

## The EU and the World

The EU presents a confusing image to the outside world. Should the member states still be thought of and dealt with separately, should the European Union be considered a single large bloc, or is the best approach something in between? The answer depends on the issue at stake. On foreign and security policy the EU has developed many common positions, but member states still have their own more limited interests, and the EU is still not regarded as a global actor in the same light as the United States, China, or Russia. But when trade issues are on the agenda, or third parties want access to the European marketplace, the EU can be thought of as a unit, and on monetary issues the states of the eurozone work and act collectively.

The long-time lack of focus, consistency, and policy leadership, and the resulting confusion felt by other countries, was neatly summed up in a (sadly, apocryphal) question credited to former US Secretary of State Henry Kissinger: 'When I want to speak to Europe, whom do I call?' More clarity was provided in 1999 when four external relations portfolios in the Commission were replaced with one, and the new position of High Representative was appointed to be the first point of contact on foreign and security policy matters. The office was confirmed under Lisbon, and given new powers, including a seat in both the European Commission and the Council of Ministers, and management of a new European diplomatic corps. But the EU is still represented in high-level meetings by the president of the Commission, and the waters were further muddled by the creation under Lisbon of a new president of the European Council.

Whatever efforts the EU institutions and the leaders of EU member states have made to redefine the global role of the EU, international events have probably had a more telling effect. European leaders were embarrassed in the 1990s by their divided response to the first Gulf war and the break-up of Yugoslavia, and again in 2003 by their disagreement over whether or not to support the US-led invasion of Iraq. The need for more and better coordination of policy was underlined by the teething troubles of the euro, the pressures of globalization, the effects of eastern enlargement, the emergence of new kinds of threats to international security (such as terrorism and climate change), the global economic crisis of 2007–10, and wider changes in the interna-

tional system, including the revised global role of the United States and the rise of China and India.

While the steps taken by the EU to build a common foreign and security policy have been halting, there are few remaining doubts about its global economic status. It is the world's richest marketplace, accounting for 28 per cent of global GDP, 17 per cent of merchandise trade, and 25 per cent of trade in commercial services. It is the dominating actor in global trade negotiations, the biggest market in the world for mergers and acquisitions, and the biggest source of (and target for) foreign direct investment. In spite of recent problems with the euro, its global economic profile continues to grow, and much more is now expected of the EU on the world stage, both by its own members and by other countries. The result has been new momentum on giving substance to the outlines of the EU as a global actor, and a reassertion of the European perspective in international affairs. The implications of this are not yet fully recognized or understood.

### Towards a European foreign policy

In their attempts to build a common European foreign policy, EU leaders have found themselves being pulled in two directions. On the one hand it has been clear that the EU will punch below its weight unless its member states work as a group. On the other hand there has been the fear that coordination will interfere with state sovereignty and the freedom of member states to pursue matters of national interest. Complicating the picture, there are legal and constitutional issues regarding policy responsibility, and European leaders are divided over how far they should continue to follow the lead of the United States and how far they should (or could) build more policy independence for the EU (see later in this chapter). But while leaders are divided, many ordinary Europeans have made up their minds:

- In polls taken between 1999 and 2009, about 75 per cent supported a common EU defence and security policy, with only about 15 per cent opposed (Eurobarometer 70, June 2010:225).
- In the same period, about 65 per cent favoured a common EU foreign policy, with only about one-fifth opposed (Eurobarometer 70, June 2010:223).
- 75 per cent regard the EU as indispensable in meeting global challenges such as climate change and international terrorism (Eurobarometer 72, Spring 2010:193).
- 78 per cent support an EU foreign policy independent from that of the United States; even in Britain, the closest European ally of the

US, there is 72 per cent support (Eurobarometer 68, May 2008:128).

- 60 per cent feel that the EU can play a more positive role than the United States in promoting international peace, encouraging environmental protection, and pursuing the war on terrorism (Eurobarometer 66, September 2007:173).

The Treaties of Rome made no mention of foreign policy, and the EEC long focused on domestic economic policy. But the logic of spillover implied that the development of the single market would make it difficult to avoid the agreement of common external policies. Early moves in that direction included the failed European Defence and Political Communities, and Charles de Gaulle's plans for regular meetings among the leaders of the Six to coordinate foreign policy. It was only at their summit in The Hague in 1969 that leaders looked more closely at foreign policy, paving the way for the 1970 launch of European Political Cooperation (EPC), a process by which the foreign ministers met to discuss and coordinate policy positions. EPC remained a loose and voluntary arrangement outside the Community, but consultation became habit-forming, and led to the creation in 1974 of the European Council.

Regular meetings of senior officials from the foreign ministries provided continuity to EPC, and a small secretariat was set up in Brussels to help the country holding the presidency of the Council of Ministers, which provided most of the momentum. Larger or more active states such as Britain and France had few problems providing leadership, but policy coordination put a strain on smaller and/or neutral countries such as Ireland and Luxembourg. And while changes in the presidency of the Council of Ministers every six months gave each member state its turn at the helm, they complicated life for non-Community states, which had to switch their attention from one member state to another, and to establish contacts with ministers and bureaucrats in six, then nine, then 12 capital cities.

EPC was given formal recognition with the Single European Act, which confirmed that the member states would 'endeavour jointly to formulate and implement a European foreign policy'. But the Gulf War of 1990–91 – set off by the Iraqi invasion of Kuwait in August 1990 – found the Community both divided and unprepared. The United States orchestrated a multinational response, but while the Community was quick to ban Iraqi oil imports, suspend trade agreements, freeze Iraqi assets, and give emergency aid to frontline states (Ginsberg, 2001:193), in terms of hard military action, its member states were divided: Britain and France made major commitments of troops, warplanes, and naval vessels; Germany was limited by a postwar tradition of pacifism and constitutional limits on military

deployments; Belgium, Portugal, and Spain made minimal military contributions; and Ireland remained neutral (van Eekelen, 1990; Anderson, 1992). The response, charged Luxembourg foreign minister Jacques Poos, underlined 'the political insignificance of Europe', while for Belgian foreign minister Mark Eyskens it showed that the EC was 'an economic giant, a political dwarf, and a military worm' (*New York Times*, 25 January 1991).

Under the terms of Maastricht, the EU adopted a Common Foreign and Security Policy (CFSP). Its goals were only loosely defined, with vague talk about the need to safeguard 'common values' and 'fundamental interests', 'to preserve peace and strengthen international security', and to 'promote international cooperation', but it encouraged a steady convergence of positions among the member states on key international issues. Their UN ambassadors met frequently to coordinate policy, the EU agreed several common strategies, such as those on Russia and Ukraine, joint actions such as transporting humanitarian aid to Bosnia and sending observers to elections in Russia and South Africa, and common positions on EU relations with other countries, including the Balkans, the Middle East, Burma, and Zimbabwe. The EU also coordinated western aid to Eastern Europe, Russia and the former Soviet republics during the 1990s, and became the major supplier of aid to developing countries (see later in this chapter).

But the examples of weakness and division remained, nowhere more so than in the Balkans in the 1990s (see Peterson, 2003). When the ethnic, religious, and nationalist tensions that had long been kept in check by the Tito regime (1944–80) broke into the open, and Croatia and Slovenia seceded from Yugoslavia in June 1991, the Yugoslav federal army responded with force. The EU organized a peace conference, but then lost its credibility when it recognized Croatia and Slovenia in January 1992, and it was left to the United States to broker the Dayton peace accords in 1995. Then there was the EU's feeble response to the 1998 crisis in the Yugoslav province of Kosovo: when ethnic Albanians in Kosovo began agitating for independence from Serb-dominated Yugoslavia, the government of Slobodan Milosevic responded with force, leading to a massive refugee problem and reports of massacres of both Kosovars and Muslims. When the military response eventually came, in March 1999, it was led not by the EU but by the United States under the auspices of NATO.

Some of the structural weaknesses in the CFSP were addressed by the Treaty of Amsterdam: as well as opening up the possibility of limited majority voting on foreign policy issues, the rotation of countries holding the presidency of the EU was changed so that large member states alternated with small ones, more effectively balancing leadership. A Policy Planning and Early Warning Unit was also created in Brussels to help the EU anticipate foreign crises, and the four different regional

external affairs portfolios in the European Commission were replaced with a single foreign policy post and the appointment of a High Representative for the CFSP; the first office-holder was Javier Solana, former secretary-general of NATO. But these institutional changes were not enough to prevent the most open and famous of all recent foreign policy disputes: the split over the 2003 invasion of Iraq. While there was transatlantic political unity on the US-led invasion of Afghanistan in 2002, there was a dramatic parting of the ways over Iraq, with questions over the rationale behind the invasion: charges that Iraqi leader Saddam Hussein possessed weapons of mass destruction, aspired to build nuclear weapons, and posed a threat to neighbouring states.

EU governments fell into three camps: supporters of US policy included Britain, Denmark, Italy, the Netherlands, Spain, and many in Eastern Europe; opponents included Austria, Belgium, France, Germany, and Greece; those that took no position included Finland, Ireland, Portugal, and Sweden. But often overlooked, and yet far more significant, was the remarkable uniformity of public opposition to the war in the EU: 70–90 per cent were opposed in every EU member state, including those whose governments supported the invasion. Several of the latter found themselves in trouble with their electorates, and massive public demonstrations were held in most major European capitals, including Berlin, London, and Rome. A June 2003 opinion poll found reduced faith in American global leadership, and even in Germany – long a staunch US ally – 81 per cent felt that the EU was more important than the United States to their vital interests, up from 55 per cent in 2002 (Asmus *et al.*, 2003). Most remarkably, another survey found that 53 per cent of Europeans viewed the United States as a threat to world peace on a par with North Korea and Iran (Eurobarometer poll, October 2003).

The disagreement had three major effects. First, it shook the Atlantic Alliance to its core, raising new questions in the minds of Europeans about the extent to which the EU should continue to rely on US foreign and security policy leadership. Second, when the weapons of mass destruction were not found, and questions were asked about the extent to which the United States and Britain had manufactured the case for going to war, a major blow was dealt to the credibility of US policy leadership from which it has yet to recover. Finally, it reminded the EU once again just how poorly developed its foreign policy structures remained, decades after the first attempts had been made to build common European positions.

Lisbon brought the most recent round of institutional changes, not only confirming the revamped post of High Representative (HR), but making the office-holder a vice-president of the Commission, chair of the Foreign Affairs Council in the Council of Ministers, and director

of a new diplomatic corps, the European External Action Service (EEAS) (see Box 9.1). Some consternation was created when the European Council opted to give the job to Baroness Catherine Ashton, a relatively unknown British politician then serving as commissioner for trade. Many saw the appointment as an opportunity to bring a well-known figure into the EU foreign policy structure and thus give it more international presence, and saw Ashton's appointment as an opportunity missed. But at least the EU had made a clear move towards providing the phone number that Henry Kissinger had asked for. The president of the Commission and the new president of the European Council are also part of the mix, but in the combination of the HR and the EEAS, the EU today has something very like a department of foreign affairs (or the State Department in the United States).

### **Towards a European defence policy**

Dealing with the 'foreign' element of the CFSP – while not easy – has been less politically troubling than dealing with the 'security' element. Together the EU member states have formidable military power at their disposal, with nuclear weapons (in Britain and France), nearly 1.9 million active personnel, nearly 3,500 combat aircraft, and more non-nuclear submarines and surface naval combat vessels than the United States (aircraft carriers excepted) (see International Institute for Strategic Studies, 2007). Were it to agree a common defence policy and shared command structures, it could transform itself into a military superpower. But EU governments have independent opinions and priorities when it comes to committing their forces, there is still only limited coordination on policy, and progress on setting up a European defence force has been slow. There has also been an ongoing division of opinion within the EU about how to relate to NATO and the United States (see Box 9.2), and – as we saw in Chapter 2 – Europeans generally have a preference for using civilian rather than military means for the resolution of conflict. In short, the EU as a security actor is – in the opinion of Howorth (2007:3) – still in its 'early infancy'.

Maastricht stated that one of the goals of the EU should be 'to assert its identity on the international scene, in particular through the implementation of a common foreign and security policy including the eventual framing of a common defence policy'. But while the CFSP moved defence more squarely onto the EU agenda, Maastricht provided a loophole by committing member states to a common policy that would 'include all questions related to the security of the Union, including the *eventual* framing of a common defence policy, *which might in time* lead to a common defence' (emphasis added).



### Box 9.1 The European External Action Service

The creation of a large new bureaucracy is not by itself the solution to a policy problem, and by creating new procedures and hierarchies it can also often create new problems. However, the EU has long lacked an institutional focus for its interests in external relations, and the creation of the EEAS may help address that problem. First proposed as one of the initiatives of the failed constitutional treaty, the EEAS reappeared in the Treaty of Lisbon, and was formally launched on 1 December 2010. It is a combination foreign ministry and diplomatic corps for the EU, charged with working with the diplomatic services of the member states to manage EU foreign and security policies, and supporting the work of the High Representative. It is unique in the EU institutional system, bringing together the external relations departments of the Commission and the Council of Ministers into an independent body with its own budget. It cannot make policy, but instead acts on decisions reached by the Council and Parliament, its job made easier by the fact that the HR has seats in both the Commission and the Council.

When Lisbon also created the new position of president of the European Council, there was speculation that this would cause confusion, and some debate about which of the two positions was potentially the more powerful. Many hoped that the presidency of the European Council would be given to a high-profile politician like Tony Blair, but it went instead to Belgian Prime Minister Herman van Rompuy, who had a track record as a conciliator and as someone whose ego would not outshine those of the heads of the member states. Meanwhile, the HR was given leadership of the EEAS, which seemed to suggest that it was actually the more powerful of the two positions.

There was a struggle for power in 2010 between the Commission (hoping to give up as few of its former responsibilities as possible) and Parliament (hoping to win as many oversight responsibilities as possible). With the final creation of the EEAS, departments and staff were transferred from the Council of Ministers (including those dealing with military matters, intelligence, and crisis management), and from the Commission, including the directorates-general for external relations and development. The overseas delegations that until then had been managed by the Commission were also transferred and renamed European Union delegations. It is too early to say what difference the EEAS will make, but as part of the ongoing pooling of responsibility for external relations, and efforts to give the EU a clearer presence on the world stage, its creation was a critical step forward.

In June 1992, EU foreign and defence ministers meeting at Petersberg, near Bonn, issued a declaration in which they agreed that military units from member states could be used to promote the Petersberg tasks: humanitarian, rescue, peacekeeping, and other crisis-management jobs (including peacemaking). Early indications of how this might work came when EU personnel worked with NATO in monitoring the UN embargo on Serbia and Montenegro, helped set up a unified Croat-Muslim police force to support the administration of the city of Mostar in Bosnia in 1994–96, and helped restructure and train the Albanian police force in 1997. The Treaty of Amsterdam incorporated the Petersberg tasks into the EU treaties, and at a meeting in St Malo in France in December 1998, British prime minister Tony Blair and French president Jacques Chirac declared that the EU should be in a position to play a full role in international affairs, ‘must have the capacity for autonomous action, backed up by credible military forces, the means to decide to use them, and the readiness to do so’, and suggested the creation of a European rapid reaction force. This was later endorsed by German chancellor Gerhard Schröder (for more details, see Collester, 2000).

The result was the launch in 1999 of the European Security and Defence Policy (ESDP) (see Howorth, 2003). An integral part of the CFSP, this was initially to consist of two key components: the Petersberg tasks, and a 60,000-member Rapid Reaction Force (RRF) that could be deployed at 60 days’ notice and sustained for at least one year and could carry out these tasks. The Force was not intended to be a standing army, was designed to complement rather than compete with NATO, and could only act when NATO had decided not to be involved in a crisis. The plan was to have it ready by the end of 2003, but it proved more of a challenge than expected, and by 2004 the EU was talking of the more modest goal of creating ‘battle groups’ that could be deployed more quickly and for shorter periods than the RRF. The groups would consist of 1500 troops each that could be committed within 15 days, and could be sustainable for between 30 and 120 days. That same year, the European Defence Agency was created within which national defence ministers meet to promote planning and research in the interests of the ESDP.

The terrorist attacks on the World Trade Center in New York and on the Pentagon in Washington, DC in September 2001 brought new issues into the equation. The meaning of ‘war’ and ‘defence’ had already changed with the end of the cold war, but the attacks – and the response to them – forced a review of defence policy priorities on both sides of the Atlantic: terrorism (especially when it involved suicide attacks) could not be met with conventional military responses. Many European leaders hoped for a new era in transatlantic relations, with a new US emphasis on multilateralism and diplomacy, but these hopes

### Box 9.2 A European or an Atlantic defence?

One of the core issues in the debate about European foreign policy is the question of how the EU should relate to the North Atlantic Treaty Organization (NATO) and the United States. Among governments, there are two main schools of thought:

- Atlanticists such as Britain, the Netherlands, Portugal, and several Eastern European states emphasize the importance of the security relationship with the United States, and are loath to do anything that could be interpreted as undermining or replacing the transatlantic security relationship.
- Europeanists such as France, Italy, Spain, and sometimes Germany look more towards European independence, and believe that the EU should reduce its reliance on the American policy lead.

During the cold war (1945–91), Atlanticists had the upper hand because the main defence issue was security against a Soviet attack, something that fell squarely under the remit of a US-dominated NATO. Furthermore, member states had different policy positions and different defence capacities: the British and the French had special interests in their colonies and former colonies, the Germans and the Dutch saw their armed forces as part of the broader NATO system, and several countries – notably Ireland – were neutral. Europeans became used to coordinating their defence policies within the NATO framework, guided by US leadership.

With the end of the cold war, Europeanists appeared to gain ground, in part thanks to changes in US policy. President Kennedy had spoken during his inauguration in 1960 of the willingness of the United States to ‘bear any burden’ and ‘meet any hardship ... to assure the survival and success of liberty’. By the mid-1990s, though, American public opinion had turned against such an idea, and the term ‘burden sharing’ became more common in transatlantic discussions, with demands for the EU to take on greater responsibility for addressing its own security threats. Meanwhile, the ability of the EU to respond to security threats was clearly inadequate, a problem that became more critical during the 1990s as US defence spending fell (Barber, 1998). Then came the divisions over how to conduct the war on terrorism, and the transatlantic fallout over the 2003 US-led attack on Iraq, the latter in particular showing that European public opinion was taking an increasingly independent view.

were dashed in the fallout from the dispute over Iraq, which emphasized to many that the EU needed to more forcefully outline and pursue its distinctive position on security issues.

In 2003, the European Council adopted the European Security Strategy, the first ever declaration by EU member states of their strategic goals. It argued that the EU was ‘inevitably a global player’,

and ‘should be ready to share in the responsibility for global security’, listing the key threats facing the EU as terrorism, weapons of mass destruction, regional conflicts, failing states, and organized crime. Against the background of a changing transatlantic relationship, the draft EU constitution included the stipulation that the EU should take a more active role in its own defence, talking of the ‘progressive framing of a common Union defence policy’ leading to a common defence ‘when the European Council, acting unanimously, so decides’. But even if they are to be guided by the Petersberg tasks, the question still remains as to how European defence forces should be organized. Europeanists such as France continue to want to develop an independent EU capability. The United States is content to see the Europeans taking responsibility for those tasks from which NATO should best keep its distance, but insists that there should be no overlap or rivalry in the event of the creation of a separate European institution. Meanwhile, Atlanticists such as Britain continue to feel nervous about undermining the US commitment to Europe.

While there is no questioning the American superiority in the field of military power (the United States currently spends more on defence every year than the rest of the world combined), an issue often overlooked in the debate about the global role of the EU is the question of soft power. This is defined by Joseph Nye (2004:x), as ‘the ability to get what you want through attraction rather than coercion’, and is centred on culture, political ideals, and policies rather than on the threat of violence. Critics of US foreign policy argue that it relies too much on hard power rather than soft power, and that this has been one of the causes of the decline in the credibility of US foreign policy. By contrast, the EU – making a virtue of necessity, argue some, while pursuing a deliberate policy, argue others (see discussion in Chapter 2) – has become adept at using soft power in its dealings with other countries. In a world in which violence is increasingly rejected as a tool of statecraft (at least among wealthy liberal democracies), the use of diplomacy, political influence, and the pressures of economic competition may be giving the EU a strategic advantage that reduces the need to develop a significant common military capacity.

This is not to suggest that the EU is either unwilling or unable to use hard power. In spite of its internal political disagreements, the EU has achieved far more on security cooperation than most people think, driven by a desire to decrease its reliance on the US (Jones, 2007). It is also both willing and able to use hard power when needed (Giegerich and Wallace, 2004). In 2003, it deployed peacekeeping troops in Macedonia (Operation Concordia) and in the Democratic Republic of Congo (Operation Artemis), and in December 2004 launched its biggest peacekeeping mission when 7000 troops (many coming from outside the EU, it is true) took over from NATO in Bosnia. By 2006,

the EU was contributing 50 per cent of the peacekeeping forces in Bosnia (where the office of High Representative in charge of implementation of the Dayton peace accords has always been held by an EU national), 60 per cent of the forces in Afghanistan, 70 per cent of the forces in Kosovo, and 72 per cent of the forces in Lebanon, while 12 EU states had 19,000 troops in Iraq. National military interventions have also continued, including Britain's operation in Sierra Leone in 2001 (establishing order after a UN force had failed) and France's operation in Côte d'Ivoire in 2002.

### **Europe's global economic presence**

While there is little evidence to suggest that the EU could (or even wants to) become a military superpower, there are no doubts at all about its status as an economic superpower. The single market is all but complete, the euro has been adopted by 17 member states, the Commission has the authority to speak on behalf of the EU in global trade negotiations, and it is now well understood that the EU is the most powerful actor in those negotiations. The statistics paint a clear and incontestable picture:

- With just over 7 per cent of the world's population, the European Union accounts for 28 per cent of the world's GDP (more even than the United States) and for bigger shares of trade in merchandise and commercial services than either the United States or China (see Figure 9.1). Trade – argues Orbie (2008) – has become the EU's 'most powerful external policy domain'.
- With a population of nearly 500 million, the EU has 61 per cent more consumers than the United States. More importantly, the personal wealth of Europeans – combined with the largely open internal market that now exists in the EU – means that the EU is the wealthiest market in the world. China and India may have many more people but they are on average much poorer; German gross national income is nearly 12 times greater than that in China and nearly 36 times greater than that in India (see Appendix 1).
- Seventeen of the 27 member states (which among them account for 76 per cent of the GDP and 66 per cent of the population of the EU) have a shared currency that is the only substantial competitor with the US dollar in terms of credibility and influence – China and India have nothing that comes close to comparing. At least until its problems in 2010–11 the euro was earning new attention as a challenger to the status of the US dollar, with suggestions that it might eventually become the primary international reserve currency (Chinn and Frankel, 2005). The euro has been helped by declining faith in the

dollar, based in part on concerns about the snowballing US national debt, and in part on questions about American economic leadership in the world.

- As we saw in Chapter 7, the EU has become the biggest mergers and acquisitions market in the world, a trend that has helped create new European multinationals with a global presence comparable only to their US counterparts. The EU is now the source of two-thirds of all investment coming from OECD member states, and more than three times as much as the United States (OECD website, 2010).
- The EU has become the engine of economic growth for Eastern Europe and Russia, which have a combined population of more than 240 million, enormous productive potential, and a wealth of largely untapped natural resources.

The global economic presence of the EU has been built on the foundations of the single market and the Common Commercial Policy, to which end the EU has built a complex network of multilateral and bilateral trading networks and agreements, some based on proximity (agreements with Eastern Europe and Mediterranean states), some on former colonial ties (see the section on development cooperation below), and some on expediency (agreements with the United States and Japan). The growth of European trade power has also been helped by an institutional structure that promotes common positions among the member states. The Commission generates policy initiatives, is responsible for investigating and taking action against unfair trading practices, and makes suggestions to the Council of Ministers when it thinks that agreements need to be negotiated with other countries or international organizations. Most importantly, once the member states have agreed a position among themselves, the Commission is left to negotiate external trade agreements on behalf of the EU as a whole. So if Henry Kissinger was to ask to whom he should speak in Europe regarding trade matters, the answer would be clear.

The power of the EU is particularly clear in the role it has played in global trade negotiations. In 1948, the General Agreement on Tariffs and Trade (GATT) was founded to oversee a programme aimed at removing trade restrictions and liberalizing trade; it was replaced in 1995 by the World Trade Organization (WTO). The GATT/WTO negotiations have taken place in successive rounds in which the EU states negotiate as a group, and are typically represented by the European commissioner for trade. The round that began in 2001 in Doha, Qatar, was designed to open up world markets for agricultural and manufactured goods. By 2006 they had stalled because rich and poor countries could not agree over farm subsidies and import taxes. The poor countries accused the EU in particular of supporting and protecting its farmers through CAP export subsidies (which has made



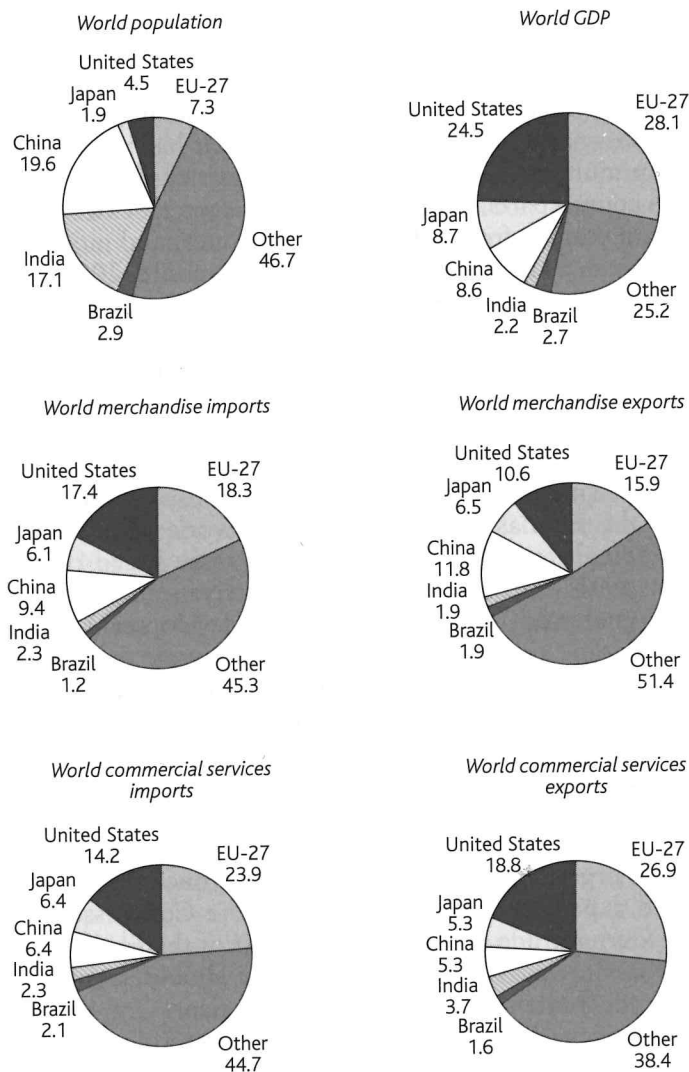


Figure 9.1 *The EU in the global economy*

Sources: Population data for 2010 from UN Population Division at <http://www.un.org/esa/population>, economic data for 2009 from World Development Indicators database at <http://www.worldbank.com>, and trade figures for 2008 (excluding data for intra-EU trade) from World Trade Organization at <http://www.wto.org>.

European farmers more competitive and productive), and of 'dumping' their produce cheaply in poor countries, undermining the efforts of local farmers. (The United States was also criticized for its subsidies, particularly to cotton farmers.)

But more telling as a measure of EU trading power has been the frequency with which it has been at odds with the United States, the other giant at the table. If a country adopts a trade policy measure or takes an action that is considered to be a breach of a WTO agreement, the dispute can be taken to the WTO, which investigates and issues a judgment that is binding upon member states. The EU and the United States have brought more cases before the WTO than anyone else, and in many instances the disputes have been between the EU and the US; they have tussled in recent years over hormone-treated beef, banana imports, trade with Cuba, tariffs on steel, subsidies to aircraft manufacturers, intellectual property rights, trade in services, and the tax regimes of third countries (Billiet, 2005).

### Relations with the United States

The transatlantic relationship has blown hot and cold, which is only to be expected given that the EU and the United States are both major allies and major competitors (see McGuire and Smith, 2008: ch. 1). Relations were strong after the Second World War, the United States having played a critical role in ridding Europe of Nazism, then guaranteeing European reconstruction and integration with the investments it made under the Marshall Plan and the security umbrella it provided for Western Europe during the cold war. US administrations saw integration as a way of helping the region recover from the ravages of war and of improving European (and American) security in the face of the Soviet threat. Relations cooled in the early 1960s with Charles de Gaulle's concerns about American influence in Europe, and continued to cool as the US and its European allies fell out over Vietnam, and over West German diplomatic overtures to Eastern Europe.

The 1971 collapse of the Bretton Woods system – precipitated by the decision of the Nixon administration to cut the dollar's link with gold – not only marked the beginning of a steady withdrawal of the US responsibility for global leadership, but also emphasized to many Europeans the unwillingness of the United States always to take heed of European opinion on critical issues. The Community was by then rapidly catching up with the United States in economic wealth, it traded less with the United States and more with Eastern Europe, and disagreement over the Arab–Israeli issue in the 1970s was followed by the revival of the Western European anti-nuclear movement in the early 1980s, both placing a further strain on transatlantic relations.

### Box 9.3 The overlooked superpower

Since the end of the cold war there has been a vigorous debate about the character and dynamics of the international system. During the cold war it was clearly bipolar, driven by the tensions between the United States and the Soviet Union. With the collapse of the Soviet Union in 1991, it became usual to hear discussion of a new unipolar arrangement with a dominating United States. But then new attention was drawn to the rise of the BRIC states: Brazil, Russia, India, and China (Wilson and Purushothaman, 2003). While less attention is now paid to Brazil and Russia, the preponderance of public and political opinion is that China and India are the new great powers (in spite of their poverty, and China's poor human rights record), and that the United States is in relative decline.

Missing from much of this debate about the changing international system has been the place of the European Union. Several studies have suggested that it is on the ascendant (see Reid, 2004; Haseler, 2004; Leonard, 2005; McCormick, 2007) but few consider it one of the great powers on a par with the United States or China, for four main reasons:

- Convention equates great power with military power, and the EU has neither a combined military nor a clear common defence policy.
- Convention associates power with states. Taken individually, even the larger EU states have only a modest international reach, while the EU itself, say the cynics, is not sufficiently coordinated to express its collective power at a global level.
- Power is more impressive when it is expressed visibly, and nothing is more visible than the sight of American 'shock and awe' bombardments of Iraq or Afghanistan, or American aircraft carriers being despatched for a show of force. The EU has little to match this kind of raw power, its influence being subtle and latent rather than obvious and assertive.
- The EU has regularly failed to provide leadership, reflected in its dithering in the Balkans in the 1990s, the often public disagreements among its leaders, or evidence that the United States is taken more seriously by North Korea, Iran, or Israel.

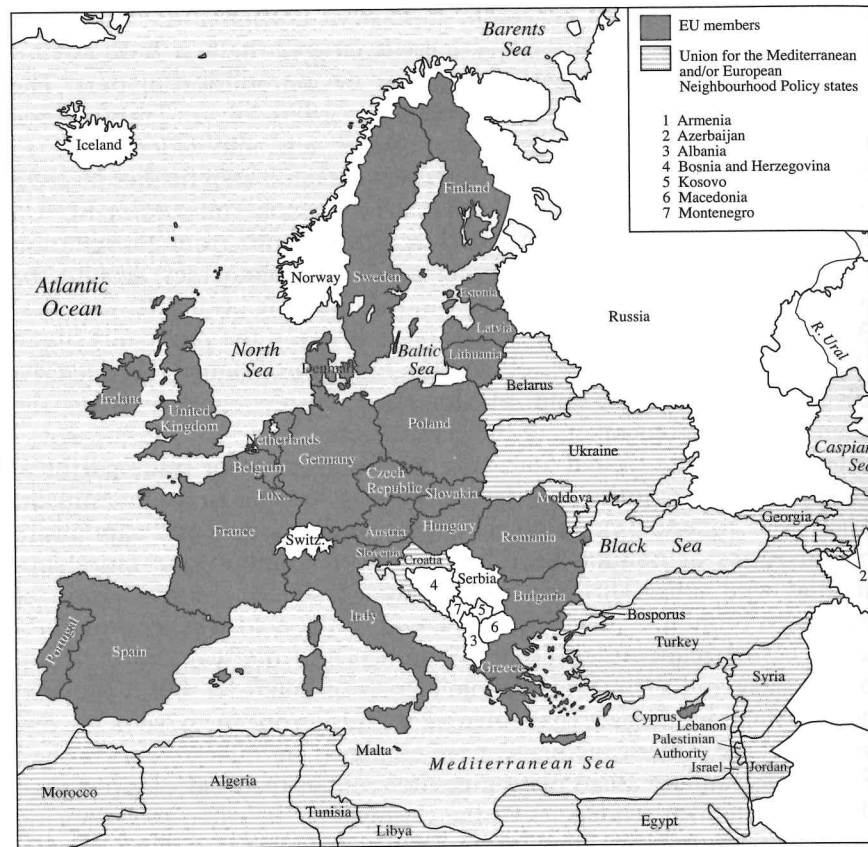
How we think about the global role of the EU depends in large part on how we define power. The EU expresses its influence differently, through civilian means, and through the subtle and sometimes unconscious offering of a different example of power, and of different approaches to the resolution of global problems. We are still in an early phase of our understanding of the effects.

The end of the Soviet hegemony in Eastern Europe in the late 1980s led to a new volatility in Europe that encouraged the first Bush administration to call for stronger transatlantic ties on political matters. The result was the signature in November 1990 of a Transatlantic Declaration committing the United States and the Community to regular high-level meetings. Contacts were taken a step further in 1995 with the adoption of a New Transatlantic Agenda and a Joint EU-US Action Plan under which both sides agreed to move from consultation to joint action aimed at promoting peace and democracy around the world, expanding world trade, and improving transatlantic ties. Biannual meetings have since taken place between the presidents of the United States, the Commission and the European Council, between the US Secretary of State and EU foreign ministers, and between the Commission and members of the US cabinet.

The EU and the United States are each other's major trade partners, and the largest sources and destinations of foreign direct investment. They hold common views on the merits of democracy and capitalism, but divisions of opinion have become more common and more substantial with time. This has been partly a result of the reassertion of European economic power since the end of the cold war, and partly a result of the relative decline of US influence in the wake of the Iraqi controversy and the global economic crisis of 2007–10. But it can also be explained by the fact that Americans and Europeans have many different values: Americans place more emphasis on military power than Europeans, unilateralism plays a greater role in their calculations than the multilateralist tendencies of the Europeans, the often unapologetic support given by the United States to Israel says much about the different worldviews of Americans and Europeans, and the two sides have quite different thoughts about the responsibilities of government (Europeans are more willing to tolerate state-run health-care and education systems, for example) and about a string of more focused issues, including capital punishment, climate change, the work of the United Nations, and the links between religion and politics (for more details, see McCormick, 2007: ch. 7).

The fallout over Iraq raised many new questions about the health of the transatlantic relationship that have not yet been answered (see, for example, Kopstein and Steinmo, 2008). At one level, the dispute could be dismissed as just another of the many that have coloured US–European relations since 1945, and perhaps as more reflective of the short-term goals and values of the Bush administration than of long-term US policy on Europe. But the depth of public opposition to US policy was remarkable, as was the division among the leaders of the EU's four major powers: Germany, Britain, France, and Italy. For some, the dispute represented the rapidly changing worldviews of the United States and the European Union, and an opportunity for the EU





Map 9.1 The EU and its neighbourhood

to assert its often different analyses of – and prescriptions for – global problems (see Box 9.3). In this sense, the war on terrorism may ultimately be seen as emblematic of a fundamental change not just in the nature of the transatlantic relationship, but in the setting of priorities on international issues.

### Relations with the neighbourhood

If there are many questions about the global influence of the European Union, there are far fewer about its impact on its immediate neighbourhood, where three distinct rings of influence can be identified: the states that have short-term potential to either become members of the EU (including Croatia, Iceland, Macedonia, and Montenegro) or have at least established strong economic links with the EU (notably

Norway and Switzerland), the states that have longer-term prospects of joining the EU (including Albania, Serbia, the Ukraine, and Turkey), and states that do not qualify for membership but cannot escape the gravitational pull of the EU (North Africa, Russia, and much of the Middle East) (see Map 9.1). In each of these rings the EU plays a critical role in reorganization of economic structures, while further afield its activities have critical implications for the spread of democracy and capitalism.

The Community was quick to take a leading role in responding to the fallout from the end of the cold war, coordinating western economic aid to the east and creating in 1990 the European Bank for Reconstruction and Development (EBRD), which has since channelled public money from the EU, the United States, and Japan into development of the private sector in the east. The EU subsequently signed trade and cooperation agreements with almost every Eastern European state, several billion dollars in loans were made available by the European Investment Bank, and several programmes were launched to help east European economic and social reform. More significantly, the end of the cold war generated several requests from Eastern Europe for associate or full membership of the EU. Europe Agreements were signed with several, arranging for the integration of Eastern European economies with those of the EU through the staged removal of barriers to trade in industrial and agricultural goods, and to the movement of workers. The Treaty of Amsterdam paved the way for eastward expansion, membership negotiations began in 1998 with the Czech Republic, Estonia, Hungary, Poland, and Slovenia, and the 2004–07 enlargements brought 12 new members into the EU, including three former republics of the Soviet Union: Estonia, Latvia, and Lithuania.

The significance (and the challenge) of eastern enlargement was considerable. It gave final confirmation to the end of the cold war, giving new meaning to the definition of Europe and reducing the distinctions between *Europe* and the *European Union*. But Eastern European governments and citizens struggled with the task of transforming their economies from central planning to the free market, and their political systems from one-party authoritarianism to multi-party democracy, and faced the daunting task of making sure that domestic laws were adapted to EU law. Eastern Europe was also relatively poor: while the 12 countries that joined in 2004–07 increased the population of the EU by 20 per cent, they increased its GDP by less than 5 per cent. In the west, meanwhile, an ‘enlargement fatigue’ set in, raising questions about how long it would be before more countries would join the EU.

Alongside enlargement, the EU has been pursuing agreements and cooperation with its neighbours that have different intentions. In 1995 the Barcelona Process (formally the Euro-Mediterranean Partnership) was launched with the goal of strengthening ties between the EU and

all other states bordering the Mediterranean. It was handicapped by the lack of progress on the Middle East peace process, by concerns among some partner countries about the dominant role of the EU, and by the inclusion of the many EU states that do not border the Mediterranean. In 2008 the Barcelona Process evolved into the Union for the Mediterranean, a pet project of French President Nicolas Sarkozy that was intended originally to have focused only on Mediterranean states, but ultimately expanded to include the whole of the EU; it now has 43 members: the 27 EU states and 16 neighbouring states. Meanwhile the European Neighbourhood Policy was launched in 2004, encouraging a relationship that the EU describes as 'privileged', and with the goals of promoting democracy, human rights, the rule of law, good governance, and market economics. Both initiatives include a mix of states with prospects for joining the EU and those without.

Even if there are still many doubts about the substance and potential for success of the EU foreign and security policies as a whole, few now question the critical and dominating role that EU policy has had in ensuring the spread of democracy and free-market ideas to the former Soviet bloc (Leonard, 2005:56, 103–4). The EU's leading role in this area has not only helped define EU foreign policy, but has also made the EU a major regional political actor. In only three cases can major qualifications be added. First, while it has a far greater interest than the United States in seeing peace in the Middle East (given its proximity, its oil interests, and its concerns about illegal immigration and terrorism), it has played only a supporting role and has been unable to exert much influence on Israel (see Pardo and Peters, 2009). Second, the story of EU–Russian relations has not been a happy one (Antonenko and Pinnick, 2005). During the 1990s the Russians looking for the respectability and economic opportunities that would come from a good relationship with the EU, while the EU looked for Russian support for eastern enlargement, and needed some of the oil and natural gas that Russia has in abundance. But neither side fully trusts the other, and the EU has to balance staying on good terms with Russia against its criticism of the remnants of Russian authoritarianism. Finally, the EU has had little influence on bringing change to Belarus, the last remaining outpost of Soviet-style authoritarianism in Europe and a close ally of Russia.

## Development cooperation

The long history of European colonialism has left the European Union with a heritage of close economic and political ties to the South: Latin America, South Asia, and Africa. Several of the founding members of

the Community – notably France and Belgium – still had colonies when the Treaty of Rome was signed, and when Britain joined the EU in 1973 it brought several dozen more mainly former colonies into the equation. As a result, the South has been a significant factor in the external relations of the EU, the core of the relationship being a programme of aid and trade promotion involving several dozen former European colonies in Africa, the Caribbean, and the Pacific – the so-called ACP states (see Table 9.1).

EU development aid policies have been based partly on remedying quality of life issues such as poverty and hunger, but there are also less altruistic motives: Africa in particular is a key source of illegal immigrants to the EU, and the EU continues to rely on the South as a source of oil and of key raw materials such as rubber, copper, and uranium. The EU aid programme has several different aspects. As well as allowing all Southern states to export industrial products to the EU tariff- and duty-free (subject to some limitations on volume), the EU provides food and emergency aid, and sponsors development projects undertaken by NGOs. The EU has also negotiated a series of cooperative agreements with the ACP countries, mainly non-Asian former colonies of Britain and France. These began with the 1963 and 1969 Yaoundé Conventions (named for the capital of Cameroon, where they were signed), which gave 18 former colonies preferential access to Community markets. The 18 in turn allowed limited duty-free or quota-free access by the EC to their markets. The provision of trade concessions was expanded by the four Lomé Conventions (named after the capital of Togo), which were signed in 1975, 1979, 1984, and 1989.

Lomé IV, which covered the period 1990–2000 and was revised in 1995, had three main elements. First, it provided financial aid to 71 ACP states under the European Development Fund, in the form mainly of grants for development projects and low-interest loans. Second, it provided free access to the EU for products originating in ACP countries, with the exception of agricultural products covered by CAP. About 95 per cent of ACP exports entered the EU duty-free, compared to just 10 per cent of agricultural goods from other countries, and other goods were subject to tariffs in the range of 17–23 per cent. Finally, it offered an insurance fund for ACP exports called Stabex, designed to offset falls in the value of 50 specified ACP agricultural exports. If prices fell below a certain level, Stabex made up the deficit. If they went above that level, ACP countries invested the profits in the fund for future use.

Opinions were mixed about the effects of the Yaoundé and Lomé conventions. On the one hand, they helped build closer commercial ties between the EU and the ACP states, and there was an overall increase in the volume of ACP exports to Europe from the 1960s to the 1990s.

Table 9.1 *The ACP states*

AFRICA (48)	Mali	Dominica
Angola	Mauritania	Dominican Republic
Benin	Mauritius	Grenada
Botswana	Mozambique	Guyana
Burkina Faso	Namibia	Haiti
Burundi	Niger	Jamaica
Cameroon	Nigeria	St Kitts and Nevis
Cape Verde	Rwanda	St Lucia
Central African Republic	São Tomé and Príncipe	St Vincent and Grenadines
Chad	Senegal	Suriname
Comoros	Seychelles	Trinidad and Tobago
Congo (Brazzaville)	Sierra Leone	
Congo (Kinshasa)	Somalia	PACIFIC (15)
Djibouti	South Africa	Cook Islands
Equatorial Guinea	Sudan	Fiji
Eritrea	Swaziland	Kiribati
Ethiopia	Tanzania	Marshall Islands
Gabon	Togo	Micronesia
Gambia	Uganda	Nauru
Ghana	Zambia	Niue
Guinea	Zimbabwe	Palau
Guinea-Bissau		Papua New Guinea
Côte d'Ivoire	CARIBBEAN (16)	Samoa
Kenya	Antigua and Barbuda	Solomon Islands
Lesotho	Bahamas	Timor-Leste
Liberia	Barbados	Tonga
Madagascar	Belize	Tuvalu
Malawi	Cuba	Vanuatu

But the conventions were widely criticized for promoting economic dependence, and for perpetuating the flow of low-profit raw materials from the ACP to the EU, and the flow of high-profit manufactured goods from the EU to the ACP. Questions were also raised about the extent to which they helped the ACP states invest in their human capital, and helped them develop greater economic independence.

Other problems were structural. Stabex did not help countries that did not produce the specified commodities, payments from the European Development Fund were small by the time the fund had been divided among 71 countries, the ACP programme excluded the larger Southern states that had negotiated separate agreements with the EU (for example, India and China), too little attention was paid to the environmental implications of the focus on cash crops for export, and the programme neither helped deal with the ACP debt crisis nor really much changed the relationship between the EU and the ACP states.

The biggest problem was internal to the ACP states themselves. They mostly failed to diversify their exports, to invest in infrastructure, to

build up a more skilled labour force, and to become more competitive in the world market. The EU provided them with a generous set of trade preferences, and yet imports from the ACP as a share of the EU total fell from 6.7 per cent in 1976 to just 3 per cent in 1998. Oil, diamonds, gold, and other industrially related products accounted for about two-thirds of ACP exports to the EU, the balance being made up by agricultural products (30 per cent) and fish (5 per cent). Four countries – Nigeria, Côte d'Ivoire, Cameroon, and Mauritius – between them accounted for more than 40 per cent of EU imports from the ACP countries. At the same time, economic growth in many sub-Saharan African states was sluggish, and there was very little trade taking place among African ACP states.

A new agreement was signed in Cotonou, Benin, in 2000, designed to run for 20 years with revisions every five years. It added seven more countries to the ACP group (including Cuba), places a stronger requirement on ACP states to improve domestic political, economic, and social conditions, and emphasizes the importance of human rights and democracy. Its objectives include the promotion of the interests of the private sector, gender equality, sustainable environmental management, and the replacement of trade preferences with a progressive and reciprocal removal of trade barriers. Whether this will be enough to address the structural problems of the ACP programme remains to be seen.

Meanwhile, the EU has become the biggest source of official development assistance in the world, collectively accounting for 56 per cent of the total of \$120 billion given in 2009 by the 24 members of the Development Assistance Committee of the OECD (compared to 22 per cent from the United States and 8 per cent from Japan) (OECD website, 2010). Most EU aid (15 per cent of which is channelled through the EU) goes to sub-Saharan Africa, but an increasing proportion is going to Latin America. The EU also provides emergency humanitarian aid (nearly €500 million in 2001), much of which has gone in recent years to the victims of conflicts in Afghanistan, Armenia, Azerbaijan, and Tajikistan. It has also become the second largest provider of food aid in the world after the United States, supplying food worth about €500 million per year.

## Conclusions

The process of European integration was born as a way to help Western Europe rebuild after the Second World War, and to remove the historical causes of conflict in the region. It began life with an introverted domestic agenda, leaving leadership on wider foreign and security policy issues to the United States. With the end of the cold



war, the clear security threat posed by the Soviet Union was replaced by economic concerns, by regional security problems such as those in the Balkans and the Middle East, and by less easily defined threats such as nationalist pressures in Russia, the movement of political refugees, the spread of nuclear weapons, the implications of new technology, and environmental problems. Meanwhile globalization proceeded under the auspices of the World Trade Organization, and the wealth and competitiveness of China and India continued to grow, altering the balance of global economic power.

The EC/EU had no choice but to become more extroverted, and integration has since had implications not just for Europe but for Europe's relations with the rest of the world. While the EEC initially focused on bringing down the barriers to internal trade, it quickly became involved in external trade matters, and the EU by the 1990s had turned its attention squarely to common foreign and security policies. Problems were experienced along the way, and the EU became notorious for its often confused and bumbling responses to international problems, but cooperation acquired more consistency and substance, and the development of common foreign and security policies has become one of the core endeavours of European integration.

Events in 2001–04 were to prove a critical turning point: The September 2001 terrorist attacks in the United States were followed by the US-led invasion of Iraq in 2003, while the EU was coincidentally launching its new single currency, expanding its membership deep into Eastern Europe, and upgrading its common foreign, security, and defence policies. The new economic power of the EU combined with new levels of alarm at US foreign policy and growing criticism of US global leadership to make it clear that entirely new expectations were being directed at the EU. Where once Europeans followed the lead of the Americans, if not always willingly, it has become more clear of late that they are out of step with the United States not just on such immediate problems as international terrorism and peace in the Middle East, but also on a wide variety of longer-term issues relating to trade, security, the environment, and more.

The changes of the last few years have made it clear that the EU must work to give its international identity clearer definition, to assert itself on the global stage, and to build the kind of political influence that it needs as a superpower. Europe may never achieve the qualities of a military superpower that are so overtly on show in the United States, and increasingly in China, but it has few aspirations in that direction; it is more adept at using soft power, and at building on its political, economic, and diplomatic advantages as an alternative to the increasingly discredited policies of the United States. Even though the EU may still present a rather confused and confusing image to the outside world, the outline of that image is becoming sharper.