REVIEW OF THE BALANCE OF COMPETENCES BETWEEN THE UNITED KINGDOM AND THE EUROPEAN UNION (Foreign Policy)

Evidence submitted by the Centre for European Reform

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Introduction

In the following chapters, the Centre for European Reform (CER) offers its input for the review of the balance of competences between the EU and the UK on foreign policy. The eight chapters deal with various elements of EU policy and countries of EU interest. Each chapter addresses the central questions mentioned in the call for evidence:

- How does the EU add value on a particular topic?
- What are the comparative (dis)advantages of working through the EU?
- Would a different division of EU and member-state competence on the topic produce a more effective policy?
- How might the national interest be served by UK action through different institutions?

Foreign and defence policy are among the least integrated domains of EU policy. Competence lies primarily with the nation-state. The EU can only act when the member-states tell it to do so. This

creates a strong role for the nation-state in shaping EU foreign policy. It also creates distinct benefits of working through the European Union: greater EU co-ordination increases the weight of Europe's voice in international affairs, and EU foreign policy can act as a multiplier for national foreign policy actions. As such, we believe UK foreign policy benefits substantially from the role played by the EU. Nevertheless, the chapters also highlight elements where improvements in EU co-ordination can or should be made in order to increase the UK's ability to pursue its foreign and security policy objectives.

The EU, Russia and China

Charles Grant

Both Russia and China matter to the UK. Strategically, they are nuclear powers and P-5 countries, with diplomatic interests in many parts of the world. They are the only permanent members of the UNSC and the only BRICS countries that, being undemocratic, consistently oppose Western policies on democracy promotion, humanitarian intervention and human rights. They matter economically, too. Though British trade with these countries is less than that of some other large EU member-states, the UK could export more to both markets and is a major investor in them. One reason why Britain trades relatively little is that its chief strength is service exports, while Russia and China are relatively closed or unwelcoming to the foreign provision of services (for example China excludes foreign law firms).

The EU's policies towards Russia and China are stronger and more developed in areas where the EU has genuine competence (such as trade) and weaker in areas where it shares competence with member-states (energy) or has little authority (such as strategic foreign policy issues). With both Russia and China, the EU has the potential to add much value to what the member-states can achieve on their own. Although it fails to fulfil much of that potential value, the EU nevertheless delivers real benefits. The EU can add value because the fundamental interests of the European states in these two important countries are broadly similar.

In Russia, the 27 all hope that the economy modernises and rebalances away from natural-resource dependency, that the rule of law is better respected, that the judiciary becomes more independent, that foreign direct investment is encouraged, that the political system becomes more liberal (and less Kremlin controlled) and that the media becomes freer. They all want Russia to respect the independence and integrity of its neighbouring countries, and to work constructively with Western powers in dealing with global challenges such as Iran, Syria, climate change and terrorism.

In China, all the member-states want to see an economy in which private consumption – currently at very low levels vis-à-vis investment – plays a greater role and in which state-owned-enterprises are less dominant. They want China to be more open to foreign goods and investors, to respect better intellectual property rights and to give foreign firms the same treatment as domestic firms. They hope that the rule of law advances and that the political system becomes more liberal. They want China to resolve disputes with its neighbours through peaceful means.

Of course, there are some divisions among the member-states on Russia and China. Some care more about human rights than others (the Nordics think human rights matter the most, the southern Europeans the least). On Russia, some have closer economic relationships that may discourage their governments from being critical: Germany, Italy, Hungary and Bulgaria are among those benefiting from current or future gas pipelines from Russia, while Cyprus gains from a heavy Russian involvement in its financial sector. On China, the differences of economic interest revolve more around trade policy: the southern Europeans are keener to protect EU markets from Chinese goods, and the northern Europeans less so.

With both Russia and China, there is a 'big three' problem: Britain, France and Germany each value their own bilateral relationship with Moscow and Beijing. They sometimes see each other as

competitors – as they can be, when it comes to the awarding of contracts – and do not want the EU to intrude.

The problem of the EU's internal divisions is currently more acute with China, perhaps because in EU-China relations commerce dominates while the political framework for action is as yet underdeveloped. Germany is the country that is most insistent on having a strong bilateral relationship with China. According to German officials, 47 per cent of EU exports to China are German. This makes some German industrialists and officials think that other member-states, and the EU institutions, can contribute very little to the German-Chinese economic relationship. Indeed, they sometimes complain that some other EU countries cannot understand the needs of a manufacturing-driven economy like Germany because they have so little manufacturing of their own. Nevertheless even the Germans expect the EU institutions to negotiate with Beijing to open up Chinese markets. And they expect those institutions to talk to the Chinese about human rights – which saves the Germans the embarrassment of doing so and potentially damaging their commercial interests.

EU governments have also learnt that China's threats of economic 'sanctions' against countries that are too outspoken on human rights do not usually bite. The Chinese threatened commercial consequences when Nicolas Sarkozy met the Dalai Lama in 2006 in Poland, and again when Angela Merkel met him in 2007 in Berlin, in this case in the official setting of her chancellery. There is no evidence that business interests in France or Germany suffered subsequently. David Cameron's meeting with the Dalai Lama in May 2012 led to the Chinese government cancelling meetings with British ministers and officials for many months afterwards, but not, so far as we are aware, to the loss of contracts. (However, Norway has suffered real commercial damage, including a ban in salmon exports, to punish it for 'awarding' the Nobel peace prize to Chinese dissident Liu Xiaobo in 2010; the lesson may be that small countries and/or those that are not part of the EU are likely to face stricter punishments.)

For all the difficulties and divisions, the 27 do reach common positions in their approach to China: on human rights, where they jointly condemned the imprisonment of Nobel peace prize winner Liu Xiaobo; on trade and investment, where they use EU trade policy and the EU chamber of commerce in Beijing to press China to open its markets and respect international rules; on denying China market economy status; and on maintaining an arms embargo on China (some governments want to lift the embargo, but they are in a minority and cannot on their own overturn it).

With regard to Russia, internal EU divisions are much less pronounced than they used to be. There are several reasons for this. First, those European leaders that most valued their close personal relationship with Vladimir Putin, namely Gerhard Schroeder and Jacques Chirac, have departed the political scene. Second, the replacement of Poland's nationalist Kaczynski government with one led by the more pragmatic Donald Tusk in 2007 helped to bridge the hitherto deep division between most old and new member-states on Russia. Third, EU countries have learnt the hard way that allowing Russia to 'divide and rule' harms their interests. And lastly, the EU's policy towards Russia has lost much of its ambition. While until about 2003, the EU's objective was to transfer much of its own standards on democracy as well as economic rules to Russia, today the Union is glad to keep the relationship on an even keel.

So today, the EU states often have a common position vis-à-vis Russia. When Moscow behaves egregiously on human rights, for example by arresting dissidents, the EU does criticise it. They have a common position that Russia should enforce the WTO rules it has signed up to, and which it is currently failing to follow. They would welcome a trade and investment agreement with Russia, if and

when Moscow seems serious about negotiating such a deal, rather than simply – as it has done recently – tell the EU to talk to the secretariat of the Eurasian Union. They all believe in helping the Russian government to reform its economy, through EU level or national 'modernisation partnerships'. And to Russia's great annoyance, even traditional allies such as Germany have not publicly objected to the Commission's current legal case against Gazprom: the Commission claims that Gazprom distorts energy market competition in the EU by sticking to so-called destination clauses in gas contracts, denying other energy companies access to the pipelines it controls and by maintaining a rigid link of its gas prices to the oil price, thus ignoring market signals.

The EU could achieve much more on behalf of its members in Russia and China if it was more strategic. The problem is not so much its divisions – though they matter – as a lack of ambition. The member-states, and the large ones especially, fail to see that if they worked through the EU it could act as a force multiplier for them in Russia and China. It would help if the EU and the member-states:

- Pushed common messages when officials and ministers go to China or Russia. Common policies are not always feasible. But if ministers and officials repeated similar messages when visiting Beijing – which at the moment they sometimes fail to do – the EU could have more impact. If member-states became more willing to work through the European External Action Service – talking to its officials, feeding in information and ideas, and listening to what the EEAS has to say – more common analysis could start to emerge. That would facilitate common messages in Beijing or Moscow.

- Focused on a small number of objectives, rather than pursue dozens of priorities (as the EU sometimes does with its strategic partners). With Russia, one priority could be a revived energy dialogue. (Despite the many EU-Russia disagreements on energy, there is scope for a dialogue on issues such as security for EU investments in Russia, and transfers of energy-efficiency technology from the EU to Russia.) Another could be a dialogue on the common neighbourhood. (Russia and the EU see each other as rivals in countries like Ukraine, but have similar interests in promoting political stability and economic growth in Eastern Europe, the South Caucasus and Central Asia.) A third priority could be resolving the Iranian nuclear problem; Russia has close economic ties to, and potentially some influence with, Iran. As for China, the Iranian nuclear issue could also be a priority – China is a major purchaser of Iranian oil. A second could be issues of market access, investment protection and intellectual property, all of which are becoming more relevant to China as it expands its international reach. A third could be transferring environmental technologies to China.

- Were willing to bargain with Russia and China. Both countries have a strongly realist view of international relations. They respect strength and exploit weakness. But the EU cannot easily bargain with Russia or China, because that would require it to take a 'tough' approach, which some member-states would resist. There are some signs that the EU is starting to see the merits of bargaining. Two years ago Russia proposed a new EU-Russia council to talk about strategic issues. Angela Merkel said that if Russia was constructive in helping to resolve the Transnistria problem, she would support the creation of the new council. But Russia did not deliver on Transnistria so she did not deliver on the new council. The EU is currently passing new rules on public procurement which are implicitly aimed at China. These would allow the EU to propose excluding third countries from EU procurement markets, if those countries excluded EU firms from theirs. The EU could perhaps use the arms embargo as a lever to get China to improve its human rights record, and market economy status as a lever for market

opening. Both Russia and China hate such conditionality being applied to them. But they use it in their own dealings with other countries and would have to accept it if the EU was tough enough to use it with them.

The Russians and the Chinese see the UK for what it is – a quite important, middle-sized country that is very much part of the EU (though too close to the US for their taste). Both respect Britain's financial markets and its schools and universities, and some of its companies, such as its energy champions, which are major investors in Russia and, to a lesser degree, in China. But they do not regard the British economy as being in the same league as that of Germany, which has much closer economic ties to them than the UK does. Britain on its own does not have a lot of leverage with either Moscow or Beijing. The acrimonious disputes over the murder in London of Alexander Litvinenko or the ill-treatment of BP by its Russian business partners have shown this very clearly. The EU as a whole often finds it hard to influence Russia and China, but it sometimes has some influence. If any entity can persuade Russia and China to open their markets more widely to British services, it is the European Commission. Britain on its own would have much less influence. For example, Russia is very worried about the prospect of (British-based) Bill Browder persuading the European Parliament to follow the US Congress in passing a 'Magnitsky bill', which could lead ultimately lead to visa bans on senior Russia officials.

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Additional information

These arguments are discussed in more detail in a short CER book published in February 2012 by Charles Grant, 'Russia, China and global governance' – notably in chapter five, http://www.cer.org.uk/publications/archive/report/2012/russia-china-and-global-governance.

See also a CER insight of January 2013 by Charles Grant, 'How can the EU influence China?', http://www.cer.org.uk/insights/how-can-eu-influence-china.

On the ups and downs of the EU-Russia relationship, see a CER policy brief from September 2011 by Katinka Barysch, 'The EU and Russia: All smiles and no action?", http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2011/pb_russia_april11-157.pdf.

The European External Action Service

Charles Grant

The European External Action Service (EEAS) is, potentially, a very useful tool for enhancing British influence in the EU and in the world. The potential downsides for the UK are relatively limited: Britain has to pay a share of its administrative budget; some good FCO officials are seconded to the service, and thus lost to the UK for a while; and there is a risk that the EEAS will be so badly managed that it will do or say things that embarrass the EU, or indeed the UK. The downsides are limited because EU foreign policy is decided by unanimity. The Union and its EEAS cannot announce a policy or pursue an action that the UK disagrees with. The UK can block whatever it wants to block.

The potential upsides of the EEAS are considerable. It brings together the external relations parts of the Commission, and the departments of the Council of Ministers dealing with foreign policy, which used to be separate organisations and often pursued different policies. The EEAS adds in a sprinkling of seconded national diplomats, to boost its expertise.

The EEAS should enable the EU to run truly joined-up foreign policies. The EU's various instruments – military and policing operations, aid policies, trade policies, visa policies, energy policies and foreign policies – have often been unco-ordinated and at cross purposes, for example in Bosnia, for much of the last decade. In theory, the post of High Representative/Vice President (HR/VP) – based in both the EEAS and the Commission – should enable the various external policies to be co-ordinated.

The existence of the EEAS – which, through the secondees, has close links to national foreign ministries – should encourage common analyses of problems. The EEAS delegations bring together people from national embassies in, say, Beijing, to share information and draft common papers on what is happening. These reports feed into the EEAS in Brussels, where there is more expertise than in the old days of a separate Commission and Council Secretariat. The best analysis goes up to meetings of senior national officials and foreign ministers; in the long run, common analyses should encourage common policy.

This system has particular potential benefits for the UK. As one of the 'big three', with a global foreign policy and great expertise on many parts of the world, the UK is naturally an influential player in the EEAS. Most small countries do not have policies or strong views on most parts of the world. The British – like the French and the Germans – can use the EEAS to mould the views of smaller member-states and educate them in the realities of foreign policy. Many EEAS officials and smaller member-states look to the big three to give a lead on EU foreign policy. They know that – as the CER has always argued – the EEAS can only work well if the big three engage in it, rather than seeing it as a rival. Most small countries reckon that the EEAS can save them money: if they rely on it to represent their interests in many corners of the world, they can make savings in their own diplomatic services. The British would not want to do that, but should see the EEAS as a useful supplement to their own policy-making – and as a vehicle for promoting British interests.

The EEAS has already had some successes. Catherine Ashton and her officials have been mediating between Serbia and Kosovo and have achieved useful results. In Burma, the EEAS – working closely

with the British – has helped to persuade the regime to embrace reform (the EU was able to lift sanctions much sooner than the Americans). Another success story is Somalia, where an able EU Special Representative – Alex Rondos – has co-ordinated the EU naval operation against pirates, the training of African Union peacekeepers by the EU, the efforts to build up local naval forces in the region, and the rule of law mission that has improved the courts in several neighbouring countries.

Lady Ashton, backed by the big three, has led the efforts to persuade the Iranian government to abandon its nuclear programme. This has not produced a successful outcome, yet, but the process has been a success. The Europeans have backed Lady Ashton and the big three, while the Americans, Chinese and Russians have also gone along with this diplomatic process. The Americans have been impressed by the severity of the economic sanctions that EU member-states have enforced against Iran.

Overall, however, the EEAS has failed to meet expectations. Setting up a new organisation was never going to be easy. But there are some very real problems.

The European Commission often stifles the EEAS. Many of its commissioners and directorates-general do not want to be co-ordinated by the EEAS. Some of them take a more constructive approach, but often there is no joined up foreign policy. Lady Ashton has never been given the scope to co-ordinate the commissioners who work on foreign policy (one result is that the Commission's trade policy is sometimes less effective than it should be: its trade officials may lack awareness of the foreign policy context in which they operate). The Commission controls the purse strings of the major programmes that the EEAS operates, sometimes using this control to dominate the EEAS, and is extremely inflexible on how the money is spent. The staff in overseas delegations who come from the Commission report to the Commission in Brussels rather than to their heads of mission. And the Commission in Brussels manages their staff assessments too. Many senior Commission officials resent the creation of the EEAS, which – as they see it – has eroded Commission prerogatives. In unguarded moments, some Commission officials admit that they do not want the EEAS to succeed.

But the EEAS cannot blame all its ills on the Commission. There is, as yet, no single corporate culture. Most of its staff hail from the Commission, and in some parts of the EEAS they are not integrated well with those from the Council and the other member-states. In some areas the EEAS has not yet built up high-quality policy expertise (the US State Department complains about the Asia units, for example). Many staff complain about poor management in the EEAS. Decisions are often taken very slowly. Reporting lines are not always clear. Some staff feel demotivated. The High Representative has too much on her plate; one major problem is that the EU treaties failed to give her any deputies.

The big three are not sufficiently engaged in the EEAS. The British are perceived as somewhat semi-detached, partly because of the battles they fought in recent years over 'competence creep' and who has the right to speak on the EU's behalf. Whatever the rights and wrongs of those arguments, the British appeared to many others to be theological, and the dispute created enormous ill-will towards the UK. The French are also, some of the time, rather detached from the EEAS, seeing it as a British-dominated body. They are sometimes concerned that the EEAS could try to limit France's freedom of action, and sceptical that it could add much value. The Germans are perceived as taking a more positive approach, though on certain issues, like China, they sometimes try to avoid dealing with the EEAS.

In summer 2013 the EEAS is carrying out a review of how it works. This offers the UK a major opportunity to propose reforms to the institution. If it did so, it would show that the UK can be constructive as well as critical on EU institutions. A more effective EEAS would be in the British national interest. The UK would find that if it proposed reforms, many others would follow its lead. Many good ideas are outlined in a non-paper on strengthening the EEAS drafted by 14 ministries of Foreign Affairs, including Germany, Italy and Spain.

The priorities should be: giving the HR/VP a real role in co-ordinating those parts of the Commission that work on external relations; giving the EEAS more say over the spending of money; giving the HR/VP several deputies, one of whom would be responsible for administration; and making a greater effort to improve the expertise of the EEAS, for example by increasing the share of staff from the member-states, and by revising the staff regulation so that under-performing officials can be fired.

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Additional information

Some ideas on how to improve the EEAS are contained in a CER policy brief of July 2012 by Edward Burke, 'Europe's External Action Service: Ten steps towards a credible EU foreign policy', http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2012/pb_eeas_4july12-5377.pdf .

The EU's policy towards the Middle East Peace Process

Clara Marina O'Donnell

Since the beginnings of EU foreign policy co-operation, the Union has sought a peaceful resolution of the Arab-Israeli conflict. This objective is of significant interest to the United Kingdom.

How does the EU add value?

The EU provides large sums of humanitarian and development assistance to different countries in the Middle East. The EU is notably the largest donor to the Palestinians – according to EU figures, in recent years, the European Commission and member-states have together provided around €0.5 billion Euros annually. Some of the EU's development efforts – particularly in Gaza – have been undermined by military confrontations between Israelis and Palestinians, feuding between Hamas and Fatah and the unwillingness of the Quartet to engage with Hamas until the faction fulfils certain conditions. But EU aid has helped Palestinians to make some progress in developing government institutions – a central requirement of the two-state solution. And the EU's humanitarian assistance has helped minimise the spread of chaos in Gaza since 2006. For example, as highlighted by the European Commission's Directorate General for Humanitarian Aid, its food aid supported around 500,000 refugees in Gaza in 2008.

Through trade concessions, the EU provides its south eastern neighbours with access to the world's largest trading bloc. The EU also co-operates with countries along its southern periphery on transport and environment and it allows them to participate in its scientific research programmes. Such bilateral ties strengthen the potential for economic growth in the Middle East, and therefore help provide some stability to the region.

The EU has at times also played a helpful diplomatic role in the Middle East Peace Process. The Union has helped legitimise policies which were initially domestically controversial for other states. For example, in the Venice declaration, EU heads of state and government recognised the need to involve the Palestinian Liberation Organisation (PLO) in the peace negotiations at a time when the PLO was viewed as a terrorist organisation by Israel and the US.

The comparative (dis)advantages of working through the EU

The Lisbon treaty has addressed some the institutional inefficiencies which previously hampered EU efforts towards the Arab-Israeli conflict. But the EU's policy in the region remains hamstrung by the difficulties of reaching a political consensus amongst 27 countries which have different views on the Middle East Peace Process.

Even when the EU does agree on a common position, its message to local interlocutors is sometimes undermined by the unwillingness of EU member-states – including the United Kingdom – to let the EU speak on their behalf. And at times, some EU countries break with the EU's official policy. For example, in July 2007, the foreign ministers of ten Mediterranean member-states wrote an open letter to Tony Blair declaring the failure of the Quartet's 2003 Roadmap peace plan. They did not consult the remaining members of the EU, and they broke the official EU line which argued that the Roadmap remained the key instrument for guiding the peace process. Similarly, in September 2010, then-French President Nicolas Sarkozy criticised US attempts to revive the Middle East Peace Process and invited

Palestinian President Mahmoud Abbas and then-Israeli Prime Minister Ehud Olmert to Paris to hold peace talks. At the time, the official EU position was to support the US-led efforts.

The EU also struggles to play a significant diplomatic role in the Middle East Peace Process because Israel has been reluctant to trust the organisation. Despite the strong cultural affinity many Israelis feel for Europe, and improvements in EU-Israeli relations over the years, there is still a feeling that a number of EU states (in particular France and some Southern European states) have a pro-Arab bias and are insensitive to Israel's security concerns.

Would a different division of EU and member-state competence produce a more effective policy?

The EU's principle challenge in the region is political. The best way for European governments to improve EU policy towards the Middle East Peace Process would be to more speedily reach common positions in response to developments in the region, and to allow EU representatives to liaise with local players on their behalf.

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Additional information

Further details on the EU's policy towards the Middle East Peace Process can be found in a CER policy brief of June 2009 from Clara Marina O'Donnell, 'The EU's approach to Israel and the Palestinians: A move in the right direction', http://www.cer.org.uk/publications/archive/policy-brief/2009/eus-approach-israel-and-palestinians-move-right-direction.

See also a CER insight of January 2009 by Clara Marina O'Donnell, 'Gaza, Europe and empty gestures', http://www.cer.org.uk/insights/gaza-europe-and-empty-gestures.

And a CER report from 2008 by Clara Marina O'Donnell, 'The EU, Israel and Hamas', http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2011/wp_820-1475.pdf.

The EU's Common Security and Defence Policy

Clara Marina O'Donnell

The United Kingdom benefits from the EU's Common Security and Defence Policy (CSDP) because CSDP galvanises European countries into increasing their contributions to international security – something Britain has encouraged its partners to do for decades. EU defence and security initiatives have led EU countries to deploy troops and civilians to stem crises in different parts of the world. They have also led several states to make some improvements to their military capabilities.

The various improvements are modest. But they outweigh the costs Britain incurs through its participation in CSDP – be it time devoted to diplomatic negotiations, the duplication of some military resources, and funds provided to EU institutions. And as the US is notably stressing, at a time when military budgets are shrinking on both sides of the Atlantic, Europeans should exploit any tool at their disposal which can trigger additional military capabilities and deployments.

How does the EU add value?

Operations

Over the last decade, the EU has deployed over 28 missions – military and civilian – aimed at supporting international stability in different parts of the world. Notwithstanding the budgetary constraints many member-states are facing currently, four of these missions were launched over the last nine months.

As will be discussed below, some of the EU's deployments have been too small to make a substantial impact. But others have been effective: A large EU military mission has been upholding peace in Bosnia and Herzegovina since 2004. An EU military deployment prevented Macedonia from sliding into chaos in 2003. The EU used to have nearly 3,000 experts helping Kosovo reform its police, judiciary and customs (it currently has around 2,200). An EU operation played a key role in stabilising Aceh in 2005-2006 by monitoring the implementation of the peace agreement reached by the Indonesian government and the Free Aceh Movement.

Through its various civilian deployments, the EU has developed expertise in training police forces, reforming judiciaries and monitoring borders in third countries. The EU often still struggles to recruit sufficient judges and police officers with the skills required for its operations. Nevertheless, as highlighted notably by US officials, the Union's growing expertise in civilian aspects of crisis management is a helpful asset to the UK and its EU partners (and one which NATO notably lacks).

When seeking to stem a crisis, the EU can combine its military and civilian deployments with trade incentives, aid, diplomatic support, and at times the offer of EU membership (something which again NATO cannot do). The EU does not always co-ordinate its various foreign policy 'tools' effectively. But as officials from several EU countries – including the UK – argue, the Union has managed to do so rather successfully notably in the Balkans and the Gulf of Aden. The US also considers the EU's ability to deploy a 'comprehensive approach' helpful. At times, USAID has even tailored its aid programmes to support EU crisis management efforts. For example, in Macedonia, USAID projects have been designed to support EU accession.[1]

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[1] See Daniel Korski et al, 'A New Agenda for US-EU Security Co-operation', FRIDE, November 2009,

At times, the EU can provide a more politically acceptable umbrella for Europeans to deploy crisis-management troops or civilian experts than NATO, the UN or the OSCE. For example, Russia is firmly opposed to NATO forces in its neighbourhood. But Moscow has agreed to allow a CSDP police mission to monitor the ceasefire in Georgia since the Russian-Georgian war of 2008.

CSDP missions enable certain European countries – not least the neutral states – to contribute to military operations in which they might otherwise not have engaged. Ireland and Finland have notably contributed to the EU military deployment to Chad in 2008 and the ongoing EU military training mission in Somalia. EU deployments have also allowed countries with limited experience in expeditionary operations to gain valuable training.

According to EU officials, the UK is often very effective at shaping the conduct of CSDP missions – even when London deploys only a few military officers or civilian experts.

Capabilities

Over the last decade, European governments have often failed to implement EU plans designed to make European militaries more deployable. Notably many of the equipment shortfalls identified in the 2010 Headline Goal remain. EU battlegroups have never been used and according to EU officials, some of them are inadequately equipped for combat operations. In addition, since 2008 many European countries have been introducing significant cuts to their military spending, undermining some of the progress which they had made in acquiring expeditionary capabilities.

But CSDP has nevertheless succeeded in galvanising a number of EU countries into making some improvements to their armed forces. Sweden for example took advantage of the battlegroup initiative to overhaul its armed forces so that they can be deployed abroad. The desire to acquire battlegroups also led Spain to make its forces more rapidly deployable, Finland to upgrade its transport aircraft, Poland to buy similar planes and set up a joint operations command centre and Italy to set up a joint forces headquarters.

The European Defence Agency (EDA) has also helped EU governments improve their armed forces. It has trained helicopter pilots from various EU countries so that these could participate in military operations in Afghanistan. It has helped develop a laboratory for forensic research on improvised explosive devices. Eighteen countries take part in an EDA facilitated network to assist maritime surveillance through information exchanges. Ten states are working with the agency to acquire more air to air refuelling planes. The EDA funds research programmes for British and other European defence companies. In addition, the EDA – and the European Commission – have also helped to break some of the many barriers within the European defence market. These efforts are particularly beneficial to the UK because the country has one of the most open defence markets in Europe. (The CER will submit evidence on EU efforts to liberalise the defence market during the BIS review of the free movement of services in semester 3.)

Institutions

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http://www.fride.org/publication/699/a-new-agenda-for-us-eu-security-cooperation.

The Lisbon treaty helps streamline EU efforts in security and defence matters. Prior to Lisbon, the Commission and the Council would at times duplicate their political monitoring in conflict areas. Commission Delegations and Council officials on the ground would sometimes communicate poorly. And the senior representatives from both institutions would also sometimes support different policies in Brussels. These shortcomings have been partly addressed by the creation the External Action Service and the double hatting of the EU High Representative as a European Commissioner.

Some senior political figures in the United Kingdom, including former secretary of state for defence, Liam Fox, have expressed concerns that the double hatting of the High Representative poses a threat to British sovereignty. From their perspective, this reform of the Lisbon treaty allows the European Commission – a supranational institution— to play a role in EU defence matters. But these concerns are exaggerated. Under Lisbon, all significant decisions regarding EU defence matters continue to rest with the member-states.

Over the years, some EU institutional innovations have managed to incentivise member-states into improving their military capabilities. According to some British officials, this was notably the case with permanent structured co-operation when it was first discussed during the Convention on the Future of Europe in 2002 and 2003: the lure of joining a core group played a central role in the decision of several EU member-states to field battlegroups. (At the time of the Constitutional treaty, member-states thought that battlegroups might be part of the qualifying criteria to join the core group.)

The comparative (dis)advantages of working through the EU

Operations

Many European countries are even more averse to incur the costs and risks of conflict when deploying under the EU flag than when deploying under NATO. As a result, a number of CSDP missions have been too short, too small or too cautious to make a lasting impact on the ground. For example, the EU only has about 60 officials advising Iraqis on how to improve their judiciary and policing. For several years, EU countries had only around 200 police officers training police forces in Afghanistan. And European governments placed so many safety restrictions on their police officers that their ability to help Afghan forces was curtailed.

Although it has been rare, there has been some duplication between EU and NATO missions – something the UK government has been particularly keen to avoid since the launch of CSDP. In the Gulf of Aden, both NATO and the EU have ships on patrol and the missions have different rules of engagement. The two missions are conducted from operational headquarters in Northwood to facilitate co-ordination. But some of the command and control efforts are nevertheless duplicated.

As within NATO, Britain sometimes needs to invest significant diplomatic resources to convince its EU partners of the merits of a particular operation. In addition, it can take significant time for a CSDP mission to be deployed. Indeed, even once EU states endorse an operation politically, sometimes several months pass before they provide the required military capabilities. The EU's deployment to Chad was notably delayed by six months because of shortfalls in helicopters and transport aircraft. (In other instances, the EU has deployed missions in relatively short timeframes. This was notably the case with the monitoring mission to Georgia.)

Capabilities

Over the years, the UK has invested significant diplomatic efforts in helping other governments identify their various EU capabilities targets. The subsequent unwillingness of many member-states to implement these goals has led to frustration amongst British policymakers.

Many EU governments have been reluctant to engage with the European Defence Agency. This has contributed to a belief among some British officials that funding the EDA is an inefficient use of British resources. But as described above, the agency has succeeded in delivering some additional European capabilities. In addition, the UK's financial support to the EDA – around £3.5 million – is modest when compared to Britain's defence budget. And some of the funds benefit British defence companies which take part in EDA projects.

Institutions

France's re-integration into NATO's command structure has eliminated some of the obstacles to EU and NATO co-operation which have existed over the last decade. But as a result of the continued disputes between Turkey and Cyprus, many challenges remain: official exchanges between NATO and the EU are severely restricted, including on issues which affect European security. NATO struggles to provide security to EU civilians experts when they are deployed in the same theatre of operations as NATO forces. Due to the political impasse, the EU's ability to use NATO planning and command structures for CSDP operations is also curtailed.

The other two options available to the EU to conduct military operations also have shortcomings. EU states can use one of five national headquarters in Europe, or they can reinforce the EU Operations Centre, a skeleton planning capability based in Brussels. The need for governments to nominate and activate one of these headquarters at times leads to delays in setting up a mission. In addition, although the British and French armed forces have the means and expertise to effectively operate a multinational military operation through Northwood and Mont Valérien, this is not the case for all the national headquarters which are officially at the EU's disposal. According to officials, EU states struggled to operate at the German headquarters in Potsdam when conducting the EU's deployment to Congo in 2006.

Would a different division of EU and member-state competence produce a more effective policy?

The institutional reform which would lead to the most significant improvement in CSDP would be the elimination of the current hurdles to EU-NATO co-operation. To do so, Britain, its European partners, and the US would need to convince Turkey and Cyprus to address their bilateral dispute. The UK would also need to encourage its fellow EU members to make more progress in EU membership negotiations with Ankara. As an intermediary measure, EU states could help minimise current tensions by allowing Turkey to participate in the European Defence Agency. From a British perspective, Turkish participation in the EDA could also provide welcome additional improvements in European military capabilities.

The speed at which CSDP military missions can be deployed could be increased if EU states agreed to set up a small permanent operational headquarters in Brussels. Although many EU countries, including France, have long supported such an institutional reform, Britain opposes it, in the belief that it would be an unnecessary duplication of resources. But as discussed above, the current

arrangements are not fully adequate. In addition, as the permanent EU headquarters would be small, the financial cost of additional staff would be limited. The UK could also leverage the prospect of permanent EU headquarters to spur improvements in European armed forces: London could offer to explore options for establishing such headquarters once other EU states acquired certain military assets.

The UK could activate permanent structured co-operation as another mechanism to incentivise European governments into developing more expeditionary military capabilities. As discussed earlier, the pull of a core defence group has managed to trigger reforms from EU ministries of defence in the past.

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Additional information

Further details on the strengths and shortcomings of EU defence efforts can be found in a CER policy brief of October 2011 by Clara Marina O'Donnell, 'Britain and France should not give up on EU defence co-operation', http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2011/pb_csdp_24oct11-3907.pdf.

EU efforts to liberalise the European defence market are assessed in a CER policy brief of June 2009 by Clara Marina O'Donnell, 'The EU finally opens up the European defence market', http://www.cer.org.uk/publications/archive/policy-brief/2009/eu-finally-opens-european-defence-market.

The EU and Energy Security

Katinka Barysch

Energy security has several dimensions, among them:

- The domestic energy mix: which mix of domestic resources (conventional and unconventional gas, coal, renewables, nuclear) is best suited to ensure that the UK's energy needs are met? Efforts to reduce overall energy demand also fall into this category.
- Resilience of the domestic energy system: how do we need to design and build our energy system so that it is best able to withstand disruptions?
- External supply security: can we rely on the Middle East, Qatar, Russia and other hydrocarbon producing states to deliver our vital energy needs?
- Implications of energy for international security: how will resource competition or the consequences of climate change impact on the UK's security?

How does the EU add value and what are the comparative (dis)advantages of working through the EU?

Domestic

At the domestic level, the Lisbon treaty leaves member-states to decide their own national energy mix. However, the EU's multiple targets restrict that freedom in practice.[2] The EU's target for 20 per cent reduction in energy demand is non-binding but it does provide incentives for member-states to increase energy efficiency and so lower their overall demand for energy (see for example UK Green deal for buildings). The obligation to shift 20 per cent of energy production to renewables and to reduce carbon emissions by 20 per cent by 2020 will reduce the UK's reliance on fossil fuels and therefore on outside energy suppliers. The occurrence of natural resources such as shale gas will also have considerable implications of the energy security of the EU and its individual member-states.[3]

The EU also has programmes for the construction of pan-European power and gas networks. For the continental European member-states, especially smaller ones, this integration into an evolving pan-European energy market delivers a significant increase in energy security.[4]

In the next Multiannual Financial Framework (MFF), spending on the 'Connecting Europe' facility (which also includes transport and broadband) has been cut from an originally proposed €50 billion to €29 billion to achieve an overall cap on EU spending. Nevertheless, EU infrastructure policies, such as rules for accelerated planning and approval of cross-border projects, help to physically connect EU energy markets.

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2 Katinka Barysch (ed), 'Green, safe, cheap: Where next for EU energy policy?', CER report, September 2011, http://www.cer.org.uk/publications/archive/report/2011/green-safe-cheap-where-next-eu-energy-policy.

3 Katinka Barysch, 'Shale gas and EU energy security', CER insight, June 2010, http://www.cer.org.uk/insights/shale-gas-and-eu-energy-security.

4 Stephen Tindale, 'Connecting Europe's energy systems', CER policy brief, October 2012, http://www.cer.org.uk/publications/archive/policy-brief/2012/connecting-europes-energy-systems.

For the UK, the benefits are tangible but less significant because of its island character, North Sea resources (although diminishing) and LNG import facilities. The EU has also agreed on standards to make power and gas systems more resilient to disruptions, for example as a result of power failures or severe weather.

The European bodies that bring together electricity and gas network operators (ENTSO-E and ENTSO-G) for the first time give a regional dimension to issues such as network planning and safety margins. Moreover, the EU requires member-states to build up gas storage facilities, something that the UK has traditionally been weak in.

External

The EU's external energy policy is still under construction. The main issue in the EU's external energy security policy (as opposed to climate change policies or technology transfer) is natural gas. Oil is a much more fungible commodity that is traded on world markets. Europe's gas supplies, on the other hand, are dominated by long-term bilateral contracts that govern the flow of pipeline gas. Individual EU countries (or more precisely their energy companies) have traditionally negotiated their own supply contracts with outside suppliers such as Sonatrach. The EU does not have powers to negotiate with third-country energy suppliers.

However, the creation of an internal gas market (where countries can help each other out in case of supply disruptions), as well as the requirements of market liberalisation and competition policy have considerably weakened the power that large outside suppliers used to have.[5] For example, EU countries now have an obligation to disclose certain parameters of the energy deals they conclude with third countries. The European Commission is currently investigating whether Gazprom is abusing its dominant role in the European gas market.

Moreover, the EU has bilateral energy dialogues with large suppliers such as Russia, Norway and OPEC. These do not as yet add as much value as they could. The EU also has a pro-active policy to diversify sources of supply, through building LNG terminals and new pipeline infrastructure. The Commission has taken concrete actions to facilitate a 'southern corridor' for gas imports from the Caspian and the Middle East. In this context, the Commission has supported the Nabucco pipeline from Turkey to Austria and the Trans-Caspian pipeline from Turkmenistan to Azerbaijan through political support, legal agreements and some funding.[6] The EU has also included energy in its third country relations, for example signing 'strategic energy partnerships' with individual countries (Iraq, Azerbaijan) or whole regions (Africa). An 'energy community treaty' has extended some of the energy acquis to most South-East European countries.

Although the UK is less directly dependent on individual outside suppliers for its energy than many of the continental European countries (who depend for much of their gas on either Russia or Algeria),

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[5] Katinka Barysch, 'Gazprom's uncertain outlook', CER insight, December 2009, http://centreforeuropeanreform.blogspot.co.uk/2009/12/gazproms-uncertain-outlook.html.

[6] Alexandros Petersen and Katinka Barysch, 'Russia, China and the geopolitics of energy in Central Asia', CER report, November 2011, http://www.cer.org.uk/publications/archive/report/2011/russia-china-and-geopolitics-energy-central-asia; Katinka Barysch, 'Should the Nabucco pipeline project be shelved?', CER policy brief, May 2010, http://www.cer.org.uk/publications/archive/policy-brief/2010/should-nabucco-pipeline-project-be-shelved.

the country benefits from the strengthening of an EU external energy security policy. The dominant and opaque relationships that German, Austrian, Italian and other energy companies had (and to some extent still have) with Gazprom have made the creation of an EU gas market more difficult. But UK energy security will rise if it is part of a flexible and resilient European gas market. The bilateralism in energy also made it harder for the EU to speak with 'one voice' vis-à-vis Russia more generally. This has made it harder to resolve disagreements for example over the EU-Russia common neighbourhood.

The US has traditionally carried the main responsibility for ensuring the stability of the Middle East and global energy sea lanes. The EU is becoming more involved in crisis-management however, for instance through the anti-piracy mission Operation Atalanta and the EU training mission in Somalia. Both operations are in the UK's interest and have strong UK support. Operation Atalanta is also run out of the maritime command at Northwood.

Through the principle of burden-sharing, the UK is getting greater mileage working through the EU, than if it were to operate alone. Similarly EU policy for the southern neighbourhood aims to promote long-term stability in important resource-producing regions. The 2003 EU Security Strategy acknowledged the security implications of climate change and energy security and that climate change can lead to greater competition over resource-access. The EU's Arctic Policy promotes international co-operation and the sustainable development of artic resources. This amplifies UK foreign policy objectives in the arctic.

Would a different division of EU and member-state competence produce a more effective policy?

Domestic

The UK is not alone in resisting any attempt to involve the EU in determining the energy mix at the EU level. It would make little sense to determine fixed ratios for say, nuclear, coal and offshore winds that member-states need to achieve in their domestic energy markets. However, the idea that in an integrated European energy market, individual countries can be free to determine their own energy mix is equally fraught. In a European context, it is not effective to decide about the location of renewables in response to national subsidy regimes (as at present), rather than in line with endowments with sunshine, wind and geothermal in a European context. A truly European energy mix would mean that several EU regions would be treated as one market, with strong implications for the energy mix of individual countries.

The UK would then, for example, 'specialise' in wind and nuclear while the Netherlands, for example, would rely mainly on gas whereas Spain would export electricity from solar power plants. Such an EU-wide diversification would be much more cost effective than each EU country seeking to diversify its own sources of supply.

In an integrated European market, the planning and management of critical infrastructure is by necessity a cross-border issue. The UK, because of its island character, might seek to arrange gas and power interconnections on the basis of bilateral agreements. Since the counterparts would be the EU (or the EEA), the legal basis for such agreements would presumably still be the acquis. So the UK

would not gain from trying to decouple itself from pan-European network plans but it might miss opportunities created by the pan-European energy market described above.

External

A stronger external energy policy would be a natural corollary to an integrated EU market, especially for gas. Just as the creation of a single European airspace at one point necessitated that the EU negotiate 'open skies' agreements with the US on behalf of all member-states, so a truly European gas market would probably require a much stronger role for an EU body in negotiating third-country agreements.

The most pressing need for unity is with regard to Russia. Moscow has for many years managed to play individual EU countries off against each other. Bilateral energy dependencies have been at the heart of this strategy. The fact that Russia (and other energy suppliers) can play 'divide and rule' in the EU has has prevented a strong and coherent EU policy in other areas, for example Ukraine and the Eastern neighbourhood. Since the UK does not so far rely on Russian gas, its direct interest in a coherent Russia policy may be said to be small.

As in the CFSP generally, the security implications of energy and climate change can be more effectively addressed by EU countries working together. In addition, the EU is committed to strengthening international legal regimes to address transnational resource issues. It is a strong supporter of the UN Convention on the Law of the Seas (UNCLOS) and strives for the adoption of a Code of Conduct to resolve maritime issues in the Asia-Pacific, as witnessed most recently by the joint EU-US statement at the Asian Regional Forum.

How might the national interest be served by UK action through different institutions?

The UK's energy security is mainly determined by two levels: national government and EU. In addition, there is the International Energy Agency, which provides information and services on energy to developed countries. There is no consensus within NATO to use the alliance in defence of member-states' energy security concerns, even though reference is made to it in the 2010 New Strategic Concept. The international organisation with arguably the biggest impact on the UK's energy security is OPEC. The EU has an energy dialogue with OPEC.

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Additional information

For additional information on the EU's energy policy see 'Green, safe, cheap: Where next for EU energy policy?'by Katinka Barysch (ed.), CER report, September 2011, http://www.cer.org.uk/publications/archive/report/2011/green-safe-cheap-where-next-eu-energy-policy.

The EU and Climate Change Policy

Stephen Tindale

The EU negotiates in the UN Framework Convention on Climate Change (UNFCCC), and adopts targets and policies such as the 20-20-20 package for 2020 and the Emissions Trading System (ETS).

How does the EU add value?

The EU carries more weight in UNFCCC negotiations than the UK would acting alone. The EU delegation did well at the 2011 Durban climate summit, and will play a central role if new targets are to be agreed by 2015, as was promised in the Durban outcome. However, even if there is agreement, UNFCCC is not strong enough to deliver the necessary greenhouse gas reductions, partly because the targets – despite being legally binding – cannot be properly enforced globally.

EU targets can be enforced. The 20 per cent renewable energy target has caused a significant increase in UK renewable capacity, partly by increasing investor confidence. UK energy policy would be helped if the EU set a 2030 renewable energy target.[7]

The ETS has not been an effective policy instrument. An EU carbon tax would be more effective, but will not be agreed for subsidiarity reasons and because tax requires unanimity from member-states. The ETS should therefore be overhauled to include a rising, Europe-wide price floor and WTO-compatible border tax adjustments.[8] Without EU action, a rising price floor for the UK will have little benefit.

The comparative (dis)advantages of working through the EU

Climate change is a global problem, so a single country working alone has limited influence. The EU has done well on some aspects of climate policy, such as energy efficiency standards for products.[9] Common regulatory policies help promote energy efficiency. They are also necessary for a single market. The EU's attempt to use market mechanisms to promote energy efficiency has been much less successful.

More co-ordination amongst the EU member states on national renewable energy support schemes, would reduce the cost of capital to European government for renewable energy expansion. This co-ordination would not need to go as far as harmonisation.[10]

Would a different division of EU and member-state competence produce a more effective policy?

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[7] Stephen Tindale, 'How to expand renewable energy after 2020', CER policy brief, December 2012. http://www.cer.org.uk/publications/archive/policy-brief/2012/how-expand-renewable-energy-after-2020.

[8] Stephen Tindale, 'Saving emissions trading from irrelevance', CER policy brief, June 2012, http://www.cer.org.uk/publications/archive/policy-brief/2012/saving-emissions-trading-irrelevance.

[9] Stephen Tindale, 'Delivering energy saving and efficiency', CER policy brief, January 2011, http://www.cer.org.uk/publications/archive/policy-brief/2011/delivering-energy-savings-and-efficiency.

[10] David Buchan, 'How to create a single energy market – and subsidise renewables', CER policy brief, April 2012, http://www.cer.org.uk/publications/archive/policy-brief/2012/how-create-single-european-electricity-market-and-subsidise-r.

No. The current division of competences on climate policy is sensible. Member-states are able to adopt policies which are more ambitious and progressive than EU policies – as the UK government is doing with the Emissions Performance Standard. But they are not able to ignore or undercut common EU standards, for example on sulphur dioxide. Common EU standards on pollution are essential to protect British people and the British countryside, as pollution does not respect national frontiers.

The fuel mix is in theory a competence of member-states. The renewable directive, which sets each member-state a target for renewables, appears contrary to this. However, member-states are free to purchase renewable energy from other countries – as the UK is doing from Ireland – and the Commission is encouraging more renewable trading. So renewables targets are consistent with the existing balance of competences, and should be set for 2030.

How effective are the EU's delivery mechanisms? Would any changes make them more effective?

The EU has few delivery mechanisms on climate. It sets regulations, but relies on member-states for implementation and enforcement. One delivery mechanism which should be more widely used is the energy project bond, which the EIB is currently piloting. This will help build better energy infrastructure across the EU, which is necessary to reduce European reliance on fossil fuels.

How might the national interest be served by UK action through different institutions?

Local, national and international levels of government must be involved in climate and energy policy. At the international level most already are, including the UN, G20 and OECD. Even NATO monitors climate change as a potential cause for security threats. This however is additional to, not an alternative for, co-ordination at the European level. Of particular interest however, is local government. Regional governments such as Upper Austria have taken a lead on energy efficiency and renewables. So have many local governments in continental Europe and North America.[11] UK local government should do the same.

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Additional information

For more information on EU climate policy see 'How to expand renewable energy after 2020' by Stephen Tindale, CER policy brief, December 2012, http://www.cer.org.uk/publications/archive/policy-brief/2012/how-expand-renewable-energy-after-2020.

[11] Prashant Vaze and Stephen Tindale, 'Repowering communities: Small scale solutions to large scale energy problems', Routledge, 2011.

The EU and Iran

Rem Korteweg

The EU-Iran relationship focuses on the stop-and-go negotiations to bring a halt to Iran's nuclear programme, which Europeans and the US believe is designed to build nuclear weapons. The EU's role in this process provides the UK with additional foreign policy clout. The UK is focused on two objectives: preventing Iran from becoming a nuclear weapon state by achieving a negotiated solution on Iran's nuclear programme, and avoiding military conflict.

How does the EU add value?

The EU External Action Service (EEAS) acts as the convening power for negotiations between the EU-3 - the UK, France and Germany - Russia, China, the US and Iran. Since the EEAS is also party to the Iran negotiations and the UK gets to shape the EEAS' position on the negotiations, London effectively has two channels through which it is involved.

In addition, the EU 27 play a key role in pressuring Iran to give up on its nuclear weapons ambitions. In 2012 member-states agreed to an oil embargo and financial sanctions. These sanctions have led to a virtual stop in Iranian oil exports, a fall in the local currency and a depletion of Iranian foreign currency reserves. Due to its size as a trading bloc and because the EU represents several European countries that import large amounts of energy from Iran, the EU has the ability to impose more painful sanctions on Iran than the UK could alone.

Since the EU plays a key role in the process, it is taken more seriously by major powers, such as the US, China and Russia. Those states concerned with the implications of a nuclear Iran, for instance across the Gulf, may similarly be supportive of the EU. A number of Arab countries may back the EU for its efforts to avoid Israel or the US from taking military action against Tehran. Its tough stance on Iran also strengthens the EU's ability to convince Israel of its continuing commitment to Israel's security.

The EU is complementary – not an alternative – to UK policy. This however, is no guarantee for a successful conclusion of the negotiations.

The comparative (dis)advantages of working through the EU

The EU acts as a multiplier to the UK's foreign policy objectives on Iran. While the UK works through the EU, it also maintains its own seat at the table. London's influence is thereby amplified.

However, working through the EU takes up UK diplomatic capital: the UK has had to lean on other EU countries so that they agree to introduce sanctions against Tehran. Member states in southern Europe, including Greece, Italy and Spain, were heavily dependent on Iranian oil exports and initially reluctant to adopt the sanctions. Also, the EU alone has not had sufficient weight to sway Iran's nuclear ambitions. Instead the role of the United States remains crucial.

Would a different division of EU and member-state competence produce a more effective policy?

Not necessarily. The EU does not have competence in the realm of strategic foreign policy. If the EU were a unitary actor in foreign policy, it could possibly act with greater resolve and speed. Co-

ordinating positions within Europe would be less cumbersome. However, even so, it is questionable what more the European Union would be able to do, than it has done now. Strong sanctions and diplomatic pressure have been mobilised. EU27 interests are more or less aligned regarding Iran.

The EU could also play a bigger role on other dossiers with Iran, such as co-operation on the future of Afghanistan, discouraging Tehran from supporting Assad or stopping its support for destabilising factions in Iraq.

How might the national interest be served by UK action through different institutions?

The negotiations with Iran take place with international heavyweights; the five permanent members of the UN Security Council, plus Germany. Additional negotiating partners would muddy the waters. Currently, Lady Ashton is chairing the negotiations, providing the UK with more influence than if the UN Secretariat hosted the meetings.

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Additional Information

For more details on the EU and negotiations with Iran see 'Last Hooray for the EU on Iran?' by Tomas Valasek, Centre for European Reform, http://www.cer.org.uk/insights/last-hooray-eu-iran.

The EU and Transatlantic Relations

Rem Korteweg

The UK considers its relationship with the United States as central to its foreign policy. Underpinned by strong historical links, the UK-US relationship covers economic ties, diplomacy and security co-operation. The EU also has important relations with the United States, primarily based on trade. Yet both sides of the Atlantic have aspirations for greater political co-ordination as well. While the transatlantic relationship still rests on strong bilateral dimensions, the EU-US relationship offers specific value to the UK. The UK may cherish its 'special relationship' with the US, but the EU-US relationship amplifies bilateral US-British relations and helps serve British interests.

How does the EU add value and what are its comparative (dis)advantages?

Several permanent forums exist for transatlantic consultations between the EU and the US. At the expert-level, co-operation for instance takes place in the EU-US Energy Council and the Transatlantic Economic Council, which discuss common energy and trade issues. Negotiations at these forums are more effective than any bilateral consultation, as the EU is able to negotiate with the US as an equal, instead of a junior partner.

The ability to negotiate with the US on the principle of equality is one of the central benefits of EU-US relations. It however only takes place on those issues where the EU has full competence. This is the case for trade. Since EU-US trade represents the world's largest intercontinental commercial flow, the EU's negotiations with the US are essential to UK prosperity. This is particularly the case in light of on-going discussions over a transatlantic free-trade initiative.[12]

The aggregate size of the EU and the US is a crucially important force in global trade and development negotiations. In the WTO, transatlantic co-operation on trade disputes contributes to the defence of UK business interests. There is also untapped potential. Together, the EU and the US are the largest providers of development aid. Greater co-ordination of development priorities could benefit UK development objectives.

The UK believes in a 'special relationship' with the United States. Amongst others, this is expressed through the close military ties between the two countries. When it comes to military affairs, NATO remains the UK's preferred transatlantic platform. The transatlantic collective self-defence organisation is the cornerstone of UK security policy, yet the EU's activities in the security domain can complement it. For one, NATO is not capable of undertaking civilian operations or mobilising other instruments of national power, such as development aid, to achieve certain objectives. For this, the EU remains a necessary instrument. Co-operation between the EU and the US in conflict prevention should be strengthened and should emphasize the use of 'soft power' tools of crisis-management.

The EU also plays an important role to protect the rights and privacy of European citizens, including those of the UK. Discussions over personal data protection – financial or otherwise – among 27 individual states would be time-consuming for the US, but also likely less beneficial to European, and UK, interests. Although seemingly very technical, such discussions have served the purpose of uniting 27 EU countries on issues of common interest.

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[12] Philip Whyte, 'Freeing the transatlantic economy – prospects, benefits and pitfalls', CER insight, 20 February 2013, http://www.cer.org.uk/insights/freeing-transatlantic-economy-%E2%80%93-prospects-benefits-and-pitfalls.

At the political level, the annual EU-US summit is important on paper, yet disappoints in reality. The EU-US relationship suffered a blow when President Obama cancelled the summit in 2010. The relationship does not achieve its full potential because the United States sees the EU mainly as a trade bloc, not as a credible political actor. But both sides are to blame. The summit also fails to deliver due to a steadfast desire from EU countries to maintain exclusive bilateral relations with Washington, instead of working through Brussels. It also results from an unclear division of labour between the European Council and the Commission on transatlantic affairs. At the most senior level the EU sends three people to the summit – President Van Rompuy, President Barroso and High-Representative Ashton – while the US sends one, the President. In order to avoid Kissinger's famous dilemma of 'not knowing who to call in Europe', the United States supports greater European integration. The dilemma however, has still not been satisfactorily resolved. In spite of positive developments, neither the EEAS nor its chief, Lady Ashton, have enough clout to cajole the EU member-states to exclusively defer to her and the bureaucracy she runs.

The EU-US summits have generally focused on trade and economic policy. While foreign policy issues are discussed – such as the Middle East Peace Process and the 'Arab Spring' – they receive less attention. There are no on-going EU-US dialogues that deal with these issues. Nevertheless, the EU and Washington do co-operate on global issues, formulating common approaches on transnational issues such as human rights, internet freedom, non-proliferation and strengthening of international regimes. Their common weight is often instrumental in placing issues high on the international agenda. Common diplomatic positions yield the promise of greater achievement and forewarn a strengthened role of the EU on the international stage. For instance, the recent joint statement by then-Secretary Clinton and Lady Ashton on Asia-Pacific security at the Asia Regional Forum enjoyed strong UK support. London realises that its foreign policy interests are at times best served through the EU.

After such promising statements however, the EU often fails to follow-up with concerted action. EU-US relations would benefit from greater co-ordination among different EU member states on strategic foreign policy issues. This particularly requires greater co-ordination between Germany, France and the UK.[13] European discord over how to deal with Asia for instance, is impacting the ability of the EU to co-operate closely with the US on the rise of China; an issue the UK feels strongly about.[14]

Regarding security issues, bilateral relations usually take precedence over EU-US co-operation. Specific national security interests are not deferred to the European level. However, the EU has achieved some success in the foreign policy domain alongside the US. For instance, the EU and Washington worked together on Burma and the Iran sanctions regime. In an increasingly complex and multipolar world, co-operation among a united Europe and the United States has a better chance of defending British interests. Dissent between the EU and its member states and the US is usually a recipe for diplomatic failure, while common positions improve the prospects for success.

The UK however, is sometimes concerned that stronger EU-US co-operation will come at the expense of its bilateral dealings with Washington. For instance, plans for a permanent EU seat in the UN Security Council– which has some support in Washington - is met with resistance in London as it would probably replace the UK's seat. Generally however, such zero-sum thinking is exaggerated. On his first trip overseas, Secretary John Kerry visited the UK, Germany, France and Italy, side-stepping Brussels. It signals that the United States continues to see bilateral relationships as the foundation for the transatlantic partnership. But the US does have outspoken views about UK membership of the EU. President Obama has made it clear he prefers that the UK play a strong role inside the European

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13 Charles Grant, 'Transatlantic Rift: How to bring the two sides together', CER, July 2003, http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2011/p467_transatlantic_rift_cg-1655.pdf.

14 Charles Grant, 'How can the EU influence China?', CER Insight, 7 January 2013, http://www.cer.org.uk/insights/how-can-eu-influence-china.

Union. Washington considers the UK a key ally capable of contributing to EU reform aimed at changing the organisation into a strong and capable partner of the US.

The US appears to be somewhat schizophrenic when it comes to the EU. On the one hand, it supports greater EU integration in the long term; on the other it prefers bilateral relations with nation-states in the short term. The euro crisis has increased US interest in the EU-US relationship. Yet this is a negative motivation for renewed transatlantic attention. A positive agenda on the topics the EU and the US should tackle together – aside from trade and economic issues – is missing.

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Additional Information

For more information on relations between the EU and the US see:

'US foreign policy after the election: What should Europeans expect?' by Clara Marina O'Donnell, The Centre for European Reform, 25 October 2012, http://www.cer.org.uk/publications/archive/policy-brief/2012/us-foreign-policy-after-presidential-election-what-should-eur

'Transatlantic Rift: How to bring the two sides together' by Charles Grant, The Centre for European Reform, July 2003, http://www.cer.org.uk/sites/default/files/publications/attachments/pdf/2011/p467_transatlantic_rift_cg-1655.pdf.