

The World in 2030 Highlights



ESPAS

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THE WORLD IS EXPERIENCING CHANGE AT A SPEED AND WITH AN INTENSITY THAT IS UNPRECEDENTED. Countries, institutions and policy makers across the globe find themselves increasingly reacting to the consequences of these changes rather than shaping the changes themselves. There is a recognition on the part of governments, international organisations and the private sector of the NEED TO DEVELOP A CAPACITY FOR FORESIGHT in order to identify major global trends, assess their potential impact and fashion policy-making according-

ly. The European Union (EU) as a major economic and political actor on the world stage is both impacted upon and contributes to these trends.

It is against this backdrop of rapid change that the **EUROPEAN STRATEGY AND POLICY ANALYSIS SYSTEM (ESPAS)** was born (see p. 4). It is a **UNIQUE INTER-INSTITUTIONAL INITIATIVE OF THE EU** that aims to identify the main global trends with a time horizon of 2030, assess the implications of these trends for the EU and review the challenges and policy options facing decision makers.

An initial report was published in spring 2012 by the European Union Institute for Strategic Studies (EUISS), entitled '**GLOBAL TRENDS 2030 – CITIZENS IN AN INTERCONNECTED AND POLYCENTRIC WORLD**'. Commissioned by ESPAS, the report focusses on three main areas: The empowerment of the individual combined with a global emergence of the middle class; greater human development offset by persistent inequality, climate change and scarcity; and the challenges brought by a polycentric world confronted with a growing governance gap (see p. 4).



Currently, work is on-going to prepare the **FIRST COMPREHENSIVE ESPAS GLOBAL TRENDS REPORT, SCHEDULED TO BE PUBLISHED IN THE COURSE OF 2014.**

To assist ESPAS in this task, three inter-institutional working groups have been established and three in-depth studies recently completed by independent researchers. These studies cover current trends in the international economy, changes arising from the emergence of a global society and the shifts in international governance and power (*see inside*). The reports that arise from this process will contribute to the preparation of the ESPAS Global Trends Report 2014.

This paper summarises the main global trends identified so far in the ESPAS project and asks some of the big questions Europe should consider addressing. At this point in the development of ESPAS, we are keen to **SHARE THESE EMERGING FINDINGS AND TO ENGAGE INTERESTED PARTIES** in the EU institutions, national governments and in the public and private sectors more generally, in a conversation about the key trends and their implications for the EU.

TEN BIG QUESTIONS

THE ECONOMIC PERSPECTIVE: *A world in transition **

1 WILL THE RISING COMPETITIVENESS OF CERTAIN NEW PLAYERS ON THE GLOBAL SCENE MAKE IT MORE DIFFICULT FOR EUROPE TO SUSTAIN ITS SOCIAL MODEL(S) AND WELFARE SYSTEMS? WILL FUTURE, POTENTIALLY MODEST, GROWTH IN EUROPE BE 'JOBLESS'?

2 CAN SOCIETY ADAPT MORE QUICKLY TO TECHNOLOGICAL CHANGE, SO INCREASING PRODUCTIVITY, WITHOUT EXACERBATING SOCIAL IMBALANCES? HOW RADICAL IS THE CHANGE IN THE DIGITAL ECONOMY, ESPECIALLY THE RISE OF 'BIG DATA'?

3 WHAT NEW, UNPREDICTABLE TECHNOLOGIES AND OTHER DEVELOPMENTS – WHETHER POSITIVE OR DISRUPTIVE – ARE LIKELY TO RESHAPE THE WORLD ECONOMY IN THE COMING DECADES?

4 WHAT ARE THE IMPLICATIONS OF RAPIDLY RISING AVERAGE LONGEVITY IN ADVANCED ECONOMIES – FORECAST UP TO 90 BY 2050 – FOR OUR PENSION AND SOCIAL SECURITY SYSTEMS?

5 WHAT ARE THE IMPLICATIONS FOR PUBLIC POLICY IN EUROPE OF A SERIES OF DESTABILISING TRENDS, NOTABLY GROWING INEQUALITY IN THE DEVELOPED AND DEVELOPING WORLD, MIGRATION, CONTINUED ETHNIC AND RELIGIOUS CONFLICT, WATER AND ENERGY SCARCITY, AND CLIMATE CHANGE?

6 WHAT ARE THE IMPLICATIONS OF THE LIKELY CONTINUED RISE OF CHINA, AS WELL AS OF OTHER REGIONAL AND GLOBAL PLAYERS, WITH THEIR VAST RESOURCES, WEALTH AND POPULATION NUMBERS?

7 CAN THE CURRENT RULES-BASED SYSTEM IN THE UN AND OTHER MULTILATERAL ORGANISATIONS (INCLUDING THE WTO) BE MAINTAINED AND, IF POSSIBLE, ENHANCED? COULD THE TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP (TTIP) BE A REAL GAME CHANGER?

8 COULD THERE BE WIDE-RANGING SOCIAL AND POLITICAL DISSATISFACTION FACING DEMOCRATIC INSTITUTIONS? WILL GOVERNANCE SYSTEMS BE ABLE TO RESPOND EFFECTIVELY TO THE CHALLENGES AHEAD?

9 CAN EUROPE DEVELOP SECURITY AND DEFENCE POLICIES – WHETHER DELIVERED THROUGH THE EU OR NATO, OR BOTH – TO RESPOND TO SHRINKING DEFENCE BUDGETS AND LIKELY THREATS? IS THE EU SUFFICIENTLY EQUIPPED TO MAKE A STRONGER CONTRIBUTION TO SOLVING CRISES AND CONFLICTS WORLD-WIDE?

10 CAN THE EU DEVELOP AN OPEN AND POSITIVE MINDSET ABOUT THE FUTURE AND ITS PLACE IN THE WORLD?

DEMOGRAPHY

By 2030, the world's population may have reached a plateau. Overall, the average age of the global population will increase. Average living standards and education levels should improve. A world with an ageing population could be a constraint for European investment strategies.

What are the implications for the EU, particularly its welfare state and quality of education?

EMERGING FEATURES OF GLOBALISATION

Global trade in goods may stall while value-added chains in industry are likely to remain regional. South-South trade is likely to rise while trade in services grows in importance. Labour markets will continue to internationalise. Cross-border investment will expand with potentially disruptive effects in emerging countries. The EU's economy will be relatively smaller but also more open.

What will be the consequences of these new features for the EU's competitiveness?

INCOME DIFFERENCES ACROSS COUNTRIES WILL NARROW

The US, China and the EU will remain the three economic poles of the world. The Chinese economy is expected to become the largest, subject to rebalancing and institutional reforms. The gap between poorer and richer countries is likely to narrow due to three factors in emerging countries: openness, human capital and a high level of savings. Technology is likely to shape innovation in education, healthcare, science, manufacturing and, more generally, lifestyles. The EU's long-term economic recovery will depend on its ability to improve productivity.

What will the EU need to do to ensure that it retains lasting competitive advantage?

NOT (YET?) GREENER WORLD

Disruptive changes may affect part of the global energy markets. The rise of a more affluent global middle class is likely to increase pressure on raw materials, too. Concentrations of greenhouse gases will have further increased by 2030 while energy productivity rise in emerging countries is likely to be insufficient to optimise energy use there.

What are the implications for EU energy and environmental policies?



LINK TO THE FULL REPORT:

[http://europa.eu/espas/pdf/
espas-report-economy.pdf](http://europa.eu/espas/pdf/espas-report-economy.pdf)

GLOBAL SOCIETY: *More connections, more tensions **

A GROWING MIDDLE CLASS

The middle class is set to grow worldwide, but inequality within countries is on the rise. The ageing of populations will also affect the developing world, bringing challenges for welfare systems, energy consumption, labour markets and healthcare.

What type of regulatory environment will improve labour market participation and domestic investment in equity and productivity?

SOCIAL EXPECTATION GAP WIDENS

Income distribution may continue to be increasingly asymmetric, while purchasing power may continue to shrink even for the global middle class due to the likely increase of education, healthcare and service costs.

Will the EU need to revise its current policies towards the 'working poor' and 'education poverty'?

STRESS INCREASES ON WELFARE SYSTEMS

Reform of welfare and social innovation will have to go together with mainly private investment in productivity. The 'quality' of jobs and workplace will have to be dramatically adapted if participation in the labour force is to be increased, especially to include women, part-time workers, interns or disabled citizens. Sustainable reforms of the social model (such as social VAT) are likely to be needed in Europe and the US.

Are current national approaches to pension age sustainable?

GROWING INDIVIDUAL EMPOWERMENT

Education will become increasingly important as countries seek to develop knowledge-based economies, impacting on gender equality and the empowerment of women. Yet unequal access to e-skills and discrepancies in connectivity may contribute to a new divide. These trends may go hand in hand with the rise of grassroots movements, potentially reshaping political participation.

Can societies across the world adapt to rapid technological progress, using it to improve productivity growth without increasing social imbalances?

* These sections have been drawn from documents prepared by independent researchers on behalf of ESPAS (www.europa.eu/espas/papers/index_en.htm)



LINK TO THE FULL REPORT:
[http://europa.eu/espas/pdf/
espas-report-societal-trends.pdf](http://europa.eu/espas/pdf/espas-report-societal-trends.pdf)

INT'L GOVERNANCE & POWER: *Global power shifts **

DIFFUSION OF POWER

Globalisation and rising levels of interdependence among states will change the nature of power, making it harder for individual states to dictate the course of events. Power is shifting from the 'West' to the 'rest' and downwards to individuals and non-state actors. A rise in the number of 'middle powers' will impact on regional and global politics. This polycentric world will present new challenges and opportunities for the EU.

Can the EU respond to the challenges to its regulatory and soft power, possibly enabling it to become a 'super-partner' to rising middle powers and regional organisations?

A NEW AGE OF INTERDEPENDENCE

Deepened interdependence surrounds a nexus of economic, technology and security issues. Resource security, climate and energy challenges will become a fundamental feature of global politics, with significant conflict and security risks remaining, including cyber-crime and cyber-warfare.

Can the EU redefine its strategic security interests in the context of challenges coming from both the lack of resources and political will as well as from new threats?

GOVERNANCE, LEGITIMACY AND TRANSPARENCY

Institutions of global governance are becoming weaker and less equipped to manage future economic, political and societal revolutions. More layers of governance are establishing themselves without full reference to international norms and values. Uncertainty surrounds the future of the traditional liberal democratic and market-oriented order, while nations with autocratic government are increasing in economic and political influence.

Can the EU advance the case for future rules-based global governance?

STRATEGIC NEIGHBOURHOOD

The future of Europe cannot be de-linked from the future of its strategic neighbourhood to the east and south. The EU has a fundamental interest in ensuring that the region does not miss out on the benefits of economic growth, connectivity and new governance frameworks.

At its Eastern and Southern borders, can the EU continue to project sufficient security to support state building and prevent serious conflicts between the main actors in its neighbourhood?



LINK TO THE FULL REPORT:
[http://europa.eu/espas/pdf/
espas-report-governance-power.pdf](http://europa.eu/espas/pdf/espas-report-governance-power.pdf)

Global Trends 2030

Citizens in an Interconnected and Polycentric World

The EUISS report for ESPAS, published in spring 2012, identified three global trends that will shape the world in 2030:

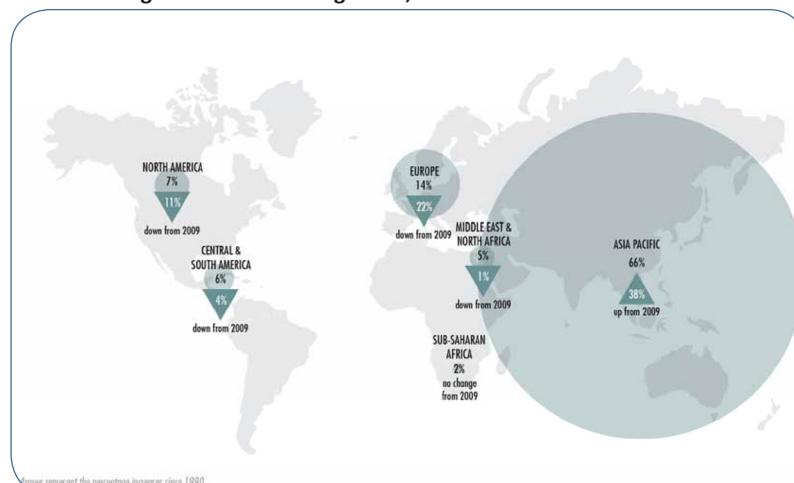
I. THE EMPOWERMENT OF THE INDIVIDUAL

By 2030, the world population will reach 8.3 billion. Near-universal access to education, the effects of information and communications technology (ICT), and the evolution in the status of women in most countries are contributing to the empowerment of individuals and increasing their autonomy vis-à-vis the state. Demands and concerns of people across the world are likely to converge, offset by their governments' capacity to deliver public goods.

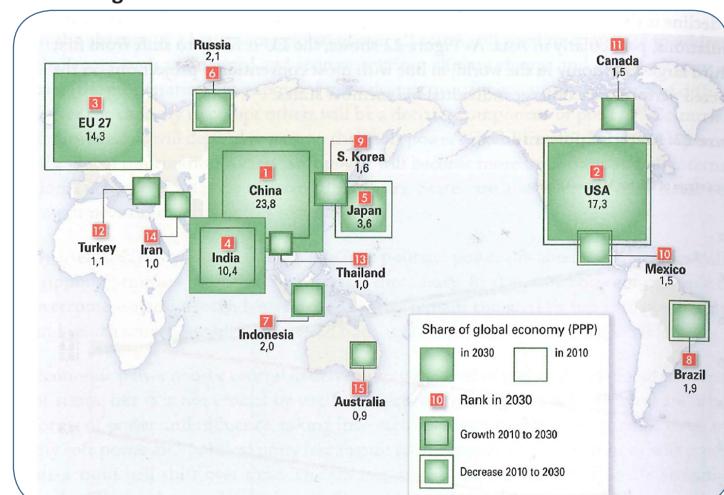
II. GREATER HUMAN DEVELOPMENT BUT INEQUALITY, CLIMATE CHANGE AND SCARCITY

Increasingly affluent societies driven by a burgeoning middle class will emerge globally, yet poverty and social exclusion will still affect a significant proportion of the world population. Weak education systems and the prevalence of disease will remain a major burden for human development. The financial crisis could have an enduring impact on living standards in Europe and the US, creating a category of 'new poor'. Climate change will have serious consequences and affect living standards and public safety by globally increasing water and food scarcity. Competition for resources is thus likely to exacerbate tensions and trigger conflicts.

Asia's role in global middle class growth, 2009-2030



The 15 largest economies in 2010 and 2030



Source: IMF World Economic Outlook database (estimates for 2010). For 2030 projections see Maddison (2007:12).



LINK TO THE FULL REPORT:

http://europa.eu/espas/pdf/espas_report_ii_01_en.pdf

III. A POLYCENTRIC WORLD, BUT A GROWING GOVERNANCE GAP

The world of 2030 will be diffusely multi-polar and polycentric, with no single world power playing a hegemonic role. Influence will depend crucially on the ability to act as a model for economic, political and societal development. The future international system will probably mix balance-of-power politics and multilateralism, with states making issue-by-issue alliances and non-state actors playing a critical role. Although greater awareness of the nature of the peoples' principal concerns will lead to a greater demand for shared solutions, this call is unlikely to be matched by supply, generating a governance gap.

ESPAS - The European Strategy and Policy Analysis System

ESPAS brings together officials from the European Commission, European Parliament, General Secretariat of the Council of the European Union and the European External Action Service. Together, through an open process of consultation, they are seeking to strengthen the Union's collective administrative capacity to identify and analyse key trends and challenges, as well as the resulting policy choices, which are likely to confront the EU and the wider world in the decades ahead.

More information on ESPAS is available at www.europa.eu/espas