration with NATO. Furthermore, the Alliance should consider the future of energy strategically in order to fully understand the role that energy will play in global affairs and how it influences other states' interests and ability to build and sustain capabilities.

In light of the global strategic environment, it is also important that the North American and European pillars of NATO find innovative ways to remain engaged in the Alliance. The United States needs to remain clearly committed to European security, while European members must find ways to work with the United States on global security issues emanating from the Middle East and Asia. Furthermore, many European allies have chosen to react to the US pivot to Asia, but now they must react to the changing global landscape that triggered that pivot in the first place.

At the operational level, the Alliance must continue to be on the forefront of technological development in order to maintain cutting-edge capabilities that will help ensure military effectiveness and superiority. NATO should also reexamine its command and control structures and planning processes to ensure that they are effective, relevant, and well-suited to lead and support operations and force development within the Alliance in a new security environment.

NATO's 2010 Strategic Concept captures many of the strategic challenges that the Alliance will face in the coming decades, such as the proliferation of disruptive technology, cyber threats, and the integrity of energy supplies. Now is the time for NATO, utilizing strategic foresight, to continually take stock of the broader, long-term global environment, including the significant shifts of power from the Atlantic to the Pacific and

elsewhere, in order to strengthen the Alliance's ability to operate in the future.

Since its founding in 1949, NATO has proven to be a remarkably resilient and adaptable alliance that has served the security interests of both North America and Europe. Since moving from a static posture during the Cold War, the Alliance has managed crises and responded to threats to Euro-Atlantic security in Bosnia, Kosovo, Afghanistan, the Horn of Africa, Libya, the Mediterranean, and Afghanistan, which together constitute a stunning number of efforts during just two short decades. However, these efforts can be best characterized as reactive responses to an already emerging security challenge. Now is the time for NATO to assume a more proactive stance in developing strategy for its future in a post-Afghanistan world that will be dramatically more turbulent and competitive than the first two decades of the twenty-first century.

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