

The Impact of Intersecting Global Trends on Central and Eastern Europe

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Patti Morrissey founded Global Foresight Strategies as a boutique consultancy to provide deep expertise and institutional knowledge in strategic foresight analysis to government and private sector clients.

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Consistent with the Bucharest Forum’s objective to cover *major trends that influence business, politics and our societies* and to promote **forward thinking** on geopolitical, economic, societal, technological and environmental change, Global Foresight Strategies is in the business of **promoting dialogue** between **governments** and **private sector organizations** on strategic issues, and helping organizations build a disciplined, sustained foresight practice to provide shared early warning of disruptive future challenges and opportunities.

As we’ve seen with the overall unity the CEE region has demonstrated in supporting Ukraine’s courageous fight against Russian aggression, public-private partnerships are crucial to progress towards security and prosperity. Governments across the region will need this kind of support from businesses to help develop solutions to the serious challenges they face. And businesses will benefit from gaining a sophisticated understanding of the strategic context in which they are investing and operating.

Our GFS team has deep and long-term experience working for and with national security organizations from NATO countries to conduct foresight analyses and convene international fora. We have built up collective knowledge about key global trends and our approach seeks to identify decision points for actions that shape a free and prosperous future. We had to confront the values underlying what we mean by shaping a “free and prosperous future.” We believe in a world where

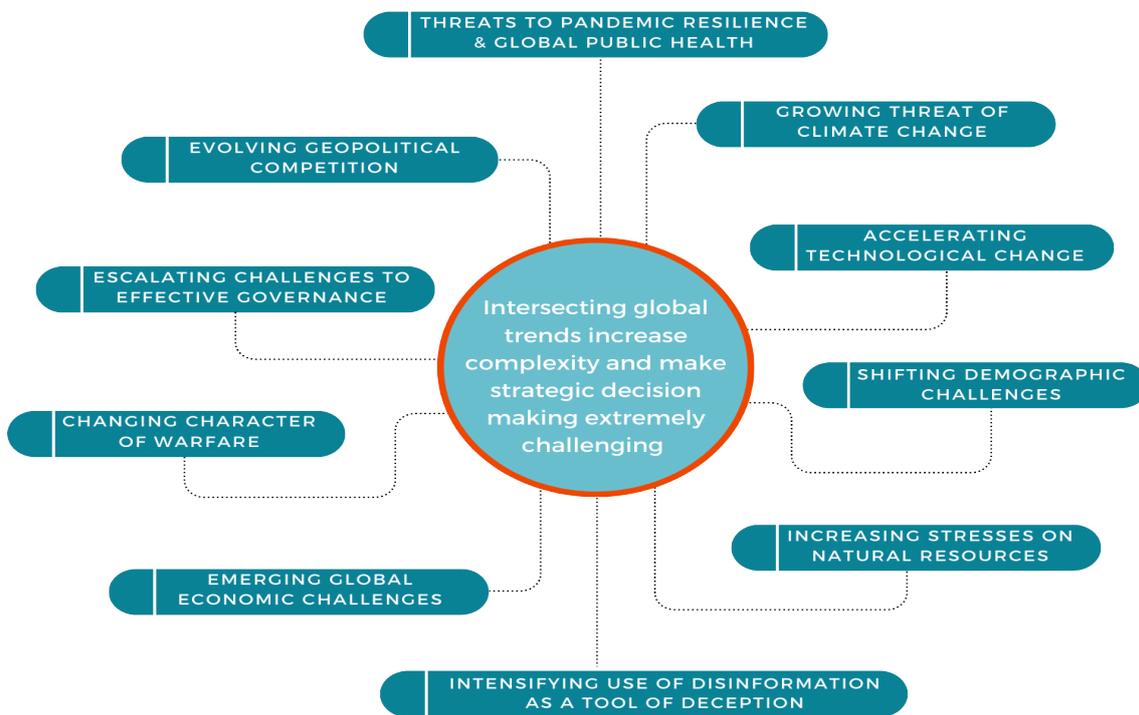
people can choose their leaders free of disinformation, coercion, or threats, and can elect people who will act in an ethical, transparent way to benefit the greater good, and not themselves or patrons. Ultimately, it's up to the people in the region to determine the specifics of what that looks like and how to achieve it in the face of accelerating challenges.

GFS has developed a Regional Foresight Program for Central and Eastern Europe to establish an ongoing foresight process rooted in empirically based, comprehensive and integrative assessments of the global trends affecting CEE's long-term security and prosperity. We seek to work together with governmental and private sector organizations to understand how CEE will be impacted by global events and trends, and what they can do to work as partners towards that "good future."

The GFS Approach

Our approach to foresight is based on the reality that, especially in our tightly interconnected world, significant disruptions—positive as well as negative—almost always reflect the convergence of trends and events from a variety of functional domains. Sometimes the domains are closely and obviously inter-related such as in the case of politics and economics but often stimuli from more separated domains such as science and technology, the physical environment, and demographics. Although the world is too complex to allow us to precisely predict how trends and events will converge to bring about change, we can get a better sense of emerging and potential areas of disruption, allowing us to take steps to improve preparedness and resilience for adverse tendencies and to take proactive steps to favor more positive outcomes.

GFS's strategic foresight methodology begins with deep dives into the major global trends in ten domains that leaders should consider as they make decisions for the future of their organization.



The development of decision-relevant strategic foresight requires us to explore how regionally specific interactions among these global trends could produce a whole new set of disruptive future conditions.

To this end, Global Foresight Strategies has recently hosted seven online seminars with world-class experts to examine the impacts of these global trends on CEE over the next five years. This knowledge foundation has supported a preliminary analysis by GFS’s core team of interactions that could lead to unanticipated threats to security and prosperity as well as potential opportunities.

We will develop more definitive findings in 2024 by bringing government and private sector clients together in a face-to-face meeting with our global trends experts to review preliminary results and conduct a thorough group integrative analysis of potential futures and their impacts on clients’ future organizational success.

Integrative Analysis of Potential Disruptive Futures

Our GFS team identified an initial set of three disruptive futures based on our global trends' deep dives and an analysis of interactions between trends. Below is a brief summary of each.

Disruptive Future #1: CEE Takes Advantage of Changing Environment to Enhance Economic Growth

Our seminar on **Emerging Global Economic Challenges** examined the ongoing fundamental restructuring of global economic relationships due to rising geopolitical and economic tensions especially between Western countries and China, and the vulnerabilities of long supply chains as revealed by the COVID pandemic. Our deep dive on the CEE region identified both positive and negative trends that could affect CEE's ability to thrive economically, with the positive trends appearing to be slightly more dominant going forward, as long as the region can prevent Russia from advancing politically and territorially. Reshoring offers opportunities for CEE to expand its economic base given its proximity and/or good relations with major foreign direct investor countries such as Germany and the United States. There are also significant economic opportunities for business investment in CEE driven by climate change mitigation requirements, the transition from energy dependency on Russian oil and gas to renewables and localized energy sources, and in meeting the increased security requirements of the NATO Eastern Flank countries.

In our seminar on **Accelerating Technological Change** CEE was described as in a strong position to expand in advanced technologies due to its strong IT/AI ecosystem and tech-educated, if small, workforce. There are opportunities for CEE in near-shoring of advanced manufacturing, especially given the presence of advanced manufacturing and IT hubs in Romania, Hungary, Poland, Slovakia, the Czech Republic, and Bulgaria that are plausible locales for new investments. Poland, Ukraine, and Bulgaria possess deposits of minerals needed for both IT and renewable energy technologies, providing the region with the potential to become a local supplier of critical minerals. In addition, the tech sector will benefit from the likely continued growth of the CEE's defense production sector, already operating at high capacity due to demand arising from the war in Ukraine. Investments in renewable

and nuclear energy to comply with EU net zero objectives and substitute for natural gas imports from Russia will have a positive impact on CEE economic performance both directly and by supporting demand for related high-tech products.

Some other economic factors are more negative or at least nuanced regarding growth potential. For instance, as we learned in our ***Emerging Global Economic Challenges*** seminar, the “de-risking” trend is itself double edged, because it also raises import costs for a region that is highly dependent on raw material and accustomed to cheap industrial and consumer products from abroad. Our seminar on ***Escalating Challenges to Effective Governance*** revealed how far political pressures brought on by war and climate-driven migration are being heightened by Russian disinformation to stoke fear and mistrust in elected leaders, which undermines governments’ abilities to pass necessary legal and anti-corruption reforms to ensure transparent and accountable business practices replace financial systems that were corrupted under Soviet governance and are still vulnerable to corruption, especially when this is sustained from the outside via bribes and threats. In addition, if Russia’s continued military aggression and non-military pressure results in Ukraine’s full or partial defeat, the adverse impact on the investment climate in CEE would be immeasurable. Any companies wanting to stay in the region would face pressures to do business Russia’s way, leading to a massive and predictable brain and investment drain from CEE.

On balance we assess that Western economies’ need for secure supply chains, and CEE’s need for new energy solutions and increased military technology give business within CEE a positive demand signal. CEE countries including Romania, Hungary, Poland, Czech Republic, Slovakia, and Bulgaria have advantages in IT, advanced manufacturing, and/or new minerals mining. Economic prospects for the region may be adversely affected by global and regional economic conditions, political polarization, and labor shortages within the CEE countries, but barring a negative outcome in Ukraine, the region’s new opportunities should be sufficient to yield healthy economic growth over the next five years.

Disruptive Future #2: CEE Impacted by Intensifying Competition for Leadership Among Emerging Geopolitical Blocs

The second disruptive future we describe is the Intensifying Competition for Global Leadership centered around which countries will make the most compelling argument for how to govern in the face of complex global challenges. We expect that to be defined primarily as a competition for credibility and influence between governance models pitting more centralized control over society vs. preservation of democratic institutions and accountable governance, but new models could emerge.

As discussed in our ***Evolving Geopolitical Competition*** seminar, CEE's historically fragmented and threatened geographical position as a so-called "shatter belt" of small nations repeatedly squeezed between expansionary empires places it on the front lines of this geopolitical competition. Russia is today very deliberately asserting that CEE is a contested zone set between a godless, degenerate (even satanic!), failing but still somehow threatening Western Europe, dependently linked to exploitative and hegemonic North America.

Our ***Changing Character of Warfare*** seminar emphasized that global arms control regimes have mostly collapsed, and the battlespace has widened to embroil civilians and become dominated by dual-use technologies. All this is occurring against a decreasing ability of the international community to enforce both peacetime treaties and the laws of war. Military and political cooperation is evolving between Russia and other states opposing the US-led world order; especially, China, Iran, and North Korea. In addition, our economics experts pointed to the inflationary and economically destabilizing impact of the war in Ukraine and resultant sanctions on energy and food costs.

The global competition for leadership is taking place in the context of rapid economic, environmental, political, and sociocultural change. CEE countries inhabit the "shatterbelt" battlespace in a conflict between two very different models of how to govern. We need to be vigilant to other models that may emerge, but the core competition is between top-down leadership that requires centralized control of economic and political behavior, and leadership that derives its power from the collective choices of the society it governs made through free and transparent elections. CEE populations seem to be more attracted to the latter model, but are a vulnerable, high-value target in the perilous competition for global leadership.

Disruptive Future #3: CEE Unable to Preserve Unity in the Face of Russian Full-Spectrum Warfare

Our third disruptive future projects forward from Russia's current strategy, which, as discussed in our **Changing Character of Warfare** seminar, employs a spectrum of activities, a combination of what Dave Kilcullen calls "Liminal Warfare" and Dima Adamsky calls "Cross-Domain Coercion," to undermine political, military, economic and rule-of-law in CEE countries. Benefiting from **Accelerating Technological Change**, Russia could escalate these activities rapidly and with limited additional resources. The Russian strategic objective is to foment disunity amongst and within liberal democracies while elevating pro-Russian authoritarian political parties. We see multiple trends converging to produce a realistic future where Russia achieves its political and military goals.

During our seminar on "**Escalating Challenges to Effective Governance**" we traced how Russia regularly funnels funds to political allies or proxies. Increased Russian use of crypto currency to secretly fund authoritarian parties and politicians will make it harder to "follow the money" and expose them. In addition, Russia has shown willingness under Putin to use organized criminal groups to target political enemies, including those in CEE countries, and could rapidly scale up threats of physical violence against anti-corruption officials, honest bankers, and others who will not submit to bribes or intimidation. Without new and effective operational security measures, technology will make it easier for Russian-backed criminal organizations to track and target honest officials anywhere and anytime.

In our seminar on the "**Evolving Geopolitical Competition**" we found that Russia is fostering diplomatic divisions and suspicions between CEE states and supranational organisations (especially NATO and the EU) to weaken Western alliances and undermine support for Ukraine. As discussed in our **Changing Character of Warfare** and **Intensifying Use of Disinformation as a Tool of Deception** seminars, Russia is amplifying its "traditional values" propaganda targeted at economically struggling populations in CEE (as well as in Western Europe and the United States) to portray liberal political leaders and institutions as corrupt, ineffective at solving their problems, and undermining "Christian" values. We also discussed the rapidly advancing use of AI-altered and AI-delivered disinformation which will increasingly propagate "deep fakes" showing honest leaders appearing to be involved in corrupt

activities, and generating deep distrust in elected officials, which is exactly the strategic effect that Putin is trying to achieve.

As we've seen in multiple Russian wars of aggression against its near-abroad and interventions in the Middle East and Africa, Putin's military purposely blurs distinctions between soldier and civilian to achieve plausible deniability when working to shape the battlespace and even to fight in it. During our **Changing Character of Warfare** seminar, we discussed how civilian "operators" can use a smartphone or iPad to conduct intelligence, surveillance, and reconnaissance, command, and control forces, and execute precision targeting including of disinformation on specific populations. We will also see increased use of sophisticated electronic disruption capabilities to effectively degrade adversary military capabilities without attribution.

As just described, this "disruptive" future could be considered a straight but much steeper line from the "Cross-Domain Coercion" Russia already employs, but potentially used in more precise coordination amongst the various techniques and in collaboration with allies such as China, Iran, and North Korea. If Ukraine is defeated and Russia encouraged by their victory, we could expect that Putin's Russia will even more determinedly rip at the seams of unity within and across the continent to increase its relative power and control over CEE.

Summary

CEE is in the midst of a rapid transition of its energy infrastructure, the strengthening of its defense and security posture within NATO, the near shoring/de-risking of its manufacturing base, and the institutionalization of anti-corruption laws to protect economic competition, the integrity of political processes, and to improve trust in government. The methodological lesson from our initial deep dive on CEE is that the cause and effect between trends often goes in multiple directions. We need to be more explicit and systematic about what exactly we need to monitor and how these trends continue to affect each other. Recent geopolitical events in CEE, and non-political events, like the global Covid pandemic, have brought home the risks to societies, to capital investment plans, supply chains, and revenue streams that unforeseen events can create. Organizations can mitigate the risk associated with a changing world by

improving their strategic foresight. Identifying the intersections of change can also point to opportunities for organizations that commit to a regular strategic foresight practice.

The integrative knowledge we will continue to develop through next year with the start of our formal Regional Foresight Program in January 2024 will be foundational to understanding how to become a well-prepared and productive partner in this complex and rapidly changing region.