

BUCHAREST FORUM 2019

2019

West Meets East:

Furthering in Times of Volatility and Disruption

Conference Report

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About Bucharest Forum 2019

West Meets East: Furthering in Times of Volatility and Disruption

Bucharest Forum is an annual high-level event organized by the **Aspen Institute Romania** and the **German Marshall Fund of the US, Bucharest office**. Since its inception in 2012, the mission of the Bucharest Forum has been to create a regional platform for forward thinking on economic and security policies, and for promoting political dialogue between governments and civil society. Bucharest Forum offers a unique opportunity for high level East-West conversation in a global transformative context. Specifically it facilitates an in-depth understanding of how the developments on the Eurasian nexus shape decisions for Europe and the Trans-Atlantic link.

In 1989, the Trans-Atlantic space seemed to have come to a stable and tranquil state that would forever ensure peace and prosperity not only on the two sides of the Atlantic, but to those parts of the world willing to embrace and abide by the same values. Thirty years later the world is marred by geopolitical disruptions, economic volatility and social anguish, questioning the very values it cheered three decades ago. Trans-Atlantic cooperation is weakened by a return of great power politics, the United States (US) is reframing its attitude towards the world and within itself, while Europe seems captive to its own angst and low self-esteem.

Technological advances are both embraced and feared by businesses, politicians and citizens, and the wide opportunities they open lead to scenarios ranging from heavenly to apocalyptic. The Trans-Atlantic space seems more unsettling and the future more unpredictable than ever in the last decades. Against this background, China continues to rise economically, and Russia seems to intimidate the European neighborhood, only to further threaten democratic self-esteem and deepen polarization within societies. Nowadays, East meets West not only geographically, and not only in the East of Europe.

Thus, Bucharest Forum 2019 aimed to explore three silver linings:

- Citizens in Europe continue to cherish the European Union (EU) and believe in the values it was founded on, as revealed by opinion polls throughout the continent;
- On both sides of the Atlantic, but especially in Europe, businesses integrate and use technology to the benefit of both economy and citizenry, without major disruptions to the workforce. Governments follow suit, albeit at a slower pace.
- Europeans started taking their security seriously, in all its dimensions (cyber, informational, economic and military).

Bucharest Forum 2019 offered a platform for reflection on the challenges of the present, and on possible paths for the future, as seen from the Eastern border of the Western world.



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Conference Agenda

Palace of the National Military Circle, Bucharest October 16, 2019
Official Opening
<p>14:00 – 14:20 Opening Remarks</p> <ul style="list-style-type: none"> ➤ Ciprian Lăduncă – Managing Director, Aspen Institute Romania ➤ Alina Inayeh – Director of the Bucharest Office, German Marshall Fund of the United States <p>14:20 – 14:35 Keynote Address</p> <ul style="list-style-type: none"> ➤ Doru Frunzulică – State Secretary, Ministry of Defense of Romania
<p>14:35 – 16:00 Emerging Europe @30 – A Fresh Perspective</p> <ul style="list-style-type: none"> ➤ Dan Neculăescu – State Secretary, Ministry of Foreign Affairs of Romania ➤ Matthew Boyse – Deputy Assistant Secretary, Bureau of European and Eurasian Affairs, US Department of State ➤ Rastislav Káčer – Chairman, Globsec <p>Moderator: Alexandra Martin – Strategic Forums Director, Globsec</p>
<p>16:00 – 16:30 Conversation with Octavian Ursu, Mayor of the City of Görlitz, Germany, and Cosmin Prelipceanu, Journalist, Digi24</p>
<p>16:30 – 17:30 Emerging Europe @30 – A New Economic Model?</p> <ul style="list-style-type: none"> ➤ Steven van Groningen – President and CEO, Raiffeisen Bank Romania & Member of the Board, Aspen Institute Romania ➤ Daniela Iliescu – CEO, Patria Bank ➤ Mark Davis – Regional Director for Romania and Bulgaria, European Bank for Reconstruction and Development ➤ Clara Volintiru – Associate Professor, Bucharest University of Economic Studies (ASE) & Aspen Alumna ➤ Rogier van den Brink – Lead Economist, World Bank <p>Moderator: Andrew Wrobel – Founding Partner, Strategy & Content, Emerging Europe</p>
October 17, 2019
<p>09:30 – 10:00 Keynote Addresses</p> <ul style="list-style-type: none"> ➤ Ramona-Nicole Mănescu – Minister of Foreign Affairs, Government of Romania ➤ Ambassador Tacan Ildem – Assistant Secretary General for Public Diplomacy, NATO
<p>10:00 – 11:00 Technology and Its Impact on Business & Society</p> <ul style="list-style-type: none"> ➤ Alexandru Petrescu – Minister for Communications and Information Society, Romanian Government ➤ Sorin Ducaru – Director, European Union Satellite Center

- **Violeta Luca** – General Manager, Microsoft Romania
- **Martine Draulette** – General Manager, Roche

Moderator: Samuel Burke – Journalist

11:15 – 12:15 Parallel Sessions

Business, Governments, Citizens & the 4th Industrial Revolution

- **Claire Casey** – Global Director of Public Policy, The Economist Intelligence Unit
- **Florian Teleabă** – Manager, A.T. Kearney
- **Henry Olsen** – Washington Post columnist, Senior Fellow, Ethics & Public Policy Center

Moderator: Roxana Voicu-Dorobanțu – Associate Professor, Bucharest University of Economic Studies (ASE) & Aspen Fellow

Middle East – Is Anyone Still Looking for a Solution?

- **Lolwah Rashid Al-Khater** – Spokesperson for the Ministry of Foreign Affairs of the State of Qatar & Executive Director, Doha Forum
- **Neil Quilliam** – Associate Fellow, Middle East & North Africa Programme, Chatham House, Royal Institute of International Affairs
- **Mohammed Loulichki** – Senior Fellow, Policy Center for the New South, Former Ambassador of Morocco to the UN
- **Koert Debeuf** – Interim Editor-in-Chief, EUobserver, Middle East Expert

Moderator: Doru Costea – Ph.D., Ambassador (ret.), Member, Aspen Institute Romania Strategy Group

13:15 – 14:15 Parallel Sessions: International Governance in the Age of Economic and Military Conflicts

Trade Wars, Conflicts and Global Governance

- **Shinichi Nakabayashi** – Director for Japan, Board of the EBRD
- **Kerry Brown** – Director of the Lau China Institute, King's College London
- **Jin Canrong** – Associate Dean of School of International Studies, Renmin University of China

Moderator: Terry Martin – Senior News Anchor, Deutsche Welle TV

Energy Today: between Conventional and Sustainable?

- **Mehmet Ögütcü** – Founder & CEO, Global Resources Partnership
- **Corina Popescu** – Chief Executive Officer, Electrica
- **Alessio Menegazzo** – Head of Sustainability and Institutional Affairs, Enel Romania

Moderator: Cristian Pîrvulescu – General Manager & Founding Partner, Enevo Group

Plenary Sessions

14:30 – 15:00 Conversation with Nicu Popescu, Minister of Foreign Affairs and European Integration, Republic of Moldova and Radu Tudor, Political and Defense Analyst

15:00 – 16:00 Transatlantic and Eurasian Security at the Crossroads

- **Bobo Lo** – Russia Research Fellow, French Institute for International Affairs
- **Ömer Önhon** – Director General for International Security Affairs, Ministry of Foreign Affairs

of Turkey

- **Ely Karmon** – Senior Research Scholar, International Institute for Counter-Terrorism, Herzliya
- **Radu Tudor** – Political and Defense Analyst

Moderator: Alina Inayah – Director, German Marshall Fund of the United States, Bucharest Office

16:00 – 17:00 Old and Modern Geopolitics for the Greater Black Sea Area – Caspian, Black Sea, Mediterranean

- **Alexander Iskandaryan** – Director, Caucasus Institute
- **Arsen Kharatyan** – Former Advisor on Foreign Relations to the Prime Minister of Armenia
- **Vasil Sikharulidze** – Chairman, Atlantic Council of Georgia
- **Hanna Shelest** – Editor-in-Chief, Ukraine Analytica

Moderator: Tim Judah – Balkans Correspondent, The Economist

Opening Remarks

Ciprian Lăduncă – Managing Director, Aspen Institute Romania

Alina Inayeh – Director of the Bucharest Office, German Marshall Fund of the United States

Ciprian Lăduncă, Managing Director of Aspen Institute Romania, thanked all Bucharest Forum partners and sponsors for facilitating a regional platform for forward thinking on economic and security policies and for promoting political dialogue between governments and civil society. He stated that this year's edition of the Forum would cover key topical issues, such as: a debate on where Romania and its region are in terms of social and economic development after 30 years of transition; trade conflicts and global governance; energy & sustainability; transatlantic security & geopolitics.

Alina Inayeh, Director, Bucharest Office of the German Marshall Fund of the United States, showed that every year since its inception in 2012, Bucharest Forum has taken stock of the existing global environment in terms of geopolitical, economic and social aspects. In all three sectors, the situation seemed to be deteriorating due to increasing disruption and volatility. In terms of security, Bucharest Forum 2019 would focus on issues such as the future of EU defense and the outlook for Eastern Partners, developments in the Middle East and Turkey. On the economic side, the Forum would look at how technology is shaping the future of business and the future workforce. The Forum would also look at social disruptions and the challenges brought about by illiberalism in the transatlantic area and by the ongoing polarization in Western societies. On the positive side, the silver lining would be an analysis of Central and Eastern Europe after 30 years of transition, with a critical analysis of the progress made and of possibilities for a new economic model.

Keynote Address

Doru Frunzulică – Secretary of State, Ministry of National Defense of Romania

Doru Frunzulică, Secretary of State, Ministry of National Defense of Romania, focused on security in the Black Sea region as a sensitive and challenging topic. Despite significant security concerns in recent years, there are also cooperation opportunities which Romania can capitalize on. Secretary of State Frunzulică presented the main developments in the security environment in the Black Sea region as well as NATO and EU responses to these:

- **The Black Sea region is an area of great significance to European security** as it is a major crossroads and a critical intersection of the East-West and North-South corridors.
- Western and Russian geopolitical interests have traditionally met in the wider Black Sea area. Recently, Russia's assertive, aggressive behavior in the region has materialized in: its annexation

of Crimea; involvement in the Donbas conflict; an aggressive military build-up, including its A2/AD* posture; ongoing support for separatist regimes opposing sovereign states in frozen conflicts in the area. This represents **the worst degradation of the European rules-based security architecture put in place at the end of the Cold War** and holds significant implications both for European security and regional allies and partners.

- Russia is **tailoring its hybrid warfare capabilities** to best exploit the vulnerabilities of each targeted state. This includes the spread of fake news and conspiracy theories, the narrative of interfering in the affairs of sovereign states in order to protect ethnic Russians, as well as direct support for political parties and NGOs with anti-NATO and anti-EU agendas.

Secretary of State Frunzuliță argued that **European security cannot be approached separately from the security of the Black Sea region**. It is particularly important to increase allied presence and posture in the region. Implementation of NATO and EU policies and actions towards the region are starting to trigger a comprehensive project of modernization. **Romania plays an important role in the stability and security of the Black Sea region** and is fully committed to working with its regional partners towards implementing NATO and EU policies in the region.

The Romanian Government prioritizes the implementation of a coherent defensive policy and is determined to continue Romania's **commitment to meet the 2% and 20% guidelines in the defense investment pledge** adopted by NATO heads of state at the 2014 Wales Summit.* The Government also puts at a premium the implementation of the latest NATO decisions, of the 2016 EU Global Strategy and of Romania's strategic partnership with the United States.

Within NATO, Romania is an **important contributor to the adaptation process of the alliance**, strengthening its deterrence and defense posture by implementing measures on land, sea and air under the tailored forward presence umbrella. Romania has begun to operationalize the multinational structures established on its territories: the Multinational Division South-East and the Multinational Brigade in Craiova. Romania further welcomes NATO Foreign Ministers' package of measures to improve

situational awareness in the Black Sea region and strengthen support for partners Georgia and Ukraine and considers its implementation a priority. Additionally, Romania considers increased interest should be devoted to cooperation with the Republic of Moldova.

Secretary of State Frunzuliță stated that the 2016 EU Global Strategy combines in an effective way military and civilian instruments, in complementarity with

“European security cannot be approached separately from the security of the Black Sea region.” – Doru Frunzuliță – Secretary of State, Ministry of National Defense of Romania

* Anti-Access/Area Denial (A2/AD) weapon systems are devices used to prevent an adversary from occupying or traversing an area of land, sea or air

* Member states pledged they would increase their spending on defense to 2% of their GDPs, and 20% of that would be dedicated to new equipment.

NATO, but argued that the **EU needs a more coordinated approach towards the Black Sea**. New cooperative approaches such as PESCO, the Coordinated Annual Review (CARD) and the European Defense Fund could lead to a better response of the Union to the threats and challenges in the region. EU – NATO cooperation at the Black Sea should also improve, in line with the 2016 Joint EU – NATO Declaration at the Warsaw NATO Summit.

Secretary of State Frunzulică argued that, **due to its position, Romania could act as a bridge between East and West** and could help towards identifying a common language based on rule of law, democracy, human rights and market economy.

Emerging Europe @30 – a Fresh Perspective

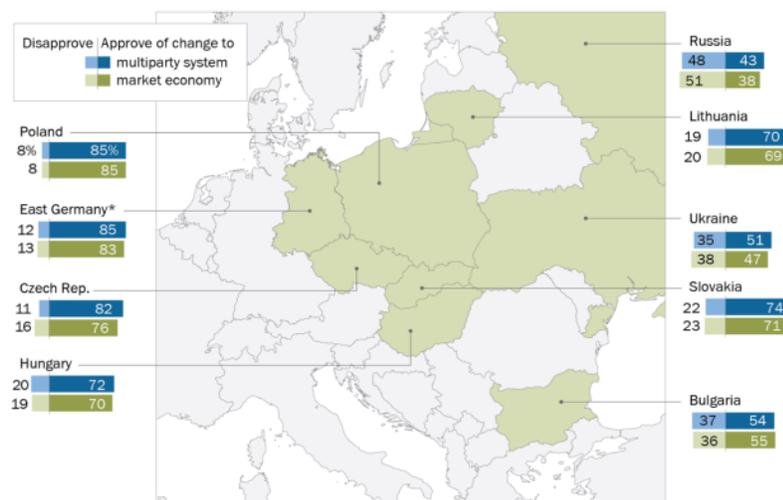
The panel addressed a wide range of issues on the anniversary of 30 years since the fall of communism, looking at where the region east of the Berlin Wall stands, its achievements and challenges as well as the ongoing changes in the international order in which it is integrated. **Moderator Alexandra Martin, Strategic Forums Director at Globsec**, argued that, while 1989 was a key moment which brought peace and prosperity to Romania and the region, the world is currently facing significant challenges. The most important ones include a crisis of the Western order, the return of great power competition, the need to integrate new technologies and to combat climate change and Brexit.

Dan Neculaescu, Secretary of State in the Ministry of Foreign Affairs of Romania, praised the country's performance since its accession to NATO in 2004 and the EU in 2007. He argued that Romania works

proactively with its NATO allies to promote initiatives that consolidate regional security.

Most in former Eastern Bloc approve of shift to multiparty and free market systems

% who approve/disapprove of the change to a multiparty system/market economy



* Respondents in areas corresponding to former German Democratic Republic.
Note: Don't know responses not shown.
Source: Spring 2019 Global Attitudes Survey. Q15a,b,e, Q16a-c.

PEW RESEARCH CENTER

Matthew Boyse, Deputy Assistant Secretary, Bureau of European and Eurasian Affairs, US Department of State, also praised the important changes which took place in the region in the past 30 years. According to a Pew Research Center survey, few people in the former Eastern Bloc regret the monumental changes of 1989-1991 and the transition to democracy and free market economies. Yet, they are not entirely content with their current political or economic

Source: Pew Research Center

circumstances, meaning significant challenges still remain.

Rastislav Kacer, Chairman of Globsec, showed that, regardless of the indicators analyzed (e.g. GDP, Actual Individual Consumption, quality of life indicators), the last 30 years have been a success story for the region and Romania. He praised the important role of the US in the transition, including the policy of the Clinton and early G.W. Bush administrations of advocating both EU and NATO membership for Central and Eastern European (CEE) countries, as a means of spreading Western values, in accordance with the free will of these peoples. The differences, **in terms of politics and economics, between countries that are EU & NATO members and states which did not accede to these organizations are huge**. However, more and more people have become weary of the current system and rely on impressions and emotions rather than reality and facts, leading in some cases to an attachment to authoritarian systems or a nostalgia for Communism.

Since 1989, the West, as a concept based on democracy and free markets, has expanded geographically to include the CEE region. A key question on the panel was whether the West is still a unified, consolidated concept in the face of internal and external challenges.

On the one hand, **Secretary of State Neculaescu** argued that the West is still very much relevant and continues to hold its power of attraction. He stated that **the strongest bond Romania shares with the West are common principles. The West is not merely glued together by geopolitical interests.**

On the other hand, **Matthew Boyse** argued that, despite contributing to the world enormously, **the West, as a political construct with roots going back millennia, is under stress.** This is due to competing models of how to organize society and the re-emergence of authoritarian regimes, personality cults and one-party systems. Support for such alternative systems has grown, including in the US and Europe. **Multiple narratives are competing for our societies and external forces are trying to undermine our way of living.**

“Multiple narratives are competing for our societies and external forces are trying to undermine our way of living” – Matthew Boyse, Deputy Assistant Secretary, US Department of State

Thus, despite its success in bringing peace and prosperity, the Western liberal order cannot be taken for granted. **Rastislav Kacer** agreed that the success of any one form of organizing society cannot be taken for granted. For instance, even the nation state is a relatively new concept. He added that, **despite the obvious benefits, the advance of technology can also be a challenge to the West.** Social networks and alternative, online media can change people’s perceptions and are formats conducive to the spread of anti-Western propaganda.

When it comes to alternative systems, panelists also discussed the role of Russia and China in challenging the West. **Secretary of State Neculaescu** argued that **relations between the West and Russia and the current increase in tensions, including the lack of an arms control regime, stem from a profound mutual distrust.** The West often lacks the capability to predict Russia’s actions, including aggressive behavior. This is why for now most that can be done is dialogue. Russia needs to apply the principles of international law, have a predictable foreign policy and not use force as a method to settle

conflicts. Until then, Romania's approach is to consolidate its security and democratic system and to convince Western Europe and the US, which often do not see Russia as a foreign policy priority, that its assessment is correct. **Rastislav Kacer** argued that the mentalities of the West and Russia are different and the two sides view many international events in an entirely different light. For instance, Russia saw NATO's expansion eastwards as an existential threat rather than a choice made by sovereign nations, even though most decision-makers in the West failed to realize that. **Matthew Boyse** further argued that Russia is spreading in the CEE region alternative narratives regarding the past, for instance denying its role in the start of World War II through the Ribbentrop – Molotov Pact or emphasizing that it liberated the region, despite its later imposition of communist regimes.

Rastislav Kacer identified **China** as a much more significant challenge to the West, as it has started to show viable solutions in its economy and the development of new technologies. So far, however, its **Belt and Road Initiative (BRI)*** and the **17+1 format*** through which it aims to cultivate economic ties with the CEE region have been public diplomacy successes rather than actual substantive platforms for



Source: Bloomberg

cooperation. Ambassador Kacer argued that **China cannot yet compete with the EU as a partner for cooperation in the region**. This is not just because CEE countries trade a lot more with the EU, but also because, unlike the EU, China only gives out loans which have to be repaid. There are indeed some large Chinese infrastructure projects in the region, but some, such as the high-speed railway connection between Budapest and Belgrade, have been criticized for their lack of economic viability. However, Chinese money is unconditional so this

might attract countries which have competitiveness problems. Overall, Ambassador Kacer argued that **whether the West will remain competitive is a big question, with the US detaching itself from global issues, Europe struggling to find unity on key topics, Russia being disruptive and China continuing to grow and waiting for an opportunity to play a larger global role**.

Matthew Boyse talked about the **recent trade tensions between the US and China**, arguing that the term “trade war” is an exaggeration. China has changed economically and to a certain extent politically but it remains a one-party dictatorship. Its policy is to maximize exports in order to maintain a high growth and facilitate investments. However, Mr Boyse argued that this was done on terms favorable to China, as Western companies transferred their technologies to China and the country also used tactics

* A global development strategy adopted by the Chinese government in 2013 involving infrastructure development and investments in countries and international organizations throughout the world.

* A cooperation mechanism involving China and a quite heterogeneous group of 17 countries from CEE.

such as industrial espionage and hacking. This has created dependencies and increased China's leverage. According to this reasoning, the Trump administration is attempting to create a level playing field by trying to change the terms of trade so that they are more even. When it comes to new technologies, 5G is an area where China has made significant progress. However, Mr Boyse argued that, **in implementing the technology, decision-makers should not just consider the price and network speed.** Instead, they should also realize that, due to the huge opportunities for surveilling societies, 5G is a national security concern which could have profound implications.

Discussions also focused on the future role of NATO. **Ambassador Kacer** stressed the fact that during the Cold War but also **in recent human history, NATO was the most successful military alliance.** He argued that the Trump administration is at times undermining the alliance due to its transactional approach and lack of involvement in global matters. In the Cold War, NATO was an efficient deterrent because of the strong political will of political elites and society alike. However, Ambassador Kacer argued that we are **currently experiencing a loss of collective will, which could prove damaging for the West.** **Matthew Boyse** talked about the Trump administration approach to collective security. He showed that burden-sharing runs very deep in the current administration and has become more prevalent for US voters as well. Before President Trump requested that NATO allies implement their pledge of increasing their defense spending, previous administrations had also asked the allies to increase their share of the burden. He stated that the results of the Trump administration in this area were significant. **Secretary of State Neculaescu** argued that it was essential to maintain a dialogue between the EU and US on matters referring to security and economics. During its Council of the EU Presidency, Romania has tried to bring in US contributions, for instance in policy regarding Moldova and Ukraine.

Another important question on the panel was whether NATO remains fit for the challenges of today and tomorrow. **Secretary of State Neculaescu** reminded participants that, compared to a few years ago, NATO now has a command center and troops on Romanian soil and there are more exercises in the Black Sea area in which US troops also participate. Such positive examples show NATO is still relevant, has the energy to build for the future and is adapting to new threats, albeit slower than desired.

Conversation with Octavian Ursu, Mayor of the City of Görlitz, Germany and Cosmin Prelipceanu, Journalist, Digi24

The conversation focused on how Octavian Ursu became **the first Romanian-born mayor of a German city.** Mr Ursu left Romania when he was 22, became a representative in the Parliament of Saxony in 2014 on behalf of the Christian Democratic Union and then mayor of Görlitz in June 2019, in the second

round of elections, after a difficult campaign against the candidate of the extreme right AFD* party.

Cosmin Prelipceanu praised the significance of this moment, because Mr Ursu was helped in the second round by his contenders from the Greens and Die Linke Socialist party, who dropped out of the race and campaigned for him in order to prevent an AFD mayor.

Octavian Ursu emphasized the fact that these actions were not just about him or his party, but rather about the future of Görlitz, a city on the border with Poland which cooperates with its neighbor and prides itself as a European city. The AFD campaign was all about closing the borders, and Görlitz was seen as the first step towards winning the whole land of Saxony in the September 2019 elections. Hence, when they realized they stood no chance of winning, the contenders from the Greens and Die Linke chose to support him and a liberal, European direction for the city. The sides became clear and the campaign was very polarizing, pitting a right-wing police officer born in Görlitz against a German citizen who was still seen as an immigrant despite living in the country for 30 years. Mr Ursu showed that, even though he was attacked for his Romanian origin, he tried to focus his campaign on key topics for his city such as economic development, openness, cultural cooperation but also security.

Cosmin Prelipceanu emphasized the fact that, while the far right party grew significantly in the past few years and won seats in all regional Parliaments, Görlitz could have been the first city in Germany with an AFD mayor. Furthermore, Görlitz is on the border with Poland, in a region where there is significant poverty, unemployment is above average and many young people migrate to richer areas. This is why East German voters have recently moved towards the AFD, which has profited from people's anger.

Octavian Ursu agreed with the fact that **nationalism** and **populism** are significant dangers in Germany and particularly in its east. **The difficulty of countering parties such as the AFD is that they promise what voters want to hear in a very simplistic, credible way, even though it is impossible to implement these promises.** It is much more difficult for traditional parties to explain to the population that many of these issues cannot be implemented and that it would take much longer until there could be drastic improvements in their standards of living. However, people should trust the democratic system they live in and the power of coalitions.

Mr Ursu argued that, during his campaign, he focused on things that could be implemented. Furthermore, after winning the election, he stated that he would treat everyone equally as it is his duty to look after the interests of all citizens of Görlitz and prove that he is the right choice for the city. On the other hand, had the AFD candidate won, the city would have had difficulties with investors and would have been boycotted by film-makers, who film in Görlitz due to its beautiful architecture.

“Elections are now won and lost in the digital space rather than on TV and in newspapers” – Cosmin Ursu, Mayor of Görlitz

* *Alternative für Deutschland* - Alternative for Germany, a far-right German party founded in 2013, which experienced a significant growth in recent years, winning 94 seats in the German Federal Parliament in 2017 and becoming the third largest party in the country.

Cosmin Prelipceanu pointed out that the AFD increased its number of seats significantly in the September 2019 regional elections and asked whether the party would continue to grow or it had reached its tipping point. **Octavian Ursu** argued that the answer depends largely on the other parties. People in eastern Germany are indeed unhappy as the region is still lagging behind the rest of the country, there are few infrastructure projects and unemployment is high. However, traditional parties need to stress the fact that the system gives every citizen a chance to improve his or her life.

Cosmin Prelipceanu noted the fact that there was a lot of attention from TV media channels on the elections in Görlitz, especially on the possibility that the AFD candidate could win. Furthermore, the AFD has received **special attention from Russia**, which has in recent years supported far-right parties throughout EU countries in an effort to undermine their political systems. **Octavian Ursu** argued that the way in which election campaigns are held has changed. **Elections are now won and lost in the digital space rather than on TV or in newspapers.** This brings different challenges. In the case of Görlitz, there were many disinformation campaigns and rumors on social media platforms, and it was difficult to locate their origin and counter them. Thus, traditional parties need to also focus their campaigns on social media.

Emerging Europe @30 – A New Economic Model?

The panel, a key deliverable of the 2019 edition of the [Aspen Economic Opportunities & Financing the Economy Program](#), looked at how CEE countries have transformed economically since the fall of the Berlin Wall and how their competitiveness could improve in the future. Moderator **Andrew Wrobel, Founding Partner, Strategy & Content, Emerging Europe**, set the stage by arguing that the CEE region is emerging not just in the sense of economic development but is also coming into view on the global stage. He asked panelists whether the economic transformation going on in the past 30 years was indeed a huge success.

Panelists agreed that the answer depends on how we define success. Romania and the region improved tremendously in terms of economic growth, as indicators such as GDP and export growth show. When it comes to the region, **Mark Davis, Regional Director for Romania and Bulgaria, European Bank for Reconstruction and Development**, showed that some countries implemented the same economic policies with different results, giving the example of two post-Soviet states, Estonia and Moldova. For

“There are very high sub-national disparities in the CEE area.” – Clara Volintiru, Associate Professor, Bucharest University of Economic Studies (ASE) & Aspen Alumna

countries which did not succeed, it became increasingly difficult to implement good policies as citizens opposed necessary reforms, further contributing to stagnation. In the case of Romania, **Steven van Groningen, President and CEO, Raiffeisen Bank Romania & Member of the Board, Aspen Institute Romania**, pointed out that there are many people who missed out on the

improvements that have taken place in the last 30 years. There are still large differences in development between Bucharest and the countryside. This means Romania has still not reached its full potential.

Clara Volintiru, Associate Professor, Bucharest University of Economic Studies (ASE) & Aspen Alumna, argued that **there are very high sub-national disparities in the CEE area**. While many regions have gone from less developed to more developed, countries such as Poland, Romania or Bulgaria still have a great battle to be fought in terms of **bringing inclusive growth and a more balanced economic development** to many areas. Throughout CEE, there are some economic poles with high potential, which have become highly competitive and attracted large amounts of capital. A testimony to the success of the CEE region is the fact that MEPs from these countries tend to vote massively for further integration in the international markets, compared to their Western European counterparts.

Clara Volintiru further presented the [White Paper](#) of the 2019 edition of the Aspen Economic Opportunities & Financing the Economy Program, which she co-authored. The paper is a useful tool in assessing local economic development and financial inclusion in Romania. It looks at innovation, entrepreneurship and access to financing as the 3 main elements for economic development and competitiveness. The Paper also evaluates local public authorities' performance, because they are key to providing infrastructure, public investments and access to EU funding.

Daniela Iliescu, CEO of Patria Bank, argued that there is a **huge urban-rural divide in Romania**. Some urban centers have benefitted from significant economic development and investments whereas rural areas have not. In most rural areas, the GDP/capita is about a third of that in large cities and there is a significant lack of investments, particularly in infrastructure, as well as a lack of financial services addressing the needs of the population. **Financial intermediation and financial inclusion need to develop in these areas**. However, there are some significant barriers to finance, such as the level of income of individuals and the level of collateral assets. We need to look at what can be done to achieve economic growth on the public side but also by the private sector, as financial institutions can contribute to this.

“Romania cannot move forward without investments in infrastructure, education and technology” – Steven van Groningen, President and CEO, Raiffeisen Bank Romania & Member of the Board, Aspen Institute Romania

Panelists also focused on important **lessons for moving forward**. **Steven van Groningen** argued that Romania has potential but in order to progress it needs to define its national ambitions. Politicians must leave behind partisan politics and agree on some key priorities. **Romania cannot move forward without investments in infrastructure, education, and technology**. Furthermore, the entire region is missing out on important opportunities due to insufficient cooperation.

Rogier van den Brink, Lead Economist, World Bank, noted that the EU currently has a common market only in goods, while the services market, and in particular the digital market, is still underdeveloped. **Completing a common EU services market would be of great help in unleashing the potential of CEE**

states. Mr van den Brink agreed that, in the case of Romania, infrastructure is still a big problem, as **the first rule of EU markets is to have a highway to Germany and the EU economic heartland.** Furthermore, **EU agricultural subsidies could be a solution to raising the standard of living in rural Romania.** In Romania and countries like Greece, Italy or Spain, agriculture is still linked with poverty, but this need not be the case, as proved by prosperous farmers in countries such as Denmark or the Netherlands. Another issue in Romania is the fact that, overall, large landowners receive most of the EU agricultural subsidies while poor farmers get little.

Clara Volintiru picked up on the question whether CEE countries should subsidize smaller economic agents or try to create large, industrial champions. She argued that there is a shift in CEE and Romania from the former to the latter. **The key to boosting competitiveness and managing to leapfrog is investing in technology, innovation and human capital.** For instance, CEE states need to invest in education and support the creation of new innovation hubs near university centers.

“Good governance is an essential prerequisite for growth.” – Mark Davis, Regional Director for Romania and Bulgaria, EBRD

Mark Davis emphasized the fact that **good governance is an essential prerequisite for growth.** If the private sector is allowed to flourish, it will find a comparative advantage and generate wealth. However, governments must have the political will to move in the right direction and create the framework for growth, as well as the political capacity to maintain this direction throughout political cycles.

Clara Volintiru argued that it is also very important to **look at quality of governance at the sub-national level.** While analysts tend to focus on decision-making at the national level, the implementation of policies is most often the responsibility of local authorities. **Local authorities need a paradigm shift and must start acting like pro-active economic agents** rather than just administrators of public goods, which is often the case throughout the post-communist space. Local authorities are channeling large amounts of capital, such as national and EU funds, and play a key role in fostering an attractive business environment.

Panelists agreed that Romania and the whole CEE region need to increase their productivity, due to current situation at the EU level, which is characterized by: huge competitiveness disparities between Western Europe and the rest of the EU, the Green Deal* which will require trillions in investments, the difficult negotiations on the new Multiannual Financial Framework and the possibility of a future economic crisis.

Steven van Groningen argued that the opportunities to increase productivity are incredible. However, they are not yet materializing due to a lack of trust in Romanian society. Here, **the role of good governance is essential in creating trust in Romanian institutions.** Stability and predictability are very

* A package of measures proposed by the new von der Leyen Commission striving to make Europe the first climate-neutral continent by 2050.

important factors in promoting a good environment for growth. Ideally, there should be a strategy on what Romania is trying to achieve and legislation should be made within the framework of that strategy, after consultations with all relevant stakeholders.

Clara Volintiru agreed that competitiveness and economic growth are linked to good governance. Furthermore, research has shown that the quality of governance at the local level has a direct effect on the density and plurality of local businesses. This is where there CEE must improve, as the quality of the social contract has continued to be an issue during the past 30 years.

Rogier van den Brink agreed with the fact that we need to nurture trust in institutions. He argued that **while economists have proposed sound policies for growth, they need to pay more attention to the political framework required for implementing such policies.** Improving governance and therefore trust in the system will translate into an increase in the absorption of EU funds and better tax collection.

Daniela Iliescu stated that money inflows are critical in helping Romania achieve its potential. **Decision-makers need to support entrepreneurship and improve incentives for the private sector,** in particular foreign investors as FDI* has decreased in recent years. Furthermore, fiscal policies can be an impediment for the private sector and local authorities are often not efficient in administering public money. The framework for financial intermediation must also improve, as Romania is currently occupying the last in the EU.

Keynote Addresses

Ramona-Nicole Mănescu – Minister of Foreign Affairs, Government of Romania
Ambassador Tacan Ildem – Assistant Secretary General for Public Diplomacy, NATO

Foreign Minister Ramona Mănescu started her keynote address by calling Romania a meeting place between East and West and stating that many past and current divisions, tensions and crises at the global level are related to the East-West dichotomy. Current changes in the global order are increasingly disruptive and lead to more and more fragmentation.

Minister Mănescu argued that, in the future, **ministries of foreign affairs will pay more and more attention to some megatrends shaping the future, including topics such as energy, technology, demographics and defending values.** For instance, energy has become both a strategic objective of its own and a geopolitical weapon, as the conflict between Ukraine and Russia, which also impacts on European and global politics, indicates. While technology has developed at a staggering pace, it has

“Some megatrends shaping the future include topics such as energy, technology, demographics or defending values” – Ramona Mănescu – Minister of Foreign Affairs, Romania

* Foreign Direct Investment

become clear that most societies are ill-prepared when it comes to assimilating some of the latest discoveries and innovations. **The misuse of technology and the “weaponization” of energy or the internet are undermining social trust and have contributed to the advent of a post-truth world.** Demographic imbalances, particularly beyond Europe’s border, have brought to the forefront the issue of uncontrolled migration and renewed the debate about identity and values. Our values are increasingly challenged both from within and from the outside. We need to review the way in which we are dealing with these issues and come up with more appropriate policies and strategies for the future.

The EU should find unity because of challenges such as migration pressures, energy supply pressures, or differences between East and West in the perception of threats, which could aggravate our divides to a greater extent than before. Issues such as the ongoing hike in hybrid and cyber war, disinformation, the stimulation of political and societal faultlines, election meddling as well as more direct attacks against European security interests should be a strong reminder of the way some external actors are taking advantage of the turmoil in the EU and profiting from challenges in the transatlantic relation.

Romania and the EU need to work more closely with friends and allies, especially the US, to develop and implement a coherent response. **The transatlantic relationship needs to be strengthened, as the EU and US have, throughout history, proven to be indispensable partners in the fields of security and economic cooperation.** Any further divisions will be speculated by players contesting the liberal order to their own interest in order to increase their influence at the global level. Transatlantic partners should cooperate more closely, addressing the **need to reform the current multilateral system**, in order to improve its efficiency and relevance on issues such as climate, energy security, interconnectivity, the digital space and cyberspace.

Romania is **well-positioned to contribute to bridging East-West divides.** The country is an EU and NATO member, a supporter of regional cohesion and development and a constant promoter of fostering Euro-Atlantic values in Europe’s Eastern neighborhood, as shown during the Romanian Presidency of the Council of the EU. Regional cooperation is key to promoting stability, security and economic growth in the EU’s neighborhood. In the field of energy, there is an urgent need to improve regional energy infrastructure and acknowledge the fact that energy security is both an internal and foreign policy matter. During its Presidency, Romania has proven proactive and constructive, contributing, among

The Three Seas Initiative is a platform for dialogue for countries in the Adriatic, Baltic and Black Sea regions, with the purpose of strengthening trade, energy, infrastructure and political cooperation. The initiative comprises 12 Eastern and Central European countries, including Romania. This geopolitical joint project is supported by the US and EU.

others, to the adoption of the 2019 Directive on Natural Gas, which paves the way to a fair and competitive EU gas market. Romania is also active in the **Three Seas Initiative**, a platform supported by both the EU and US which focuses on major connectivity projects in the transport, energy and digital fields in the CEE area. Last year, Romania hosted the Initiative’s Summit and shortlisted a set

of priorities for the countries involved, which could help capitalize the development potential of the CEE region through extended interconnectivity and infrastructure projects.

Romania is also paying increased attention to the Middle East, as bringing stability and peace in the region would provide benefits to global security. Romania is actively supporting collective efforts at the international level aimed at ending the conflicts and alleviating the humanitarian crises in some areas of the Middle East, while standing for the unity, sovereignty and territorial integrity of the countries there. Unconventional threats such as terrorism, migration or radicalization feed into crises and impact our lives in Europe. Romania supports a shift to policies aimed at the reconstruction of countries such as Syria and Iraq, for instance the development of projects targeting the youth.

It has become clear that the former East of Europe has become part of the new West, and that the EU should pool its resources and invest in countering global divisions and drivers of volatility. Minister Mănescu argued that this could be achieved by **consolidating key partnerships, adapting our alliances and by putting forward common policies for managing changes in the global order and for safeguarding our values and interests.**

Ambassador Tacan Ildem, Assistant Secretary General for Public Diplomacy, NATO, stated that Romania has quickly become an essential part of the alliance since its accession in 2004 and will remain so in the next decades. Among Romania's wide range of essential contributions to NATO's collective security, he identified the **Multi-national Brigade** stationed in the country (which is key to NATO's tailored forward presence in the Black Sea area), the hundreds of Romanian troops stationed in Afghanistan and hosting the Deveselu ballistic missile defense base.

Ambassador Tacan Ildem reminded participants that, in 2019, NATO is celebrating 70 years since its founding, and that the alliance is the most successful political and military one in history. NATO was created by nations sharing values such as individual liberty, democracy and the rule of law, which were at the time threatened by the Soviet Union. The allies' unity and solidarity became enshrined in the Article 5 of the

Washington Treaty, providing that if one ally is attacked, all allies are attacked. This creed has contributed to victory in the Cold War ensured the security of NATO allies until now. **The backbone of NATO's success throughout the years has been the transatlantic connection between Europe and America, which has underpinned the allies' freedom, security and prosperity.** This and the commitment to democracy and the rule of law have led many CEE states to join another great multilateral institution, the EU. The end of the Cold War did not mean that the threats to NATO's security stopped. NATO allies put an end to bloodshed in the Balkans in the 1990s, stopped piracy in the Indian Ocean and fought international terrorism since 9/11.

Since 2014, the global security environment changed once more. Russia's illegal and illegitimate annexation of Crimea has led NATO to implement the biggest increase to its collective defense in a generation. Russia continues to exhibit a destabilizing behavior, challenging the rules-based

"The backbone of NATO's success throughout the years has been the transatlantic connection between Europe and America, which has underpinned the allies' freedom, security and prosperity" – Ambassador Tacan Ildem, Assistant Secretary General for Public Diplomacy, NATO

international order. Currently, **many of Russia's actions take place in the realm of hybrid attacks**, a purposefully confusing mix of tactics steeped in deniability. **These tactics combine cyber-attacks, using energy supply as a weapon, as well as disinformation and propaganda.** The quantity and sophistication of disinformation and propaganda have grown rapidly due to enhancements in digital communications. For many years, NATO, its allies and partners have been targeted on a daily basis. While NATO actively and systematically analyzes and counters disinformation from wherever it comes, its main focus will always be presenting the truth and using identifiable facts that can maintain trust over time. This is because propaganda cannot be defeated with more propaganda, but rather by showing the truth. NATO partners Ukraine and Georgia have also been targets of Russia's hybrid warfare. NATO needs to show solidarity with these countries, and the alliance has developed close and enduring partnerships with both, providing support for essential reforms in the defense establishment and strengthening their armed forces. Ambassador Tacan Ildem stated that NATO is expecting Georgia to become a NATO member at one point in the future.

Another important challenge for NATO is continuing instability in Northern Africa and the Middle East. Additional challenges include the proliferation of weapons of mass destruction and aggressive and destabilizing behavior by nations such as Iran and North Korea. Furthermore, the global balance of power is shifting with the rise of China, now the second largest economy and second largest defense spender. China's rise presents opportunities for all countries but also brings potential risks. This is why the West needs to encourage China to become a partner on the world stage.

One of the most significant challenges for the alliance is the spread of disruptive technologies. **Technologies such as Artificial Intelligence (AI), autonomous systems, big data or biotechnology give us the opportunity to transform our societies for the better, tackling major challenges such as disease or climate change. However, they are also transforming the very nature of warfare.** For 70 years, NATO's deterrence and defense has relied upon maintaining the allies' technological edge, by investing more in research & development than anyone else. Today, this is not always the case. For instance, China plans to be the leading power in AI by 2030. NATO's future security depends on the allies' ability to understand, adopt and implement these emerging and disruptive technologies. The alliance can play a key role in these transformations. NATO coordinates defense planning among members, ensuring that allies are investing, developing and adopting the latest technologies. **NATO has kept its members safe and free for the last 70 years and will continue to do so in the next decades, if allies remain united, invest in their defense and continue to adapt to a changing world.**

Technology and Its Impact on Business & Society

The panel discussed the rapid development of technology, which is creating opportunities for growth and development, while deeply affecting old structure of economy.

One key topic of the panel was the link between technological developments and national security. **Alexandru Petrescu, Minister for Communications and Information Society, Romanian Government,** emphasized that being preoccupied by cyber-security should be a must for any government and was a major concern of his mandate. **When it comes to technologies such as 5G networks, governments should choose suppliers obeying the principles of data privacy and integrity, which are paramount to individual and national security.** Thus, it is not merely a matter of which technology is better or cheaper, but also a question of whether the digital ecosystem our governments are creating is safe.

Sorin Ducaru, Director of the European Union Satellite Center, agreed that decisions should not be made merely on the basis of commercial competitiveness. Reliability and the safety of citizens are key aspects, regardless of the technology involved. Since the cyberspace has become a battle space, technology also has an important impact on national security. It is important to realize that the Internet

was not designed with safety and security in mind at the very beginning, and these concerns were only raised once this technology had become global. In cyberspace as well as any other technology, we need to be proactive and anticipative rather than reactive. Thus, **merely focusing on the price of new technologies is not sustainable. Instead, governments and societies should invest more in the reliability, safety and security of the technological ecosystem they are building.**

“Governments and societies should invest more in the reliability, safety and security of the technological ecosystem they are building.” – Sorin Ducaru, Director of the European Union Satellite

Martine Draullette, General Manager, Roche Romania, agreed that data privacy and integrity are important in a democratic system. However, in certain situations, for instance in healthcare in the case of late stage cancer patients, the priority should be on saving lives. Patients in such cases are desperate to send their personal data to anyone who could help them, so this should also be a consideration.

Moderator Samuel Burke, Journalist, asked how the rise of China fits into the equation, considering that the country’s technological giants are starting to develop their own systems rather than just imitate Western technology.

Sorin Ducaru again emphasized the link between technology, security and human rights. **Disruptive technologies should be used for the benefit of citizens rather than against them, and whether this is happening is linked to the nature of societies and whether they are democratic or not.** For instance, the EU was at the forefront of ensuring that these technologies are in tune with basic human rights and values, as GDPR became a global model for data privacy. In other countries, people don’t own their data, which in turn gives those countries not focusing on human rights an advantage in developing

technologies such as AI. Considering that we are in an era of weaponization of technology, regular citizens are increasingly involved in these cyber-battles. It is the responsibility of governments and international organizations to address this, in consultation with the industry and academia. Both decision-makers and regular citizens need to understand these technologies to know what kind of laws and regulations are needed. This requires education. **Investments in digital literacy could foster capacity-building in countries embracing technology.**

Minister Petrescu argued that the EU hasn't done enough in the field of digitalization, as it is behind North America and Asia and must recuperate. In terms of cyber-security, the EU is as strong as the most vulnerable member state. Thus, **digitalization and cyber-security should be priorities for all EU member states.** Digitalization was a central theme during Romania's Presidency of the Council of the EU. Furthermore, at the national level, a memorandum on cyber-security was signed with Israel, which helped reduce the risk of cyber-incidents. Additionally, Romania signed memoranda with the US and Poland, centered around 5G and cyber.

Violeta Luca, General Manager, Microsoft Romania, considered that technology exceeds the boundaries of countries. Customers should think of the value produced when using a certain technology. The focus should be on the success of those using these platforms and on empowering individuals and companies in achieving their goals. The impact of technology can be seen in both the public and private sector. There are numerous examples in fields such as **education, healthcare or energy.** For instance, in Romania, Microsoft worked with an AI content generator in education in order to develop an application for children with speech disabilities which helps cure them.

Martine Draullette argued that new technologies give reasons for optimism. **In the area of healthcare, they are central to better preventing, educating, diagnosing and treating patients.** Examples include telemedicine and advanced genomics. For instance, Roche is carrying out a project with a Romanian oncology institute where genomic testing is carried out on women with breast cancer. The results are then shared with oncology experts abroad and the best treatment decision is decided jointly.

Moderator **Samuel Burke** asked how technology can provide opportunities for economic growth in Romania.

Violeta Luca argued **there is a clear link between technology, empowerment and economic development.** Technology can help strategic industries in Romania become productive. Furthermore, over 6% of the Romanian GDP already comes from the digital economy.

By 2025, the digital economy could contribute with 25 – 40 billion to the country's GDP, according to a study by McKinsey.* Microsoft is supporting start-ups, which can become unicorns like UiPath.

"In the area of healthcare, new technologies are central to better preventing, educating, diagnosing and treating patients" – Martine Draullette, General Manager, Roche Romania

* According to the study "The rise of Digital Challengers: How digitization can become the next growth engine for Central and Eastern Europe" by McKinsey (2018)

Technology can help overcome many challenges, such as the lack of workforce which Romania faces, through a process of automation. Romania needs to create R&D hubs and export innovations. However, to help the digital economy advance, it is important to update the regulatory system in many areas. Furthermore, the **digitalization of the public sector is essential.** Romania should invest in digital literacy in order to empower civil servants and future generations to use technology to their advantage.

Sorin Ducaru also emphasized **education** as key to Romania's digital transformation. Romania needs to transform its national culture in order to become more adaptable to the fast changes taking place at the global level. **Minister Petrescu** agreed that Romania should continue its internal efforts towards digitalization. One priority should be encouraging start-ups in order to create Romanian intellectual property behind innovations.

"There is a clear link between technology, empowerment and economic development" – Violeta Luca, General Manager, Microsoft Romania

Martine Draullette argued that the results of existing innovations should be allowed on the Romanian market, for instance in the field of advanced genomics. Romanians should benefit from the latest technologies, the same as the rest of EU citizens.

Business, Governments, Citizens and the 4th Industrial Revolution

The panel discussed the huge social pressures business, governments and societies are facing during the 4th Industrial Revolution, as well as ways in which the workforce of the future could adapt to the current changes brought about by technology and globalization.

Henry Olsen, Washington Post columnist and Senior Fellow, Ethics & Public Policy Center, argued that we need to understand how the 4th Industrial Revolution is different from previous technological changes in order to find out what is causing today's social difficulties in developed countries. The first industrial revolution gave workers machines in order to produce wealth faster over longer periods of time. However, the industrial revolution nowadays is characterized by the fact that ground-breaking technologies (e.g. coding, financial programming) can only be operated by people with a certain intelligence, meaning that **the wealth-creating resources are increasingly in the hands of a small minority of people.** Furthermore, **today's technologies do not require humans to operate them** (e.g. robots in a car factory), causing unemployment and income losses. Additionally, **globalization** means that the developed world is losing more jobs. All these factors are leading to a predictable aftermath. Citizens are increasingly angry and lashing out at scapegoats such as immigrants or the structures that helped facilitate these developments, while the elites are resisting change. **Societies need to adapt and learn from the lessons of the first industrial revolution, which paved the way for democracy and social welfare**, ensuring that the working classes had dignity and a stake in growth. The current social welfare state is based on the idea that private sector remunerative work will be available throughout society for everyone, which will not be true. A social safety net that involves the government more in the redistribution of the wealth created would be a positive development. **The more elites resist to any**

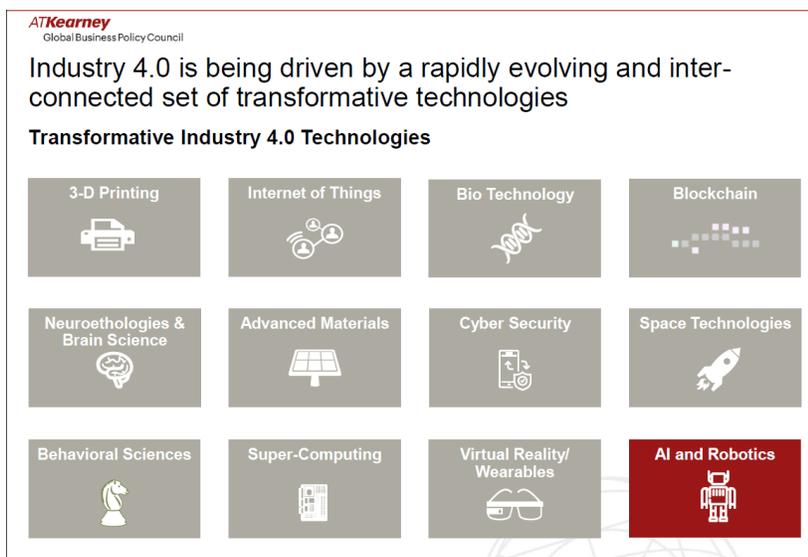
changes in the structure of society, the more likely a negative reaction to the 4th industrial revolution will be. This is currently visible in the increasing stratification of society and political discourses focusing on “us” versus “them”. Often, those dissatisfied by changes are not seen as social or political equals by elites. It is important to remember that human beings have equal rights.

Moderator Roxana Voicu-Dorobanțu, Associate Professor, Bucharest University of Economic Studies (ASE) & Aspen Fellow, added that **education plays an important role in mitigating the negative effects of the 4th Industrial Revolution**. Education can both teach people to comprehend new technologies and create new value as well as to use a certain tool. People from less privileged social backgrounds are often not exposed to new technologies or to courses that would reskill them once they have lost their job. Furthermore, the pressure of educating citizens can no longer solely be put on governments. Private companies are increasingly involved in education in order to train their workforce but also because new technologies are putting hundreds of millions of people out of work.

Florian Teleabă, Manager, A.T. Kearney, noted that, unlike previous industrial revolutions, the current one is already **radically blurring the lines between the physical, digital and biological spheres**. He presented a survey carried out by A.T. Kearney in which 450 senior executives from around the world were asked how they see challenges and opportunities in the next 5 years in the context of Industry 4.0 and globalization. A main outcome was that executives saw technology as the most important opportunity, in particular **AI and machine learning**. When it comes to the debate on whether artificial intelligence and robots will replace humans, 91% of executives thought that the workforce will not decrease in the next 5 years. Instead, 50% of them expected that the workforce will increase. One explanation could be that companies need people for new jobs such as implementing new technologies or interpreting data. The biggest challenge to the adoption of technology was talent management. 80% of those interviewed stated they were investing more in retaining and attracting talent. Despite globalization, executives thought that consumers will prefer local, sustainable and personalized services.

Another challenge will be regulatory restrictions on cross-border trade and digital trade, which are likely to intensify.

In terms of skills needed by the workforce of the future, **creativity and critical thinking are becoming more and more important**, for instance in interpreting the results given by a machine. So is abductive reasoning, which uses previous experiences and intuition in order to reach a result and cannot yet be matched by machines. Thus,



Source: A.T. Kearney presentation at
Bucharest Forum 2019

people will increasingly require not just tech skills but also soft skills. Furthermore, lifelong learning will be needed to cope with the fast pace of changes.

Claire Casey, Global Director of Public Policy, The Economist Intelligence Unit, took a more optimistic approach, showing there were dystopian predictions during every period of major innovations. Each new technology can be a double-edged sword, potentially used to do both good and bad, and the **societal changes following major innovations tend to be both positive and negative**. It is important to look at how new technologies can impact economic development, social cohesion and human welfare. Nowadays, there are some real **risks**, for instance regarding gender (women have less access to STEM education and IT training), algorithms, which have built-in prejudices in them, or premature de-industrialization. Countries developing through low labor costs and export-oriented manufacturing (e.g. back-office solutions or the textile industry) are potentially losing key jobs to AI and automation. There is no easy answer as to what strategy could replace this development tool.

The positive aspect for developing countries is that, unlike in industrial development, there isn't a huge lag in the digital space, as local start-ups often get a better market share than large multinationals. Thus, **developing countries need to improve their physical IT infrastructure and adopt adequate regulations for the digital space to replace their existing export-driven model**. While many say new technologies would cause unemployment, it is important to realize many innovations add more people to the workforce by offering previously inexistent opportunities.

Overall, **technological change is inevitable and has developed better lives for most people on this planet**. It is up to societies to realize how to mitigate risks and use technology to empower people. This is more challenging for developing countries because these changes will hit them when they have not yet achieved wealth and social cohesion, and they cannot follow the recipe for development others have taken before them. In order to ensure that people don't get left behind, governments need to put guardrails in place. While challenging, better regulations must be put in place for financial companies and tech companies. They currently operate in a fairly deregulated environment, as the fact that 9 out of the top 10 most valuable companies in the world enter these categories suggests.

“Technological change is inevitable and has developed better lives for most people on this planet” – Claire Casey, Global Director of Public Policy, The Economist Intelligence Unit

Middle East – Is anyone still looking for a Solution?

Moderator **Doru Costea, Ph.D., Ambassador (ret.) & Member of Aspen Institute Romania Strategy Group**, set the stage by arguing that, while the Middle East has been a geopolitical fiasco for long, there is **no real consensus on how to solve the multiple conflicts there**. As former President of Egypt Gamal Abdel Nasser said many decades ago, the region is still characterized by a misapplication of Western patterns and a confused mix of political systems and philosophies. Democracies are often just nominal

while constitutions are not in the interest of citizens. Thus, the question whether anyone is still looking for a solution to these conflicts remains.

Lolwah Rashid Al-Khater, Spokesperson for the Ministry of Foreign Affairs of the State of Qatar & Executive Director, Doha Forum, argued that the problem was that **too many actors are looking for too many solutions in the Middle East**, but unilateral solutions without necessarily considering the wider context. These actors not only include governments in the region, but also non-state actors, multilateral institutions, as well as international powers. **The main challenge is the huge, structural fragmentation**

“The main challenge is the huge, structural fragmentation in the political fabric of states in the Middle East and the fact that, for decades, these states lacked established institutions and proper political processes” – Lolwah Rashid Al-Khater, Spokesperson, Ministry of Foreign Affairs of Qatar & Executive Director, Doha Forum

in the political fabric of states in the Middle East and the fact that, for decades, these states lacked established institutions and proper political processes. While fragmentation and decentralization of power are global phenomena, they become even more radical in the Middle East due to this historical lack of institutions. Besides institutions crumbling, the regions is facing other challenges, such as a loss of faith in nation states

altogether, economic problems and massive unemployment,

particularly for the youth.

Mohammed Loulichki, Senior Fellow, Policy Center for the New South & Former Ambassador of Morocco to the UN, outlined three main challenges to peace in the wider Middle East region. These are: the **race for influence in the region**, the fact that non-state actors are still undefeated (particularly ISIS, which has been redeployed in Libya and the Sahel), and the aspiration of many citizens for a new social contract in the Middle East. A solution is elusive because it requires three characteristics which are currently not met: it has to be inclusive, comprehensive and enjoy multilateral support.

Koert Debeuf, Interim Editor-in-Chief, EUobserver & Middle East expert, argued that the current conflicts represent the comeback of history. The Middle East has been traditionally characterized by a rivalry between Turkey (or the Ottoman Empire and Byzantium in the past), Persia and the region encompassing Egypt and the Gulf. This fact is often disregarded because the West has occupied or influenced the Middle East for more than 100 years. However, with the West retreating from the region, these blocks are filling the power void and competing again for supremacy in the Middle East. Each of these three poles of power have their connections and proxies in the region, causing instability and war. Thus, **the main cause of the conflicts in the region is a struggle for power rather than factors such as religion or ideology.** The only way a solution could be reached is by bringing Ankara, Tehran, Cairo and Riyadh to the table. As long as these regional powers refuse to talk to each other, there is no way any progress could be made, and the region will continue to disintegrate. Furthermore, there are potential spoilers to a peaceful solution of the conflicts, such as the proxy wars in Libya, Yemen, Syria and Iraq which could turn into a direct war between the regional powers, and the fact that Egypt and even the royal house of Saudi Arabia are fragile and might even collapse one day.

Neil Quilliam, Associate Fellow, Middle East & North Africa Programme, Chatham House, Royal Institute of International Affairs, talked about the power configuration in the Middle East. This has changed since the Arab Spring, pitting those in support of changes and the counterrevolutionary forces.

A distinctive alignment of forces in recent years comprises Saudi Arabia, the United Arab Emirates, Egypt and the forces of Marshal Haftar in Libya. Israel's interests are largely aligned with this group. On the other hand, Turkey, Qatar and Iran have opposing interests. For these actors, relations in the area have often been a zero-sum game. Given recent developments in the region, such as the drone attacks on Saudi oil processing facilities, there might be a change towards de-escalation and a desire to start a dialogue due to security concerns.

"The main cause of the conflicts in the region is a struggle for power rather than factors such as religion or ideology" – Koert Debeuf, Interim Editor-in-Chief, EUobserver

Lolwah Rashid Al-Khater argued that, while relations between the Gulf and Iran went through different phases in the past, an improvement could be conditioned by three factors, namely Iranian politics, developments in the war in Yemen (including the possibility of a divergence within the Saudi-led coalition), as well as United States foreign policy and the results of the next presidential elections.

Ambassador Mohammed Loulichki looked at US interests in the region. **The US during the Trump administration has been less involved in global matters and no longer a provider of security in the Middle East**, partly because it is now autonomous in gas and oil, having also become a net exporter. This reconfiguration of strategy means the US focused on supporting regional powers, who interpreted this as a green light to carry out unilateral actions in the Middle East. Saudi Arabia, Turkey and Iran have claimed their share of responsibility in regional security through a more assertive foreign policy. **One way to reach some sort of consensus is to start with smaller security deals focusing on single issues before reaching collective security arrangements encompassing more actors and issues.**

An important question that speakers pondered is who could take the lead in pushing for peace in the region, given the progressive disengagement of the US. This disengagement has led to a complicated interregnum, manifesting in **frictions to determine a regional balance of power**. There is no central organizing principle in the region now, and no external actor who can manage the wide array of interests. Russia has become increasingly involved in the Middle East and is on good terms with major regional powers, including both Saudi Arabia and Iran, but it is unclear whether it is willing and capable to use its influence towards achieving peace. Furthermore, Russia remains a military power with significantly less economic influence than the US. The European Union has proved ineffective in dealing with the multiple crises and remains particularly sensitive to security concerns such as the rise of terrorism and uncontrolled migration flows. China remains largely disconnected from the political affairs of the Middle East, but it is likely that it will become more and more involved in the long-term. In terms of possible mediators in the Middle East conflicts, Oman has had a positive, discreet role in starting talks between Iran and global powers on the nuclear deal. Despite the internal turmoil, even Iraq could be important because of its special relations with both Saudi Arabia and Iran.

A potential solution would have to come in different layers. First of all, the concerns of Turkey, Iran and Saudi Arabia need to be understood and genuinely addressed. Secondly, the US and Russia would need to share responsibility and use their leverage over regional allies to come to a common understanding of the situation. Thirdly, security arrangements need to be put in place, such as an arms control regime encompassing all countries in the region or a commitment to make the Middle East a nuclear-free area.

Trade Wars, Conflicts and Global Governance

Moderator Terry Martin, Senior News Anchor, Deutsche Welle TV, set the stage by arguing that trade policy is also a foreign policy tool, and, in sometimes cases a weapon. **The trade frictions between the US and China are the most prominent manifestation of a systemic geopolitical confrontation.** These frictions are already affecting the world economy, disrupting supply chains and affecting businesses and everything dependant on those businesses, including employees.

Jin Canrong, Associate Dean of School of International Studies, Renmin University of China, argued that **the most challenging problem nowadays is the fact that we are facing a global governance deficit.** China benefited a lot from globalization in the past four decades, but now the process of globalization has reversed to some extent. This is because, while the demand for global governance underpinning globalization keeps rising, the supply is diminishing. The main reason is that the US aren't willing to offer that supply any longer and are becoming increasingly protectionist instead of advocating for global trade. China is proving its global outlook through its Belt and Road Initiative (BRI), but so far major economic powers such as the US and the EU have been hesitant to support it.

While US – China trade relations have brought both countries significant benefits in the past, the future is of serious concern. Bilateral relations will enter a long bumpy period, due to big power competition and the fact the US sees China as a revisionist power. The US has currently identified China and Russia as geopolitical competitors threatening its hegemony. However, Russia is not so strong economically and has entered a resource trap,^{*} so in the long term only China will be seen as a threat.

“The trade dispute between China and the US is a reflection of a larger strategic competition underway and reflects a deeper clash of values between China and the West” – Kerry Brown, Director of the Lau China Institute, King’s College London

Kerry Brown, Director of the Lau China Institute, King’s College London, agreed that **the current tensions are not really about trade but are instead manifestations of deeper, structural issues coming to the surface.** The key question is about China’s rightful place in the global order, what China believes that place to be and what the rest of the world is comfortable with. In the next 5 to 10 years,

^{*} The paradox that countries with an abundance of natural resources tend to have less economic growth, less democracy, and worse development outcomes than countries with fewer natural resources.

it is predicted that China will become the biggest world economy in gross terms, and the US is responding to this by trying to change the terms of trade among other measures. Furthermore, **the dispute is also about values**. Many in the West claim that, while China benefitted from globalization and the current liberal order, it does not really believe in its underlying values, as China's economic growth has not led to more political rights. The West's engagement in the 1980s and 1990s was a gamble, but the conviction was that economic development would also lead to political change. Ultimately, the West underestimated China's ability to undertake a massive economic transition through a one-party system and state capitalism as the engine for growth.

Overall, **this trade dispute is a reflection of a larger strategic competition underway and reflects a deeper clash of values between China and the West.**

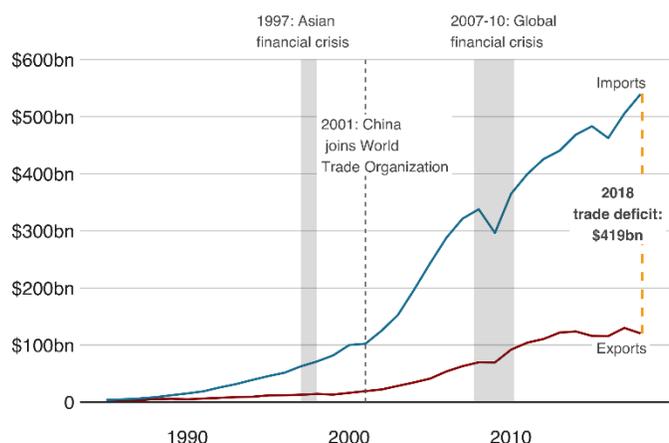
Shinichi Nakabayashi, Director for Japan, Board of the EBRD, made parallels between the US – Japanese trade frictions in the 1980s and the current situation between the US and China. Relations between the US and Japan were very tense and frustrating in the 1980s. Because of its high trade deficit, the US imposed tariffs on key Japanese sectors. The Japanese response, namely expanding fiscal and monetary policy, was wrong from a macroeconomic perspective and led to prolonged stagnation. China learned from the Japanese lesson and is reluctant to let its national currency, the renminbi, appreciate. This has caused problems with the US, especially as trade volumes increased significantly after China joined the World Trade Organization (WTO) in 2001. The **disruption in global supply chains** caused by the trade dispute means that not only China stands to lose, but also large American companies owing their large profits thanks to their involvement in China, as well as other trade powers integrated in the global economy, such as Germany and Japan. The current tensions are caused by the US' change in the perception of China's rise, as well as China's increasingly assertive foreign policy which led decision-makers to assess that it is challenging American global hegemony. Furthermore, the US is concerned by multiple issues such as **China's subsidies for state-owned enterprises and fears of dumping on world markets, cyber security, AI, intellectual property, and data protection**. Unlike China, Japan could never overtake the US economically or threaten them militarily, so the current dispute is likely more intractable.

In terms of possibilities for the future, analysts often make dire warnings and talk about the **Thucydides trap**, the theory that an established power feels so threatened by a rising power that war becomes inevitable. Speakers were asked whether the dispute could be resolved to the benefit of both powers and indeed the whole global order.

Jin Canrong stated that China is doing its best to compromise on trade, and there are hopes

US trade with China

US trade deficit with China has soared since 1985



Source: US Census

BBC

Graph by BBC

the Trump administration will also move towards an agreement as its foreign policy results have been limited so far. Furthermore, **the leaders of both sides should show more responsibility** and understand the implications of a possible conflict. Jin Canrong also stated that China is not interested in challenging US global hegemony, focusing instead on raising living standards. **Shinichi Nakabayashi** appealed for multilateralism, arguing that the two sides need to focus their political will towards trade partnerships. In Asia, a comprehensive free trade agreement between ASEAN countries, China, South Korea, India, Australia and New Zealand would have a significant positive impact on economic development and would counter the fact that the US walked away from the Trans-Pacific Partnership (TPP).^{*} **Kerry Brown** argued that it is likely US – China tensions will be a perpetual part of the global architecture, due to the profoundly different world views of the two actors. If the trade conflict is resolved, other matters will probably appear. China and the rest of the world will need to reach an understanding as to what role the country will have in the global order, because China is likely to continue to grow, as its rising middle class shows. **The most likely long-term scenario is a bipolar order emerging after a long period of tensions.**

Energy Today: between Conventional and Sustainable?

Moderator Cristian Pîrvulescu, General Manager & Founding Partner, Enevo Group, kicked off the panel by showing that energy is central to all discussions on geopolitics. At the same time the energy sector is in transition due to the emergence of new technologies and the rise of renewables. Panelists were asked what the current game changers are in the sector.

Mehmet Öğütçü, Founder & CEO, Global Resources Partnership, emphasized some of the key trends in the energy sector. One key aspect is the rapidity with which the renewables revolution has rocked the system. Climate change is also a game changer, as governments and businesses must factor in the mitigation of environmental damage in their policy choices. The rise of renewables and new technologies will continue to go on at a pace decision-makers and investors had not foreseen.

Technology is a blessing but also a disruptive force as governments and investors are not adapting fast enough, don't know what will happen and where they should invest next. Now, the nature of energy sector is also changing as companies from sectors such as IT and transport are starting to appear alongside classical entities such as sovereign funds, pension funds and energy companies. Investments are increasingly

“The geopolitics of energy is also changing with the rise of renewables” – Mehmet Öğütçü, Founder & CEO, Global Resources Partnership

^{*} A proposed trade agreement in 2016, between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam, and the US, which was not ratified and did not enter into force. After the US withdrawal, the remaining states negotiated a new agreement incorporating most of the provisions of the TPP. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership entered into force on 30 December 2018.

moving towards renewables and start-ups offering innovative technologies. Currently, there is an abundance of energy on the world markets, regardless of whether it comes from coal, fossil fuels or renewables. However, if this global transition is rushed and investments tend to only focus on renewables, there is a distinct possibility of a supply crunch in the next few years as renewables won't be able to completely replace fossil fuels in the near future. Thus, investments are also needed in traditional energy in order to avoid a cut in production. Huge developing countries such as China and India are largely reliant on coal, and their transition to cleaner energy will take many decades. Overall, **the world needs to prepare for disruptions and tensions as it is unlikely that there will be an easy, smooth, predictable transition from hydrocarbons to renewables.**

The geopolitics of energy is also changing with the rise of renewables. The US is currently disengaging from the Middle East because it has become a net exporter of energy and is already considering global energy dominance under the Trump administration. The future of OPEC is also unclear, as the largest producers of oil, namely the US, Saudi Arabia and Russia might be interested in creating their own power format. Furthermore, resources used in energy storage such as lithium and cobalt are becoming increasingly important.

“Increasing reliance on renewables means there is a need to invest in energy storage and innovative technologies” – Alessio Menegazzo, Head of Sustainability and Institutional Affairs, Enel Romania

Alessio Menegazzo, Head of Sustainability and Institutional Affairs, Enel Romania, argued that the most important game changer is the fact that **companies now must understand and provide what their customers need.** Citizens will increasingly be driven by progressive values as employees and consumers. This is also relevant in energy, where the will of consumers will have to be prioritized, leading to

the democratization the energy sector. For instance, consumers will also produce energy with the introduction of smart grids and smart metering.

Furthermore, the **rise of renewables means that societies will be less and less reliant on commodities like coal and gas.** This means **the future of the energy sector is electricity.** Increasing reliance on renewables means there is a **need to invest in energy storage and innovative technologies** that also decrease the price of energy. Even oil and gas companies are now making plans for entering the utilities sector, proving that electricity is key to long-lasting business plans. The fact that decision-makers in both Europe and the US are talking about a new model for the energy sector based on renewables shows that there is the **clear political will to decarbonize**, even considering the disruption it will create across economic sectors. The question is how societies will be able to reach that vision. At the EU level, negotiations are starting regarding a **just transition** towards carbon neutrality.

Corina Popescu, Chief Executive Officer, Electrica, talked about the current challenges in the Romanian energy sector. While in the 1990s, electricity was produced by means of coal, nuclear and hydro power, renewables are currently taking an increasing share. However, this also increases unpredictability due to fluctuations in the amount of renewable energy produced. **The main challenge of the energy transition in Romania is accelerating the process of digitalization of the power grids in order to benefit from the**

rise of renewables. Smart metering and smart grids will also contribute to the process by revealing information regarding consumption patterns. Decision-makers and companies need to change their behavior and be more flexible in embracing innovative technologies.

The length of the energy transition will ultimately depend on efficiency and cost. The cost-efficiency of coal is diminishing, while gas can be a solution for Romania due to existing resources in the country and region. However, **Romania needs interconnections in both gas and electricity to profit from European and regional markets.** Geopolitics and the availability of resources will also influence the length of the transition period.

When it comes to the question of what Romanian decision-makers and business leaders need to do to foster the energy transition, **Corina Popescu** appreciated that a political and legislative framework protecting vulnerable consumers needs to be put in place. Furthermore, decision-makers should foster the implementation of new technologies such as the digitalization of power grids. **Alessio Menegazzo** suggested that decision-makers should not remain stuck in the past or focus on a single natural resource, but rather have a more opportunistic approach.

“Romania needs interconnections in both gas and electricity to profit from European and regional markets” – Corina Popescu, CEO, Electrica

Furthermore, **Romania should play a role in the EU market not as a commodity provider but rather a contributor to innovation and digitalization.** The Romanian IT sector and the skills of Romanians could be increasingly relevant in the context of the energy transition and the shift to a customer-centric approach. Thus, the focus should be on people rather than natural resources. **Mehmet Ögütçü** argued that Romania is in a more fortunate and comfortable position than other countries due to its rich resource base. However, it must be quicker in adapting to game-changers. For instance, Romania requires an **integrated energy framework**, which is important in attracting investors as well as producers in the energy world. The country should also be more active at the EU level and try to influence decisions, for instance when it comes to the energy transition. Romania could have a bigger role to play in the South-East European market due to its geostrategic position and resources.

Conversation with Nicu Popescu, Minister of Foreign Affairs and European Integration, Republic of Moldova and Radu Tudor, Political and Defense Analyst

Radu Tudor, Political and Defense Analyst, started the conversation by arguing that, given the current climate of geopolitical competition and tensions between East and West, the Republic of Moldova had become one of the most interesting countries in Eastern Europe. **Nicu Popescu, Minister of Foreign Affairs and European Integration**, showed that the main challenge for his country at the time was the fact that it was governed by a coalition of two parties with different geopolitical outlooks and hence

opposing foreign policy preferences.* In order to be able to form a coalition, the two parties had to put aside their differences for a while and agree on one key foreign policy principle, namely that **Moldova will not backtrack its preexisting commitments**. This means continuing to implement the Association Agreement and remaining part of the free trade area with the EU, continuing and developing the individual action plan with NATO, recognizing and deepening the strategic partnership with Romania and Ukraine and continuing the engagement and military cooperation with the US. These measures help Moldova become anchored in a relationship with the EU and US despite the country's internal divisions.

Radu Tudor argued that energy is for Moldova one of the most important components of its multi-level strategic partnership with Romania. **Minister Nicu Popescu** agreed and confirmed that **Moldova is requesting and receiving help from Romania in the field of energy security**. Moldova is currently dependent on Russian natural gas and has been afraid of disruptions in gas supply due to the Russian-Ukrainian conflict. Hence, Romania and Moldova are working together in the field of energy and Transgaz is building the **Iași – Ungheni – Chișinău pipeline**, which will serve as a gas interconnector between the two countries. It is estimated that the pipeline will be ready in late winter – spring 2020. The interconnector will contribute to Moldova's energy security by allowing the country to buy gas from multiple sources. However, if Romania is looking to export gas to Moldova, it would have to increase its production, as so far it is not enough for domestic consumption.

The **Association Agreement** between the EU and the Republic of Moldova was signed in June 2014 and has been in full effect since July 2016. Since the Agreement's provisional application from September 2014 onwards, Moldova has benefitted from a free trade framework with the EU, the **Deep and Comprehensive Free Trade Area (DCFTA)**. This preferential trade system has allowed Moldova to benefit from reduced or eliminated tariffs for its goods, an increased services market and better investment conditions. Thanks to the DCFTA, Moldova is currently sending almost 70% of its exports to the EU, mitigating the potential of further Russian trade restrictions or embargoes.

Source: European Commission

Another important topic Minister Nicu Popescu discussed is Moldova's perspectives for EU membership. Moldova's electorate remains divided, with some wishing increased cooperation with the EU and others preferring to remain closer to Russia. However, what unites Moldovan citizens is not geopolitics, but the fact that they want EU-level healthcare, education, or infrastructure. This gives Moldovan decision-makers a mandate to seek closer relations with the EU.

On the positive side, **Moldova has done well in integrating into the European economy**. Five years since entering the Deep and Comprehensive Free Trade Area (DCFTA), 68% of its exports go to the EU, compared to only 8% to Russia. This gives Moldova a different set of geopolitical and strategic circumstances. The country no longer fears Russian trade restrictions and embargoes as the DCFTA anchored it on the European orbit from an economic point of view. Furthermore, Moldova has a visa-free regime with the EU, which EU leaders were able to deliver despite negative public perceptions in

* At the time of Bucharest Forum 2019, the Republic of Moldova was governed by a coalition of the Party of Socialists of the Republic of Moldova, which traditionally favors closer ties with Russia, and the ACUM (Now) platform, a liberal, pro-European and Western alliance.

the West. **However, before considering aspirations for EU membership, Moldova needs to undertake necessary reforms, such as fighting corruption and “de-oligarchizing” the country.** For instance, the country ranks 117th in the world according to Transparency International’s 2018 Corruption Perceptions Index. Corruption is a major barrier to economic development and is even causing Moldova to lose investors already present in its economy. Thus, what is needed next is to anchor Moldova on the European orbit from a political perspective, which can only be done by improving the functioning of public institutions.

Transatlantic and Eurasian Security at Crossroads

Moderator **Alina Inayeh, Director, Bucharest office of the German Marshall Fund of the United States**, set the stage by arguing that the security of the **transatlantic space is currently facing new challenges, not just traditional, military ones.** These include cyber threats, informational wars, and many hybrid actions of both state and non-state actors, which are complicating the security landscape and creating new vulnerabilities. Tensions within the transatlantic space are adding to the complexity. While the **volatility of the international system and a return to great power politics** have long been discussed, it seems that nowadays they are central to global politics, as old alliances and partnerships are under stress and treaties are often broken or not even being ratified.

Bobo Lo, Russia Research Fellow, French Institute for International Affairs, looked at international security in the context of the global order. He argued that international order and global security are in the worst crisis since the end of the Cold War. This is a **structural, systemic change**, as even the notion

of a rules-based international order is being discredited by many inside and outside the Western world. However, while the old world order is falling apart, there is no sign of an alternative. Thus, **the international system is characterized by a new world disorder.** Its features include a **lack of clarity in the rules of the game, the de-universalization of international norms and the worst crisis of global leadership since the 1930s.**

“The international system is characterized by a new world disorder, which includes a lack of clarity in the rules of the game and the de-universalization of international norms” – Bobo Lo, Russia Research Fellow, French Institute for International Affairs

The limitations of great powers are being increasingly exposed on a regular basis. Paradoxically, there has rarely been a greater need for international organizations, but such institutions have rarely been more ineffectual and subject to more divergences between members. International organizations are increasingly being questioned not only by countries outside the liberal order but also within. Ideology is still playing a role globally, but ideological conflicts are more numerous and harder to grasp, as shown by the current debates on internationalism versus nationalism and liberalism versus different types of extremism.

Bobo Lo further addressed the question of whether emerging powers like China and Russia are

responsible for the current uncertainty in the world order. While Chinese and Russian actions in various parts of the world have undermined the liberal world order, there is no authoritarian, Sino-Russian plot or alliance, as these are individual actors with separate interests, which often diverge significantly. Most importantly, **the attitudes of Beijing and Moscow towards the international order and its stability are fundamentally different.** China seeks to work within the existing international system because of the economic benefits it has received by means of globalization. On the other hand, Russia seeks the demise of the current system because it considers it has been treated unfairly since the end of the Cold War and global anarchy would increase its influence in many areas.

Bobo Lo argued that the main problems of the global liberal order are:

- the gap between the principles and values promoted by the West and the way the West seeks to implement them externally;
- the fact that Western policy making has been seen in the past decades as inept;
- the fundamental problems in Western societies, in particular the fact that the nexus between democracy and good governance has been broken in many countries, meaning that the West is no longer a universal model to emulate.

In order to reverse the current trend towards global disorder, the West must address its shortcomings and restore the credibility of liberalism. To not give actors like China and Russia the opportunity to exploit its weaknesses, the West needs to narrow the gap between rhetoric and practice internationally, and show that it is able to address the real challenges of the 21st century. These include **global climate change, poverty, mass migration and disruptions caused by technology.** Furthermore, Western states need to address their internal problems, such as the erosion of the rule of law and the rise of racism and xenophobia.

Radu Tudor, Political and Defense Analyst, disagreed with the fact that we are witnessing a world disorder, giving the examples of NATO or the EU as influential multilateral organizations on the world stage. However, the liberal order is indeed facing an increasing number of disputes. For instance, NATO member states from the West and East have different threat perceptions. In the East, Russia is considered an aggressor state due to the military invasions of Georgia and Ukraine, the annexation of Crimea and its multiple hybrid attacks, even on NATO soil. Meanwhile, Russia is seen with ambivalence in the West, and the Trump administration doesn't realize that Russia can also be a huge threat to the internal democracy of the US. **The solution to these disputes between allies is strengthening multilateral institutions in order to adapt to new challenges and continue working as efficiently as in the past.** The benefits of NATO in the past 70 years have been enormous, as the organization has brought peace, security and democracy to an area of around one billion people. Furthermore, the organization has been through challenging situations before, such as France leaving NATO's military structures in the 1960s.

Ömer Önhon, Director General for International Security Affairs, Ministry of Foreign Affairs of Turkey argued that the general global security environment was marked by new risks and challenges, which are multifaceted and complex but similar across Eurasia and the transatlantic space. A key concern is the fact that mechanisms such as NATO and the UN are inefficient because of states' lack of willingness to

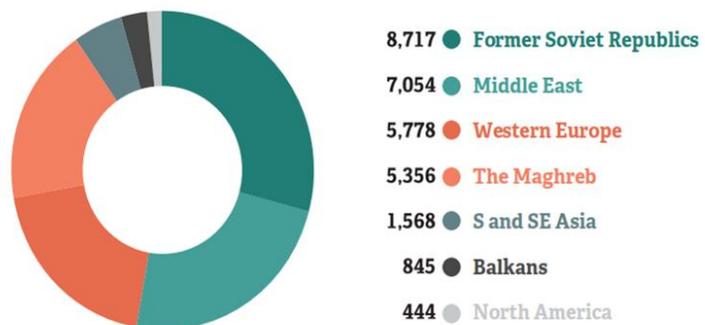
work together. The UN needs to be reformed in light of the requirements of the present day. Furthermore, **mechanisms in multilateral organizations must be based on solidarity, because problems affecting one actor soon become everyone else's, as in the case of terrorism or illegal migration.**

Director General Ömer Önhon further discussed concerns that Turkey is an unreliable NATO ally, considering its military intervention in Northern Syria and the purchase of the S-400 air defense missile system from Russia. He argued that Turkey has been a key NATO member since its accession in 1952 and has taken on increasing responsibilities, for instance by contributing to NATO operations in countries such as Iraq or Afghanistan. NATO remains one of the main pillars of Turkish security policy. Director General Ömer Önhon argued that Turkey bought the S-400 system because weapon proliferation is high its area and this technology would contribute to national security. Under this view, S-400s do not diminish Turkey's loyalty to NATO or threaten NATO's security. Furthermore, he claimed Turkey's military operations against the Kurds in Northern Syria represented an intervention against a terrorist organization threatening Turkish security interests.

Ely Karmon, Senior Research Scholar, International Institute for Counter-Terrorism, Herzlyia, talked about the **global threat of terrorism**, focusing on the Middle East as the epicenter of jihadist terrorism. In particular, he looked at how terrorism in Syria has evolved from local to regional and global. While the conflict in Syria started as a peaceful civilian uprising, it soon transformed into a jihadist front. This is due to the fact that the US have outsourced the conflict to three regional powers, Turkey, Saudi Arabia and Qatar, which have diverging strategic and political interests and promoted their local proxies. The development and proliferation of such proxies led to the formation of the caliphate. ISIS only declined once it was a threat to the regime of President Assad and Russia intervened. This intervention changed the balance of power completely and the capacity of ISIS to carry out terrorist attacks outside the Middle East significantly decreased. Furthermore, the destruction of the caliphate diminished the possibility that foreign fighters return to their homes in Europe, North Africa or Central Asia. ISIS chose to go underground in the areas it controlled in Syria and Iraq and relocated much of its focus to places such as Afghanistan and Libya.

Until the Trump administration decided to retreat from Syria and allow the Turkish intervention in the autumn of 2019, pro-government forces controlled around two-thirds of the country while the other third was controlled by the Kurds and allies of the US. This third was important not only because it stopped ISIS, but also because it prevented Iran from gaining a more important foothold in Syria. Turkey's intervention was aimed at

Foreign Fighters By Region



Source: Presentation by Ely Karmon at Bucharest Forum 2019

eliminating Kurdish autonomy in Syria because its decision-makers believed it represented a threat to the country's territorial integrity. However, **in the wake of the Turkish intervention, there is a clear threat that ISIS will be reborn in Syria and become a relevant player again on the international arena, with the capability to carry out terrorist attacks across the world.**

Eli Karmon further mentioned a worrying trend in the field of global terrorism, namely the use of the Internet and social media in preparing terrorist attacks, both jihadist and extreme right-wing.

Old and Modern Geopolitics for the Greater Black Sea Area – Caspian, Black Sea, Mediterranean

Moderator Tim Judah, Balkans Correspondent, The Economist, set the discussions in the context of the US withdrawal from global affairs, and from Syria in particular. This is a negative signal for countries in the Black Sea region looking for US protection and leadership.

Alexander Iskandaryan, Director, Caucasus Institute, focused on the Caucasus, which is an important, strategic area because it is surrounded by large regional powers such as Russia, Iran and Turkey. **The Black Sea has been a geopolitical watershed for centuries.** During the Cold War, it was an important border on the global divide. On one side, Turkey's geographical position was essential for NATO and for US military bases, while the Soviet Union held nuclear weapons in Ukraine. After the Cold War, the Black Sea did not automatically become a region for cooperation. While borders were opened in many cases, internal conflicts meant that people in places like Georgia still cannot travel within their own country. There are more conflicts now in the region than during the Cold War, and some of them, such as the ones in the Donbas or Nagorno-Karabakh are not even entirely frozen. Some of these conflicts are no longer about geopolitical competition and depend more on the local context. **The challenge is that a potential solution would have to address each conflict in particular but also the region in general.** This solution would have to be agreed upon by actors in the region rather than external powers.

Alexander Iskandaryan further talked about Armenia, which is sandwiched between Iran and Georgia, countries facing complicated relations with great powers, namely the US and Russia. Furthermore, it is locked in a conflict with Azerbaijan on the Nagorno-Karabakh region, leaving Armenia with little room for maneuver. The country must be careful not to upset great powers, being pro-Russian without being anti-Western and pro-Western without being anti-Russian. However, on security, Armenia's strategy is to appeal to Russia.

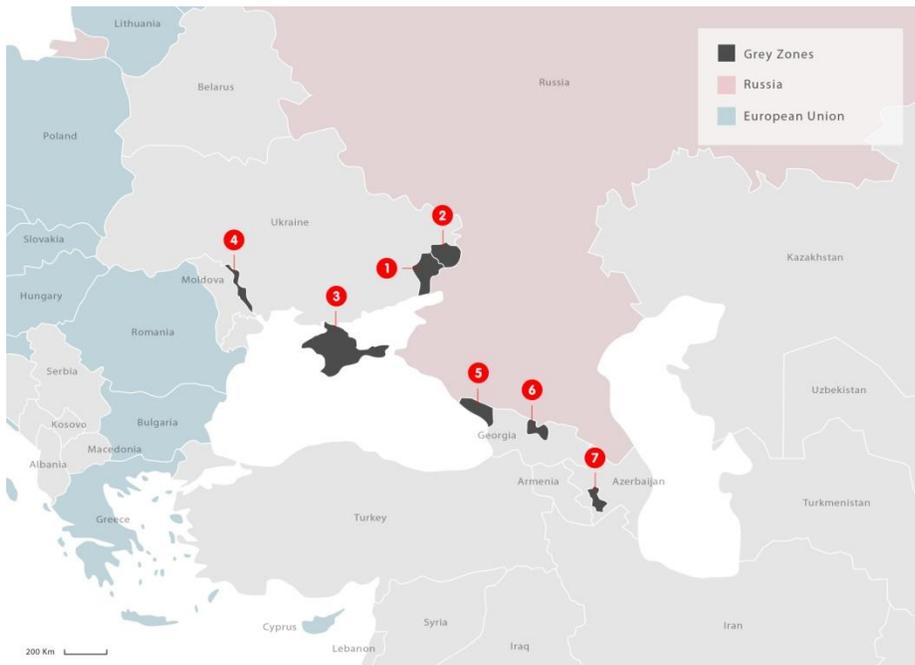
Arsen Kharatyan, Former Advisor on Foreign Relations to the Prime Minister of Armenia, further discussed Armenia's relations with Russia and the West. The largest security alliance Armenia is part of is the Collective Security Treaty Organization (CSTO), a Russian-led organization comprising post-Soviet states. However, Armenia is also involved in NATO's Partnership for Peace and trying to diversify its institutional involvement in both security and economic cooperation. Until 2013, Armenia, alongside Georgia, Moldova and Ukraine, was negotiating an Association Agreement, including a Deep and

Comprehensive Free Trade Area, with the EU. Armenia's U-turn and accession to the Eurasian Economic Union led by Russia shocked many. However, Armenia also continued to work on the political side of the agreement with the EU and signed a comprehensive partnership in 2017. Fostering good relations with both Russia and the EU brings the country numerous economic and security benefits.

When it comes to the wider Black Sea region, one of the areas not discussed enough is the environment. The contamination of the Black Sea has been going on for decades and finding a solution requires regional cooperation. Since this is a common challenge to all littoral states, it represents an interesting first step in bringing countries together, and progress in the environmental area could lead to discussions elsewhere.

Vasil Sikharulidze, Chairman, Atlantic Council of Georgia, talked about the view from Georgia, which is a much more Western-oriented country. About 70% of Georgia's population is favoring NATO integration, which is more than support for all political parties combined. The US have played a key role in the region, helping Georgia conduct reforms in defense institution-building and modernization, as well as good governance and democratization in general. **The fact that US interests are currently being defined in terms of immediate economic and political needs is a challenge for the region.** After the George W. Bush presidency, there was a change in US policy regarding the Black Sea region and support for NATO enlargement. The delay in Georgia's NATO integration is sending a wrong signal to regional powers. At the NATO Bucharest Summit in 2008, the allies decided that Ukraine and Georgia would become NATO members, but failed to agree on membership action plans. This was interpreted by Russia as disunity among allies and a signal to start military operations against Georgia. Even before the 2008 military invasion, Russia had applied hybrid warfare tactics against Georgia, for instance disruptions in

natural gas supplies and a trade embargo. Further hybrid tactics used by Russia in the region include fostering corrupt regimes, the penetration of secret services and institutions and propaganda aimed at undermining trust in democratic institutions and processes. **Countering hybrid warfare requires a holistic strategy.** There are positive steps such as the deployment of NATO troops in Romania or the change in attitudes regarding the sale of



defensive weapons to Ukraine and Georgia. However, more needs to be done in order to create incentives for internal reforms in former Soviet countries. Additionally, to be able to contain Russia, the West needs to increase the political cost of its disruptive activities in countries like Ukraine and Georgia.

Hanna Shelest, Editor-in-Chief, Ukraine Analytica, made the case for resisting Russian aggression wherever it is taking place. Countries need to understand how to counter Russia’s tactics and fight back, for instance in the case of cyber-attacks. The scandal which erupted after President Trump’s alleged blackmail of Ukrainian President Volodymyr Zelensky has undermined US – Ukrainian relations. However, Ukraine, Georgia and Moldova need to realize that **US foreign policy is not limited to the White House and the personality of the President**. Throughout the ongoing crisis, the Pentagon, State Department and both Democrats and Republicans in Congress have supported Ukraine and the delivery of military assistance. There are reasons for optimism because the US political system is complex, and institutions are willing to help Ukraine. However, the lesson is that countries are the main responsible party for their own security.

When it comes to negotiations on the Donbas conflict, the redlines of Ukraine remain **territorial integrity, sovereignty, the organization of elections only after security is ensured, and the withdrawal of Russian forces from Ukraine**. There are still many important questions such as the status of Donbas and whether full amnesty will be offered to combatants. One recent trend in negotiations on Donbas is the fact that Russia has been re-circulating ideas it put forward for the resolution of the Transnistrian conflict in the 1990s.

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