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NOTE

From:	European External Action Service
To:	Delegations
Subject:	Draft Common Understanding - The Threats and Challenges We Face: Assessment of the EU's Strategic Environment

Delegations will find attached the further revised Draft Common Understanding – The Threats and Challenges We Face: Assessment of the EU's Strategic Environment.

Draft Common Understanding - The threats and challenges we face: assessment of the EU's strategic environment

The world we face

The European Union is facing an uncertain geostrategic context driven by sustained and simultaneous threats on multiple fronts. A shared understanding of these threats, based on a 360° approach, is necessary to ensure the EU is equipped and ready to adapt to effectively protect its citizens, project its interests, strengthen its strategic autonomy and reduce dependencies, as well as uphold the values on which it was founded: respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights.

Our strategic environment is undergoing a profound structural transformation where various revisionist powers and increasingly assertive actors directly challenge European security, stability and prosperity. With its unprovoked aggression against a peaceful neighbour – Ukraine – Russia has shattered the post-Cold War security architecture of Europe. It constitutes the most immediate and direct threat to European security, with China as key enabler of its aggression against Ukraine and collaboration with actors such as Belarus, Iran and the Democratic People's Republic of Korea (DPRK). The outcome of Russia's war against Ukraine will have profound impacts on the European security architecture. Ukraine's independence, sovereignty and territorial integrity within its internationally recognised borders is the cornerstone for a just and lasting peace. An independent, secure, prosperous, and stable Ukraine is a strategic priority for European security.

The **rules-based international order** and multilateral system, grounded in international law, the UN Charter and its principles, including respecting the sovereignty and territorial integrity of States, refraining from the threat or use of force, as well as upholding universal human rights, remain essential for Europe and for the international community as a whole. However, all this is increasingly under pressure. There is a marked shift from rules to power dynamics, and an acceleration away from international cooperation on new technologies, climate change and trade. Increased maritime, cyber and hybrid threats all amplify challenges to European security.

At the centre of this transformation lies the **determination of some powers**, Russia and China foremost among them, **to establish regional dominance and reshape the global order** in line with their interests, fostering a return to a sphere-of-influence logic. This effort is sustained and systemic, underpinned by long-term investments in military capabilities, aspirations of technological superiority, and use of economic leverage. These actors exploit deep and often asymmetrical interdependencies to coerce perceived adversaries. The integration of AI and automated systems into military, economic, and political decision-making processes enhances the speed, scale and effectiveness of these threats, while the increasing resort to hybrid activities seeks to exploit our vulnerabilities, while blurring the distinction between peace and war.

At the same time, the **United States**, our most important strategic partner, **is recalibrating its priorities** and posture across the board. In particular, the longstanding US contribution to Europe's defence is being reviewed, with expectations that Europeans assume greater responsibility for their own security. For the EU, this entails major consequences given the centrality of the transatlantic

bond to our security, stability and prosperity over decades. **The transatlantic relationship and EU-NATO cooperation remain key to our overall security.**

In our close neighbourhood, the EU faces another active conflict theatre in the **Middle East**, which has generated immediate and far-reaching consequences across security, economic and humanitarian domains. In particular, the recent war in the Gulf, the continuing tensions in the region including regarding Israel–Palestine and Lebanon, are a stark reminder of the multidimensional threat that regional escalation poses to the security, economic resilience, and broader strategic interests of the EU. Instability in the Middle East is interlinked with the negative and close Russian cooperation with Iran.

This evolving geopolitical environment requires strong action and deeper partnerships to defend our interests and advance the EU’s strategic priorities – enhancing defence readiness and fostering global stability, notably in its neighbourhood, securing its prosperity and resilience, and protecting its foundational values and democratic political model. In so doing, the EU has the opportunity to shape the rules-based international order of the future and serve as anchor for global partners who share our interest in universal norms and principles, international law and multilateralism.

The EU has strong political and economic weight as well as strong defence instruments to achieve all this. However, we must do more and **turn our existing strengths into power.**

Our strategic environment: sharpened strategic competition, contestation and fragmentation

Russia is the most immediate, significant, direct and long-term security threat to the European continent. Russia seeks to break the European and global security order and promote a governance model based on spheres of influence, through which it aims to reassert predominance over its neighbours. Despite having failed to achieve its military and strategic objectives, Russia continues to disregard diplomatic efforts to bring an end to its war of aggression and achieve a just and sustainable peace on the continent, while it seeks to regenerate its forces and military capabilities and to restore its international image as a global power. Russia’s military build-up on Europe’s borders, increasing militarisation of society and shift to a war economy, with concrete ambitions in key strategic industrial and technology domains such as space and nuclear, constitutes a long-term threat to European security.

At the same time, Russia has stepped up its hybrid campaign against the EU and its Member States, including the disruption of critical infrastructure, espionage, cyberattacks, foreign information manipulation and interference, satellite interference, instrumentalisation of migration as well as election interference and physical sabotages and other forms of hostile interference. Its aim is to undermine European unity and democracy, instigate fear and polarisation in societies and, critically, discourage further support for Ukraine. A wide range of hybrid tools are being deployed by Russia in the wider European neighbourhood, from the Western Balkans through the Black Sea and the South Caucasus into Central Asia, which directly affect key EU political and security interests. To fund its war machine, Russia uses a network of shadow fleet vessels for oil exports, evading sanctions, while creating maritime, environmental, legal, and enforcement risks.

China positions itself to win systemic competition, combining industrial scale, technological ambition, and global reach while exploiting instability. China's asymmetric advantages with the EU, from trade imbalances to critical raw materials to technological advances in some areas, along with its willingness to use this as leverage against the EU and others in pursuit of its ambition of becoming the world's leading power makes China a critical long-term strategic challenge. China's support to Russia's aggression against Ukraine is a crucial enabler for Moscow. China will continue to seek to increase its influence in Europe.

These developments, in conjunction with the fundamentally changed threat environment and increased cooperation among strategic rivals, who have become more coordinated, sharing capabilities and learning from ongoing multiplying conflicts, present the EU and its Member States with the urgent necessity to strengthen their own defence readiness, security and deterrence capabilities. A stronger and more capable EU in the field of security and defence will contribute positively to global and transatlantic security and is complementary to NATO, which remains, for those States that are members of it, the foundation of their collective defence.

Enhanced cooperation with like-minded and other partners on security and defence is increasingly important for the EU to navigate in this new strategic environment.

In this context, the evolution of the core geopolitical dynamics poses new fundamental strategic dilemmas for the EU. The **rising** Chinese ambitions and assertiveness combined with **strategic competition** currently defining US-China relations, will increasingly impact the EU's security, competitiveness, and economic security and resilience. **The deepening China-Russia strategic partnership**, including in terms of military cooperation, will also continue increasing the interconnection of the strategic theatres from Europe to the Indo-Pacific, and to connect and amplify security threats. At the same time, **the multilateral system is under unprecedented pressure**, as major powers around the world increasingly prioritise competition and coercion over cooperation and reduce their commitments and contributions to multilateral institutions and rules. Blatant violations of international law, disregard for basic principles of the UN Charter and serious contestations of universal norms represent a fundamental threat to the global order built over the past eighty years. This includes addressing pressing global challenges like climate change, regulating the use of AI, and preventing large-scale violations of international law, including international human rights and international humanitarian law. Funding cuts to humanitarian and cooperation efforts around the globe put entire countries and millions of lives at risk.

Against this background, the EU finds itself in a long-term multi-dimensional crisis environment, in which the primary challenge is no longer managing individual threats but managing cumulative and interacting shocks across domains and regions. International relations are increasingly characterised by strategic, political and economic competition, confrontation and, ultimately, conflict. **Challenges to the EU's security are now also geoeconomic**, including weaponisation of trade and supply chains, access to energy and other resources. Strategic and often asymmetric dependencies, supply and shipping chokepoints require the EU to consider economic and technological competitiveness also as key drivers for our security. The same way internal and external threats have merged, geopolitical and geo-economic threats are intersecting, requiring integrated approaches. There is thus a need to reduce vulnerabilities in all critical strategic sectors for the resilience of our societies, in order to safeguard our values and interests.

Ukraine has demonstrated extraordinary resilience in the face of Russia's aggression, has managed to change dynamics on the battlefield to its advantage and proven itself a security provider beyond its borders, with untapped defence industry potential. The EU has found unity and resolve in its support to Ukraine and further pressure on Russia.

Russia's war of aggression against Ukraine and rising geopolitical challenges have reinforced and underlined further the **geostrategic importance of enlargement** as a major contribution to European peace, security, stability and prosperity, with accession candidates also seen increasingly as security contributors. Bringing candidate countries closer to the EU through an accession process grounded on merit and credible reforms, reduces their political and economic dependencies and contributes to its shared objectives.

The **Western Balkans** are, like Moldova and Ukraine, an integral part of the European Union's future and have EU membership perspective. Strengthening foreign policy alignment, deepening security and defence cooperation and building resilience against shared challenges, such as hybrid threats, and other types of threats emanating also from the region and affecting the EU under the influence of regional and external actors, remain key elements of the EU-Western Balkans partnership, as well as inclusive regional cooperation, reconciliation and good neighbourly relations.

In our **Eastern neighbourhood**, Russia conducts hybrid activities against several key partners, including the Republic of Moldova and Armenia. Russia sets the authoritarian trajectory of Belarus as a standard for other countries submitting to Russia's orbit. **Belarus'** domestic repression, active military support to Russia's aggression against Ukraine, notably allowing Russia and its armed forces to use its territory, including for the deployment of tactical nuclear weapons, as well as hybrid operations at the EU's external borders, including economic and other destabilising actions against the EU and its Member States remain a serious security challenge for the EU.

Stability and security in the wider **Black Sea region** are of strategic importance for the EU. The region is severely affected by Russia's aggression against Ukraine, as evidenced by recurring drone incidents in EU Member States' territory, with far-reaching implications in terms of security, resilience, freedom of navigation and economic development, critical infrastructure and connectivity.

The **Eastern Mediterranean** remains a region of strategic significance for EU security and stability, presenting significant opportunities as well as important challenges. While defending its interests and those of its Member States, the EU should incentivise partners in the region to engage in cooperative frameworks and partnerships, fully in line with international law and EU *acquis*. Developing a mutually beneficial relationship with **Türkiye** in a phased, proportionate and reversible manner, in line with the European Council conclusions of April 2024, also remains in the strategic interest of the EU. Türkiye's own constructive engagement will be instrumental in advancing various areas of cooperation. In this regard, the EU attaches particular importance to resumption of and progress in the Cyprus settlement talks in further enhancing EU-Türkiye cooperation. The EU continues to expect Türkiye to unequivocally commit to good neighbourly relations including renouncing any threat of use of force.

The EU has a direct and vital interest in the stability, security and economic growth of the **Mediterranean basin as well as the wider Southern Neighbourhood**. Strengthening the Euro-

Mediterranean partnership is a strategic priority for the EU, in view of reinforcing economic ties, political relations and security cooperation with Southern Mediterranean partners, thereby creating joint opportunities and addressing shared challenges.

In our **southern neighbourhood**, the rapidly deteriorating situation in the Middle East comes as a direct challenge to EU strategic interests. Massive civilian and humanitarian consequences of the conflicts, in addition to severe regional mistrust and tension, are a significant risk and place immense pressure on the EU's humanitarian, financial, and migration management capacities if left unchecked.

While our **southern** neighbourhood is threatened by significant instability, from Libya to Yemen and Iraq, the situation in Israel-Palestine, stability in **Syria and Lebanon**, and dealing with the aftermath of the war with Iran remain the most pressing challenges facing the EU currently. Regional stability and the full restoration of freedom of navigation and safe transit through the Strait of Hormuz, as well as a negotiated long-term resolution to all outstanding issues, in line with international law, are paramount. The EU's strategic interest remains the support for the Two-State Solution, and a settlement to the Israeli-Palestinian conflict that offers a chance of security and peace for all. The **Gulf** remains a key neighbouring region for the EU. Its stability is crucial for regional security, economic diversification and security of supply. Current developments highlight the strategic importance of the Strait of Hormuz and the Bab-el-Mandeb Straits as critical maritime arteries for Europe. Disruptions in these waterways threaten regional security and stability, undermine freedom of navigation and respect for international law, jeopardise food security and supply chains, and hinder the free flow of trade, connectivity, energy diversification, and economic resilience. At the same time, **Iran**, with its nuclear and ballistic missiles programmes, its military cooperation with Russia, its destabilising activities in the region and in Europe, and the repression against its own people, continues to be a threat to the regional and international security order.

The EU's security landscape is increasingly shaped by developments in and around the **Arctic region**, including in relation to military build-up, hybrid threats, environmental and climate challenges and the need for societal resilience. Geopolitical tensions and geoeconomic competition in the Arctic require that EU, together with our partners, respond.

Africa is a continent of strategic importance to the EU, with considerable potential with its young and growing population, dynamic economies and diverse natural resources. However, the development of this potential is hindered by instability, economic vulnerabilities, conflicts, terrorism and violent extremism, and/or organised crime. Meanwhile, competition among middle and great powers for influence in Africa is intensifying, fuelling aggressive influence strategies be it in the military domain or in the economic, banking, media, cyber domains, and increasingly taking precedence over coordinated, long-term stabilisation and development efforts. Demography, protracted conflicts, and the lack of robust state structures and of social infrastructure create conditions conducive to the emergence of crises', whether in Sudan, the Sahel or towards the Gulf of Guinea. These hotspots spread regionally, affecting communities, serving as safe havens for terrorist and criminal networks, and providing hooks for hostile foreign influence, such as from Russia. The **Sahel** remains crucial to European security due to interlinked threats that affect our interests – terrorism and its spillover into neighbouring countries, organised crime networks controlling drug and human trafficking routes to Europe as well as enhanced cooperation between Russia and the authorities of Central Sahelian countries – with aggravating factors such as state fragility, security

vacuum and increased presence of strategic competitors. **Sudan** remains the world's largest internal displacement and hunger crisis, with critical repercussions at regional level and beyond, including for the EU. The exploitation of vulnerabilities and instability further destabilises fragile states and their economies, while eroding protections for civilians and human rights. Irregular migration represents a shared challenge to be dealt with by the EU and Africa, both having an interest in ensuring it happens in a safe, orderly, and regular manner.

The security of the **Indo-Pacific** and of Europe are more interlinked than ever. China's increasingly assertive behaviour in the South and East China Seas and across the Taiwan Strait can have a growing impact on European and Indo-Pacific security, stability and prosperity. Change of status quo around the Taiwan Strait would have a profound impact on global security. Elsewhere in **Asia**, Afghanistan continues to pose serious security concerns for the region as well as for the European Union in terms of terrorism or the spread of violent extremism, the smuggling of drugs and increasing challenges from irregular migration. Certain actors, such as the Democratic People's Republic of Korea (DPRK), continue to endanger regional and international peace and security, through weapons of mass destruction and their nuclear and ballistic missile programmes but also increasingly through intelligence operations, cyberattacks and disinformation campaigns. Persistent older conflicts also continue to hamper the development of comprehensive pan-regional security arrangements.

Finally, with **Latin America and the Caribbean** we share deep historical and cultural ties, as well as a profound commitment to multilateralism based on common fundamental principles and values. Nevertheless, socio-economic imbalances in several Latin American countries and, in some cases, threatened political stability might trigger fragility and disruption. In Central America, regional divisions and strong migratory pressures are likely to continue, fuelling further transnational challenges related to organised crime.

These crises demonstrate how **regional conflicts produce systemic global effects**. The environment is defined by cascading dynamics. Conflict disrupts energy flows; energy shocks drive inflation and economic instability; economic stress feeds social tensions and political fragmentation. While the EU as principled actor promoting multilateralism and preventive diplomacy responds to these challenges by building partnerships that help ensure our security, middle ground players across the globe increasingly adopt hedging approaches, driven by energy, food security and sovereignty concerns, less prone to align with our perspectives.

Emerging and transnational threats and challenges

The EU is confronted in its broader strategic environment with a dangerous mix of armed aggression, illegal annexation, fragile states, revisionist powers and authoritarian regimes. These environments are a breeding ground for **multiple transnational threats to European security** from terrorism, violent extremism and organised crime to hybrid conflicts and cyberattacks, instrumentalisation of irregular migration, arms proliferation and the progressive weakening of the arms control architecture. Financial instability, extreme social and economic divergences fuel such dynamics and have a growing impact on our security. Competition for influence has become a major driver for insecurity, instability and economic volatility in our neighbourhood.

The challenge of **irregular migration**, including tackling its root causes, needs to be addressed with the objectives of combating criminal smuggling networks and instrumentalization by threat actors. This also needs to be done through strong partnerships with third countries in the area of prevention of irregular departures, but also by leveraging the opportunities of legal migration in a safe and orderly manner, in line with national competences of Member States.

Transnational operating **organised crime** networks remains a major threat to European citizens, business and institutions, as well as to the European economy. It is also becoming progressively destabilising, accelerated by Artificial Intelligence (AI) and other new technologies, and increasingly interconnected, with criminal groups operating across regions and continents. The trafficking of drugs, firearms, money laundering, cybercrime, and migrant smuggling are a common threat to the EU, the Western Balkans, Latin America and the Caribbean as well as increasingly West Africa. The **race for technological dominance**, particularly in artificial intelligence, will continue to shape the strategic environment, as a superseding domain of competition and a critical enabler. Actors that achieve leadership in AI will be able to integrate decision-making, military systems, manipulation of information and economic power in ways that generate structural advantages. This dynamic increases the likelihood of a more concentrated global distribution of power.

State and non-state actors using **hybrid** tactics, cyberattacks, drone and other air incursions, disinformation campaigns, interference in our elections and political processes, economic coercion and the instrumentalisation of irregular migration flows as well as espionage, including among partners, have contributed to lowering the threshold of conflict, posing direct and sensitive threats to our security and democratic integrity while allowing deniability and attribution dilemmas.

Foreign Information Manipulation and Interference (**FIMI**) attacks are intensifying in both frequency and sophistication. For actors such as Russia and others, FIMI is part of a broader political warfare toolbox. They identify gaps and vulnerabilities in our open societies and exacerbate divisions, creating instability, seeking decision-making paralysis. Threat actors often combine FIMI with other hybrid actions and they operate in coordinated, long-term campaigns. These threats are not only undermining democratic processes and public trust but also posing significant challenges to our security and information integrity.

As battlefields and war zones have multiplied in our neighbourhood, from Ukraine to Iran, warfare technology and industry sectors have dramatically evolved, revealing new **critical capabilities gaps** and vulnerabilities for Europeans, including ammunition air defence and drones.

The **proliferation of weapons of mass destruction** and their means of delivery will likely increase as major nuclear powers expand their arsenal, continue to develop and test new weapons systems and distant themselves from existing arms control mechanisms. DPRK's nuclear and ballistic programme remains a growing concern. Iran's nuclear programme remains without international oversight and constitutes a persistent source of instability and conflict in the region. Both Russia and China are expanding their nuclear arsenal and developing new weapon systems. The Russian leadership has used nuclear threats in the context of its invasion in Ukraine. Regional powers have also access to sophisticated conventional weapons, ranging from anti-access and area denial systems to ballistic and cruise missiles. These trends are exacerbated by the erosion of the arms control architecture in Europe, from the Treaty on Conventional Forces in Europe to the Intermediate-Range Nuclear Forces Treaty

and the Open Skies Treaty. This normative void is directly impacting the security of the EU. Safeguarding the global prohibition of chemical weapons is a shared global responsibility.

At the same time, free and safe access to **global strategic domains** is increasingly contested. Cyberspace has become a field for strategic competition, at a time of growing dependence on digital technologies. We are increasingly facing more sophisticated cyberattacks. It is essential to maintain an open, free, stable and secure cyberspace.

The **space** domain has strong security and defence implications. It is key for observation, monitoring, navigation and communication capabilities, but it is a congested and contested domain, with increasingly irresponsible behaviours of strategic competitors, frequent threats to orbital and ground-based space infrastructure, all while major and emerging actors extend their presence significantly and prepare for warfighting in space.

Maritime security worldwide is crucial for the EU's security, its economic development, free trade, transport and energy security. The EU has committed to respect the legal order established by UNCLOS, recognizing its centrality, and expects all States to abide by the fundamental principles and rules of the law of the sea. The EU faces a rapidly intensifying maritime threat landscape, from traditional threats such as piracy, trafficking and armed robbery at sea to state-driven coercion and hybrid attacks on critical infrastructure, including in European waters. Emerging technologies such as Artificial Intelligence applied to uncrewed underwater vessels, while offering many opportunities, also introduce particular vulnerabilities in the maritime domain, which need to be addressed. Maritime zones, critical sea lanes of communication and several maritime chokepoints as well as seabeds, are increasingly contested across the globe. The EU's security in the **air** is also contested through increasingly aggressive air postures with the rise of anti-access/area denial tactics.

Climate change, environmental degradation and natural disasters will also severely impact our security landscape over the next decades and are proven drivers for instability and conflict around the globe and thus pose threats to international peace and security. The competition for natural resources such as farmland and water and the exploitation of energy resources for political purposes are concrete examples in this regard. Decarbonising and making our economies more resource-efficient and circular come with specific security challenges, including access to critical raw materials, value chain management and sustainability, as well as economic and political shifts caused by the transition away from fossil fuels. **Global health crises** can also impose considerable strains on societies and economies, with far-reaching geopolitical implications.

Across these transnational challenges, **the accelerating erosion of respect for international law and the mounting threats against the global and multilateral institutions of international cooperation**, which we helped shape and develop over the past decades, constitute an ever-more pressing cross-cutting, systemic challenge to us and our partners as it undermines the global, collective capacity to resolve those challenges – and harness those opportunities – which can only or most effectively be addressed together.