



## Challenges ahead for Global Europe

### Discussion Papers

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The year ahead will be critical in determining the European Union's standing on the global stage. The EU remains a potent international actor despite the damage to its reputation caused by the Eurozone crisis and intra-European squabbling over the best recipe for economic revival. There is no room for complacency, however. In a rapidly-changing world, as the United States reassesses its multiple foreign commitments and emerging nations, including China and India, compete for power and influence, the EU must constantly renew its foreign policy credentials or face irrelevance. A stronger commitment to building a truly European common defence and security policy is also necessary.

This paper includes three contributions written by Vivien Pertusot (Ifri: Institut Français de Relations Internationales), Shada Islam (Friends of Europe), Ronja Kempin and Ronja Scheler (SWP: Stiftung Wissenschaft und Politik) on the key challenges facing "Global Europe" in 2014. The contributions take up the key debates that have already been on the EU's foreign policy agenda in the past, but should continue to rank high on it in 2014. For one, the momentum of the December summit on the European Security and Defence Policy must be sustained and translated into political action. Especially as the engagement with these policies lay idle over the past months, some new impetus is highly necessary. Secondly, the relations of the EU with one of the most dynamic regions of the world, namely Asia, must be revised. Although 2013 saw a considerable improvement in EU-Asia relations, the Union so far lacks a comprehensive strategy for dealing with its partners. The third chapter then turns the spotlight on the underlying institutional challenges that EU foreign policy faces. It maintains that the European Parliament elections as well as the appointment of some new 'head figures' in 2014 provide an opportunity to address some fundamental challenges of the Union's external performance.

In his paper on "European Defence: The Tipping Point," Vivien Pertusot points out that the current state of European defence is worrying. He notes, however, that EU leaders unleashed a much-needed comprehensive rethink on security and defence issues at a summit held in December last year. It is now time to get to work. Three summit outputs are important to appreciate: First, the meeting has

compelled all member states to think hard about national and European defence. Second, it has opened doors for further work and potential progress. Third, a positive spillover effect cannot be ruled out.

Considering the urgency of the situation, continuing feeble confidence in multilateral organisations to achieve quick results, the difficulty to recover lost grounds, and the conjuncture of events including the NATO summit in September and the next European Council on defence in June 2015, two strands of work seem essential, Pertusot underlines. First, pending a reappraisal of multilateral institutions which are currently neither adapted for a great leap forward nor geared to handle defence cooperation pursued at different levels among different countries, efforts should emphasise the merits of bilateralism and minilateralism. Second, the time is ripe to contemplate a potential division of tasks between the EU and NATO. The two can be complementary, but today neither one has the structure and the credibility to do everything.

In “A New Blueprint for EU-Asia Relations,” Shada Islam underlines that relations with Asia are a test for EU foreign policy and Europe’s ability to adapt to a multi-polar world marked by fundamental shifts in the global distribution of power but also the nature of power. There is an urgent need for a new EU policy on Asia which is adapted and responsive to the region’s emerging concerns, priorities and a growing list of 21st century challenges. The EU-Asia dialogue must be sustainable and multi-dimensional in order to deal with bilateral, regional and global challenges. The Eurozone crisis and the compelling jobs and growth agenda shared by both Europe and Asia have spotlighted their economic interdependence. The two regions also have common peace and security interests. In addition, the demands of global governance require a strong EU-Asia dialogue.

Europe may not be able to match America’s military credentials and presence in Asia or China’s economic dominance. However, it is too simplistic to conclude that because it has no army, navy or air force at its command, the EU will always be viewed as a second-class actor in the region. Europe’s ‘soft power’ resonates when it comes to peace-making and reconciliation, trade, aid and the promotion of democracy and the rule of law. The EU’s active engagement with Asia over the last two years is an encouraging sign of an important and qualitative leap forward in relations between the two regions. The new momentum in relations must continue, however, with the EU using its high-level conversations with Asian governments and with its own member states – and civil society representatives - to hammer out a new strategy for making a unique European contribution to the Asian Century, in all its economic, political, security and cultural facets.

Ronja Kempin and Ronja Scheler argue that 2014 will be a crucial year for EU foreign policy. In the “Key Tasks for a New EU Foreign Policy,” they underline that recent developments, including the aftermath of the Review of the European External Action Service (EEAS) and the December European Council, show that the EU still has a long way to go towards a coherent and effective foreign policy, as envisioned by the innovations of the Lisbon Treaty. Reforms of the political and organisational structures will thus continue to rank high on the European agenda. At the same time, the upcoming elections to the European Parliament and especially the haggling over some EU ‘top jobs’ – all of which play a central role in EU external action – have once more turned the spotlight on the future of European foreign policy. The key question here is, who – or which institution, more precisely – should take the lead towards exercising a more coherent and effective foreign policy?

The paper recommends that instead of a focus on the EEAS and the High Representative exclusively, there is a need to address underlying institutional difficulties. In particular, it must be acknowledged that the pre-Lisbon pillar structure will not be eliminated within the next couple of years. Political resources should therefore be invested in enhancing coordination between the external policies of the EU Commission and the EEAS as well as the national foreign policies of the 28 member states. Only fresh ideas on the most pressing structural questions will enable the EU to maintain an important spot in international relations.

# European Defence: The Tipping Point

Vivien Pertusot, Head of Brussels Office, Ifri

European defence is at a tipping point. Countries are reducing their defence budget and seldom inform their partners what they will cut. The consequences come as faits accomplis regarding which capability is abandoned or reduced, or how that will affect their capacity to maintain existing cooperative efforts and operational commitments. Member states are in general very protective of their prerogatives in security and defence. Priorities are defined nationally and national considerations remain more important than international ones. It does not mean that European-level cooperation, within the EU and NATO, does not appeal to national leaders, but when push comes to shove it plays a marginal role on national defence policies. Besides, the Common Security and Defence Policy (CSDP) and NATO are facing mounting challenges due to internal reforms, slow delivery rates, diverging interests, and more pressing priorities. There is accordingly a tendency to try or revive other fora, notably at the bi- and multilateral levels.

The European Council in December 2013 achieved at least one noticeable, though underappreciated, objective: All member states had to think about what security and defence mean for them and Europe. Yet, the momentum will need to be sustained. The timetable is set: a NATO Summit in September 2014 and a follow-up European Council in June 2015. Yet it is not enough to produce quick results.

To curb the downward spiral, two options are plausible. The first one is to pave the way for the multilateral track considering that it makes little sense for any European country today to go it alone. The second option is to foster bi- or multilateral cooperation. Considering the urgency of the situation, the feeble confidence in multilateral organisations to achieve quick results and the difficulty to recover lost grounds, this paper argues that in the near term the second option is the more reasonable.

## State of play of European defence

Since the outbreak of the financial crisis in 2008, European defence has ventured into troubled waters. Defence budgets have decreased across Europe, the capability outlook is showing widening capability shortfalls and European countries are still no closer from having converging visions while the United States is being increasingly pressing on Europe to take matters in its own hands.

Between 2006 and 2012, the overall spending on defence in Europe has decreased by 26 billion euros,<sup>1</sup> which represents the aggregating spending of the ten lowest defence spenders within the EU. The median defence budget of the 28 EU member states has shrunk to 1.16 per cent of GDP.<sup>2</sup>

Recent operations have again demonstrated that the Europeans have capability shortfalls, especially in air-to-air refuelling, intelligence, surveillance and reconnaissance, strategic airlift, and precision-guided munitions. Yet some of those capabilities are simply too expensive for any single European country to have in sufficient quantities, hence the idea to pool resources. They also need to agree on developing the capabilities themselves or buy them off the shelf, which poses industrial, sovereignty, and ownership issues.

Meanwhile, European countries remain distinctly different. It bears consequences on their capacity to agree on common strategic visions, and relatedly weakens potential defence cooperation and common policies. Three broad categories of countries coexist in Europe. The *first* group sees security policy as a manifestation of statehood, but they favour civilian means of crisis management and conflict prevention. For the *second* group, security policy pertains to international bargaining. Some in this

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<sup>1</sup> European Defence Agency, 'Defence Data 2012', December 2013, <http://bit.ly/1g6vGLB>. Unless otherwise stated, all data originate from this report.

<sup>2</sup> Those two estimates are based on figures provided in International Institute for Strategic Studies, *The Military Balance 2013* (London: Routledge, 2013).

group consider that their participation to alliances, other organisations, and consequently their involvement in military operations helps build a reciprocal sense of obligation and solidarity. The others want to show that they are reliable partners. The *third* group sees security policy as a means to protect and project state power.<sup>3</sup>

This is cause for concern since the U.S. is shifting away from Europe, no longer of primary concern. It has geopolitical consequences,<sup>4</sup> but it also questions the Europeans' capacity to actually appreciate security and defence in their own terms, for strategic and capability purposes. The United States wants Europe to take its security into its own hands, but the transatlantic security partnership remains ingrained into European strategic psyches. Some have argued that the constant dependence on the U.S. has abated the emergence of an independent European strategic culture. It plays a role in the way they address strategic thinking, and relatedly their perceptions of which capabilities and force posture they need. Many European countries have consequently adopted U.S. ideas through NATO and have adjusted their force postures and strategic cultures accordingly even if those may go against traditional national postures.<sup>5</sup> The CSDP has been capability-driven rather than strategy-driven and the lion's share of the capability requirements originates from the U.S. and pervades into NATO. The U.S. sets the tone and many acknowledge their willingness to retain compatibility to fight alongside the U.S. or within NATO.<sup>6</sup> This situation influences the debates on capability and incidentally on strategy, which take place across Europe, including within the EU. The European Council took place in December 2013 in this context.

### **The European Council: a launching pad not a watershed**

The security and defence community writ large spent a full year working on the three clusters of priorities laid out in the European Council's conclusions of December 2012. However, the Council's outcome has been quite unimpressive. Let us focus first on the encouraging developments.

*First*, notwithstanding the different levels of commitment, the Council meeting has pushed member states, for once, to address the whole range of security and defence – operations, capabilities, and even industry. The EU is the only multinational institution that encompasses those three dimensions. This might be a bland achievement, but it is debatable whether all member states had done this exercise since 2008. An important point is to sustain that momentum. The economic crisis is not over and the EU agenda remains dominated by economic and financial items. Attention on other items also tends to concentrate on their economic dimensions. The next Council meeting on defence will occur in June 2015, a school year after the new European Commission and the new High Representative for Foreign and Security Policy take office. According to the author's account, the December conclusions contain roughly 16 explicit or implicit taskings in 22 paragraphs, most of them with deadlines up to June 2015. It may help the whole process to regain some traction and to lay out the agenda, and for countries that are not keen to tackle security and defence to keep working on them.

It means that member states have left doors open – this is the *second* point. The Council conclusions show that efforts have so far focused on mechanisms and procedures, because of a failure to address strategic issues and a willingness to avoid lofty discussions. For instance, significant attention was devoted to improving the rapid deployment of and access to EU instruments and operations in crisis management. There can be a glimmer of hope for this can only represent the beginning of the process.

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<sup>3</sup> Heiko Biehl, Bastian Giegerich, and Alexandra Jonas, "Conclusion", in Heiko Biehl, Bastian Giegerich, and Alexandra Jonas, eds., *Strategic Cultures in Europe: Security and Defence Policies across the Continent* (Wiesbaden: Springer VS, 2013), 391–393.

<sup>4</sup> See for example Doug Stokes and Richard G. Whitman, 'Transatlantic Triage? European and UK "Grand Strategy" after the US Rebalance to Asia', *International Affairs* 89, no. 5 (2013): 1087–1107.

<sup>5</sup> Ronja Kempin and Jocelyn Mawdsley, 'The Common Security and Defence Policy as an Act of American Hegemony', *European Security* 22, no. 1 (2013): 55–73.

<sup>6</sup> Terry Terriff and Frans Osinga, "Conclusion: The Diffusion of Military Transformation to European Militaries", in Terry Terriff, Frans P. B. Osinga, and Theo Farrell, eds., *A Transformation Gap?: American Innovations and European Military Change* (Stanford: Stanford Security Studies, 2010), 188–192.

Not every strand of work will yield results – the perennial issue of the deployment of EU Battle Groups is a case in point – but we should not rule out a potential positive spill over effect – this is the *third* point. Aside from expected requests on cyber defence, maritime security, energy security, border management, and synergies between internal and external security, some less expected taskings are interesting to explore. The European Council ‘invites’ the High Representative in ‘close cooperation’ with the Commission ‘to assess the impact of changes in the global environment’ and report ‘in the course of 2015’ (para 9). Some will see the review of the ESS they have been calling for. Rather, it is a careful invitation to address strategic considerations. In order not to spoil this window of opportunity, it is essential to appreciate the political sensitivities at play, both in Brussels and in national capitals, as well as the upcoming high-level meetings and changes of leadership. A failure to do so, especially within the defence community, will lead to an ill-conceived thinking process and an underwhelming output. The Council also ‘invites’ the High Representative and the EDA ‘to put forward an appropriate policy framework’ to increase transparency and information sharing in defence planning (para 12). It shall not impede on NATO’s Defence Planning Process, but in light of the upcoming NATO Summit, it could lay the ground for increased cooperation between the two organisations. A complementarity between the two processes will be important and depends on a constructive EU-NATO cooperation as well as member states adopting common approaches in both institutions.

The main setback for the European Council is that it has put off decisions. Strategic assessments, policy frameworks, and other documents will only feed the institutional dimension. As optimistic as one can be about their benefit to European defence, they will hardly tackle pressing issues regarding capabilities. It was symptomatic that some concrete projects that seemed well on track have not reached consensus. The Council has not yet agreed on a mechanism to lower the costs of military certification across member states. It has also not yet come to terms with a VAT exemption for collaborative programmes as a fiscal incentive to boost cooperation among member states. Those two ideas could have near-term positive consequences.

A year ago, some expected the Council to be a watershed moment. In fact, this meeting has merely kicked off a long-overdue process to think about the future of European defence. However, the work will take time, a luxury that European military cannot afford.

### **Reframing the debate**

This paper will offer pleas to help reframe European debates about defence. First, it is counterproductive to oppose multilateralism and bi- and minilateralism. Second, dogmatic debates about the distinctive virtues of the EU and NATO are detrimental to pragmatic thinking.

#### *Cooperation matters, but frameworks matter more*

Cooperation is essential for Europe to maintain a robust level of ambition, sustain existing capabilities, and develop new ones. However, defence cooperation is structurally difficult and highly political. This may be obvious, but debates are full of recommendations that seem to overlook this simple truth. Economics offer valuable insights, but it does not make up for a framework that addresses political concerns specific to the defence field. It means that EU-wide or NATO-wide defence cooperation is unlikely in the near term, but it also means that using multilateral institutions may not always be the obvious venue to envisage rapid progress. There has been a pragmatic revival of bi- and mini-lateral frameworks in recent years that have produced encouraging results, for instance among the Nordic countries, the Benelux countries, the Visegrád Group or the Franco-British defence treaties.

When it comes to industrial cooperation, it will however be important to weigh up the involvement of multinational agencies, such as the EDA, which can be advisory participants and ensure some form of coordination at the European level. A test case could be the development a European remotely piloted aircraft system (RPAS). It will happen in several stages, including the creation of a user community of countries which own U.S. Reaper drones and the preparations for a programme to produce a MALE

RPAS by 2020-2025 (para 11). The EDA will be supporting the development, and whether it can find the right balance between a facilitating cooperating and interfering into the process remains to be seen.

The same applies to existing capabilities, although the role of institutions is less of a concern. The European Air Transport Command has illustrated that minilateral cooperation on valuable capabilities can be successful. It is likely that the participating countries will even expand their cooperation to other capabilities, such as sealift or air-to-air refuelling. This format offers them flexibility and responds to the issue of sovereignty. This should serve as a realistic example of pooling and sharing.

#### *Sustain the momentum*

The Council meeting could become the springboard for a virtuous cycle. Taskings from the Council will help, but the EU institutions should not deliver unconscious of what else is happening in other institutions. It is clear that some initiatives will not be completed before the new Commission and High Representative take office in fall 2014, but those are internal EU matters. It will be important to apprehend the NATO Summit in September 2014 as a follow-up event from the December Council meeting – and likewise for the European Council in June 2015. There is no need for some sort of “European pillar” within NATO, merely a realisation of what each institution can do, but it may lead to some division of tasks. European defence does not belong to any institution and the more pragmatic efforts are conducted on all fronts to prevent Europe from permanent strategic crippling, the more it will benefit the EU and NATO as security actors. For instance, NATO is better placed to sustain interoperability among Allies. It will likely be a core objective for NATO after the end of ISAF. The capacity of armed forces to operate together will likely become ever more important with the downsizing of armed forces and the primer put on multinational coalitions across Europe.<sup>7</sup> It has obvious consequences on what the CSDP in all its facets aim to achieve. Reversely, the EU is better placed to help member states in the industrial sector.

Another way to sustain the momentum is to take full advantage of operations. They may be small in scale, but they have served as the backbone to promote the CSDP and have been a way to keep many countries engaged in security and defence policy. They tend to ignite debates about capability shortfalls, but they remain the most visible evidence for the public opinion of what armed forces can do and how European cooperation can be useful.

#### **Conclusion**

European defence has not bid its farewell, but the past few years have highlighted worrying trends. If they are left unaddressed or if the solutions offered are politically unrealistic, the future will be dire. The next 18 months should be devoted to tackling two issues. First, muster bi- and minilateralism to avoid a looming incapable Europe while fixing multilateral institutions, which are neither adapted for a great leap forward nor geared to handle defence cooperation pursued at different levels among different countries. Second, the time is ripe to contemplate some division of tasks between the EU and NATO. The two can be complementary, but today none has the structure and the credibility to do everything. It will be a painful process, but it can lead to a revitalisation of those institutions for defence cooperation in Europe.

The European Council meeting has not marked a U-turn for the European defence, but it has forced member states to reflect on European defence across all government departments. This is only the beginning of a process, which will need constant support and attention. The upcoming meetings are an opportunity to revamp multilateral organisations’ role in European defence cooperation, but pragmatism in the near term shall encourage cooperation among small groups of countries.

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<sup>7</sup> Janne Haaland Matlary, *European Union Security Dynamics in the New National Interest* (Basingstoke: Palgrave Macmillan, 2009), 171–173.

# **A new blueprint for EU-Asia relations**

**Shada Islam, Director of Policy, Friends of Europe**

## **Introduction**

The European Union needs to thrash out a new Asia policy adapted and responsive to the region's emerging concerns, priorities and a growing list of 21st century challenges.

This is urgent. True, 2013 marked an important improvement in EU-Asia engagement as top EU officials held a record-breaking number of meetings with leading policymakers in China, Japan, South Korea, Indonesia and Myanmar. European Council President Herman Van Rompuy and Jose Manuel Barroso, President of the European Commission met China's new leaders while Catherine Ashton, the EU's high representative for foreign and security policy, made her first-ever official visit to the Jakarta-based headquarters of the Association of Southeast Asian Nations (ASEAN) and, along with many of the EU's 28 foreign ministers, participated in an ASEM (Asia Europe) ministerial meeting in Delhi.

The stepped-up activity came at the end of a two-year period of enhanced EU-Asia engagement which some – a tad too ambitiously and prematurely – have described as the EU's own "pivot" to Asia. Certainly, there is now a stronger EU-Asian conversation on trade, business, security and culture. These more frequent contacts and strengthened sharing of views and opinions are welcome - and should continue. However, developing a truly European strategy for sustained engagement with Asia will require more than a few discussions, visits and communiqués. EU policymakers need to undertake a more in-depth reflection of Europe's many interests, significant strengths and weaknesses in dealing with a more self-confident Asia. Yes, there is a marked improvement in EU-Asia engagement-and this should be celebrated. But much still remains to be done to forge a fresh EU blueprint for a 21st Century partnership with Asia. This paper summarises some of the key elements which could be included in such a new document.

## **A multi-dimensional dialogue**

It is time the EU and Asia established a stronger and more sustainable multi-dimensional dialogue to deal with bilateral, regional and global challenges. The Eurozone crisis and the compelling jobs and growth agenda shared by both Europe and Asia have spotlighted their economic interdependence. The two regions also have common peace and security interests. In addition, the demands of global governance require a strong EU-Asia dialogue.

While Asia's rise dominates the headlines, the region's leaders are cognisant of the many challenges they face. Many Asian countries did not succumb to the woes plaguing the American and European economies but with economic growth rates slowing across the region, governments in economic powerhouses like China, India and Indonesia are acutely aware of the dangers of falling into the "middle income trap" of economic stagnation. Even as an emerging Asian middle class aspires for a better life and working conditions, the region is grappling with environmental degradation, rampant urbanisation, poor implementation of labour standards and lax quality controls on consumer products. Wealth inequalities persist despite the region's successful attempts to reduce poverty. Most seriously, even as economic cooperation and - in the case of ASEAN - economic integration gather pace in Asia, historical animosities and unresolved territorial conflicts weigh heavily on the region, damaging relations between governments and people. The point has been made most sharply by Asian leaders like former Indonesian foreign minister Hasan Wirajuda who have warned that the gains of the "Asian Century" are at risk because of unresolved historical conflicts and abiding mistrust in the region.

Europe may not be able to match America's military credentials and presence in Asia or China's economic dominance. However, it is too simplistic to conclude that because it has no army, navy or air force at its command, the EU will always be viewed as a second class actor in the region. The EU

single market attracts goods, investments and people from across the globe, helping Asian governments to maintain growth and development. European technology is in much demand across the region to tackle climate change, urbanisation and other 21st-century challenges. Europe's 'soft power' resonates when it comes to peace-making and reconciliation, trade, aid and the promotion of democracy and the rule of law. For many in Asia, the EU remains an inspiration for their own regional integration initiatives. Europe can offer the region its expertise in regional integration, but also crisis management, conflict resolution and preventive diplomacy.

Many in the region respect the EU's "comprehensive approach" to engaging with countries and regions through the deployment of a variety of aid and trade tools, short and long-term actions, humanitarian and development instruments and experience-sharing on security, political questions and confidence-building. While military force and interventions can provoke regime change, in the end, all parties — the victorious and the defeated — have to come to the negotiating table and find political solutions. And this is something the EU and Europeans are very good at.

### **Beyond trade**

With EU-Asia trade estimated at 900 billion euros a year and booming two-way investment flows, trade and economic cooperation will continue to represent the backbone of EU-Asia relations. As such, the negotiation of Free Trade Agreements (FTAs) with countries like South Korea and Singapore and similar deals planned with Japan, India and individual ASEAN countries as well as the bilateral investment treaty to be negotiated with China are important in consolidating EU-Asia relations. However, as they explore new ways of engaging Asia, European policymakers should also pay increased attention to the following:

**Sustainable growth:** Asia's search for sustainable, green and inclusive growth opens up new avenues for EU-Asia technology exchange and cooperation in areas such as renewable energies, urbanisation and water, soil and waste management.

**Non-traditional security:** European engagement with Asia requires a focus on non-traditional security challenges including climate change, energy and food security, maritime piracy and cyber security. Significantly these are areas where the EU has strong expertise and experience.

**Asia is not just China:** Working only with the big guys in Asia is not enough. The new order in Asia is being fashioned not just by China and India but also by countries like Indonesia, Malaysia and Australia as well as organisations such as ASEAN. As such, the EU must build new Asian networks and alliances, working both with like-minded and non-like-minded countries.

**Promoting values:** Europe's values - democracy, the rule of law, human rights (to name a few) - are important and should be promoted more actively across the globe. But those doing the promotion should do so with sensitivity and humility, not by hectoring and lecturing. The message is too important to be drowned out by arrogance.

**Not in America's shadow:** The EU will become a more significant power if it builds on its uniqueness as a foreign policy actor. As such, while the transatlantic relationship is vital and important, hanging on to US coat-tails, especially when it comes to Asia, is not a good option.

**Civil Society:** Foreign policy today is not just the exclusive preserve of diplomats. Civil society actors, social media, sports personalities, artists, academics and think tanks are now an essential part of the game. The EU's new global outreach must include such thought-leaders. As the Arab Spring has shown, dealing only with governments is no longer an option.

**Getting used to the changed nature of power:** As Javier Solana, the EU's former 'high representative' for foreign and security policy said recently, in today's world of flux, the nature of power is changing. Power was once measured in the size of armies and population, not in terms of



GDP per capita, reputation and whether you get to host the Olympic Games. It is also about ideas, innovation, art and culture.

**Below are some (distilled) recommendations on the way forward in relations with key Asian countries and organisations:**

**Afghanistan:** With elections in April and NATO forces preparing to withdraw by the end of the year, the EU should pay priority attention to ensuring that women's rights are a top priority in any new political strategy it defines on Afghanistan. The EU will also have to monitor the upcoming elections, contribute to efforts to fight corruption and stay vigilant as regards media independence.

**Pakistan:** Having met Islamabad's long-running demands for entry into the EU's so-called "GSP Plus" scheme for zero tariff market access, the EU should now focus on building a more comprehensive "beyond trade" relationship with Pakistan which focuses on the country's urgent economic and security challenges as well as the rights of minorities, women and children.

**India:** Negotiations on an ambitious EU-India free trade agreement are unlikely to make much headway in 2014 as India prepares for crucial elections. Both sides must therefore pursue other ways to inject more substance into their largely under-performing relationship, including efforts to increase mutual understanding through increased people-to-people contacts, practical cooperation in areas such as research and development, maritime security, renewable energy and international peace-keeping initiatives.

**Indonesia:** The EU has been slow in recognising Indonesia's growing regional and global clout but must now start the ball rolling on a strategic partnership with Jakarta which covers trade and security issues. Indonesia and the EU should also set up working groups to discuss mobility, the role of small and medium-sized enterprises as well as science and technology. This would be in addition to existing discussions on trade and investments, air transport, fishing, development cooperation and education including links between European and Indonesia universities and the setting up EU studies curricula in Indonesian universities. Visa facilitation for Indonesian nationals will help to step up contacts between business leaders, academics and students.

**ASEAN:** Driven by changed circumstances internally, in their regions and beyond, the EU and ASEAN are taking a fresh, more realistic and less emotional view of each other. Much more needs to be done, however. The EU and ASEAN must recognise each other as strategic partners, hold regular summit meetings and following in the footsteps of the US, Japan, China, Australia and India, the EU must lose no additional time in appointing a special ambassador accredited to ASEAN. In addition to bilateral free trade agreements between the EU and ASEAN states, the now-abandoned plan to negotiate an ambitious region-to-region EU-ASEAN free trade deal should be revived.

**Myanmar:** Following President Thein Sein's trip to Brussels in 2013, the EU has vowed strong support for Myanmar's remarkable political transition. The country continues to face numerous complex challenges in its progress towards democracy, economic development, human rights, and peace and national reconciliation, however. The EU should be particularly insistent as regards demands for urgent action to end all forms of persecution and violence against the Rohingya Muslims.

**South Korea:** Having signed an ambitious free trade agreement – the first between the EU and an Asian country, the EU and South Korea agreed at a summit in 2013 to focus on implementation of the pact, strengthen joint research and innovation cooperation in order to facilitate joint flagship programmes, establish a high-level industrial policy dialogue to be held on a regular basis and Seoul's participation in EU crisis management missions - the first such agreement between the EU and an Asian partner.

**Japan:** It took almost two years of consultations, but in April 2013, Japan and the EU finally launched the first round of official negotiations on an Economic Partnership Agreement. If negotiations are successful, the deal will boost the bilateral trade and investment relationship, have a wider positive

impact on their respective economies and – importantly - also bolster political relations between the two sides. An EU-Japan summit held in November 2013 also agreed to take the relationship to a “new stage” by hammering out a grand vision for a future strategic partnership which goes beyond trade and economics to include joint endeavours to tackle non-traditional security challenges.

**China:** As China and the EU embark on a second decade of their strategic partnership, both sides have to reflect on the future course of their often volatile relationship. The organisation of the EU-China summit on November 21 and the High-level Economic Dialogue held in Brussels in 2013 give hope that EU-China relations are moving into a new, more stable and less-crisis prone phase of practical and pragmatic cooperation. Both sides have agreed to open negotiations on a bilateral investment agreement and green growth and urbanisation have been identified as areas of particular interest to both sides. The ambitious reform agenda unveiled by China at the end of 2013 opens up important new avenues for reinforced EU-China cooperation.

**ASEM:** Launched in Bangkok in 1996 to foster stronger EU-Asia relations – and closer personal relations between EU and Asian leaders – the process of Asia Europe Meetings (ASEM), with its 51 partners, remains an important channel of region-to-region communication – albeit one in dire need of renewal and reform. Interestingly, in the run-up to an ASEM summit in October, policymakers are reflecting on restoring ASEM’s credibility and relevance by going back to the original informality and flexibility of the forum and a better utilisation of the immense Asia-Europe networking opportunities it offers, including as regards bilateral contacts between leaders and officials of both sides.

## **Conclusion**

The 21st Century requires countries – and peoples - to work together in order to ensure better global governance in today's still-chaotic multipolar world. The EU’s active engagement with Asia over the last two years and the upcoming array of meetings with key Asian players are therefore an encouraging sign of an important and qualitative leap forward in relations between the two regions. The new momentum in relations must continue, with the EU using its high-level conversations with Asian governments and with its own member states – and civil society representatives - to hammer out a new strategy for making a unique European contribution to the Asian Century, in all its economic, political, security and cultural facets.

Relations with Asia are a test for EU foreign policy and Europe’s ability to adapt to a multi-polar world marked by fundamental shifts in the global distribution of power but also the nature of power. In the end, it’s very simple: In an inter-dependent, globalised world where no one nation, bloc or region can claim to lead the rest, where security is about more than military spending and where nations’ are connected to each other by a dense web of trade and investments, Europe-Asia cooperation is a compelling necessity.

## **Key Tasks for a New EU Foreign Policy**

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2014 will be a crucial year for EU foreign policy. The recent developments of the late 2013, namely the aftermath of the Review of the European External Action Service (EEAS) and the December European Council, show that the EU still has a long way to go towards a coherent and effective foreign policy, as envisioned by the innovations of the Lisbon Treaty. Reforms of the according political and organisational structures will thus continue to rank high on the European agenda. At the same time, the upcoming elections to the European Parliament and especially the haggling over some EU ‘top jobs’ – all of which play a central role in EU external action – have once more turned the spotlight on the future of European foreign policy. The key question here is, who – or which institution, more precisely – should take the lead towards exercising a more coherent and effective foreign policy?

It is widely argued that the EEAS and the High Representative should perform this task. Accordingly, strengthening the European External Action Service and with it the role of the High Representative still is the pet child of policy analysts. At least partly in line with the findings of the EEAS Review issued in July 2013<sup>1</sup>, room for improvement is largely identified in three areas: (A) With regards to institutions/structures, it has become evident that a discussion about how to best equip the HR with permanent deputies is largely overdue. (B) In a thematic vein, the integration of the offices of the EU Special Representatives (EUSR) into the EEAS is without doubt a key priority that would streamline their policy involvement. (C) Many analysts agree that the new head figures should no longer primarily be appointed according to considerations of nationality, party affiliation and gender, but rather in view of other leadership qualities, such as international experience or the ability to engage in a public debate.<sup>2</sup>

While these steps would certainly improve EU foreign action, most of them fail to address the underlying yet crucial problem, and that is institutional coherence. Even a strengthened role of the HR/VP and the EEAS does not eliminate the fact that external policies of the Union are scattered across several institutions. This paper therefore argues that in order to reach improved coherence and thus effectiveness in EU foreign and security politics, we need to address the real institutional questions. These are on the one hand the relations between the HR/VP with her EEAS and the EU Commission. On the other hand, the discussion on how to best integrate the 28 member states in the Union’s foreign and security policy is long overdue and needs some fresh thinking. Rather than dwelling on the – seemingly – nitty-gritty questions of EEAS matters, we should thus pay some more attention to these two actors, as they will continue to shape EU foreign policy substantially.

### **The EEAS and the European Commission**

There is no doubt that the creation of the position of the HR/VP and the EEAS has failed to eliminate the pre-existing pillar structure that had been subject to broad criticism in pre-Lisbon times: The High Representative still shares her competences with the President of the European Council (in charge of CFSP/CSDP) and the President of the European Commission (in charge of all other external policies); hierarchically speaking, she is neither under the political leadership of the Council nor of the Commission. This has resulted in a number of unclear responsibilities and double structures. As a way out of this, it has repeatedly been claimed that the Commission should cede some competences to be

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<sup>1</sup> Catherine Ashton, *EEAS Review* (Brussels, 2013)

[http://eeas.europa.eu/library/publications/2013/3/2013\\_eeas\\_review\\_en.pdf](http://eeas.europa.eu/library/publications/2013/3/2013_eeas_review_en.pdf).

<sup>2</sup> Cathleen Berger and Nicolai von Ondarza, *The Next High Representative and the EEAS, Reforming the EU Foreign Policy Structures*, SWP Comment 40 (Berlin: Stiftung Wissenschaft und Politik, 2013), [http://www.swp-berlin.org/fileadmin/contents/products/comments/2013C40\\_bee\\_orz.pdf](http://www.swp-berlin.org/fileadmin/contents/products/comments/2013C40_bee_orz.pdf).

convened under the EEAS roof. The most prominent case is the European Neighbourhood Policy (ENP). So far, it is partly managed by the EEAS, while other competences are still under the auspices of the Commission – most importantly the financial oversight. As long as the budgetary aspects remain separate from other policy-relevant decisions, it will not be possible to combine the ENP with wider foreign policy issues, such as unregulated migration, the fight against terrorism, organised crime, and other security issues. Coherence and efficiency – so the argument goes – would thus be significantly enhanced if the HR/VP and her EEAS would take full control of that policy. In a similar vein, some analysts have criticised Catherine Ashton for not having acquired a strong enough profile as Commission Vice-President, for example by chairing the Relex Group of Commissioners, and thus argue in favour of strengthening the EEAS in relation to the Commission.<sup>3</sup>

This does, first of all, show how important the EU executive is considered as a foreign policy actor – and with a reason: The success stories of the Union’s external activities, namely trade relations and development cooperation, both lie with the Commission and outgrow anything that the EEAS could achieve within the next decade or so. Although officially the Commission works “alongside the European External Action Service”<sup>4</sup> on the joint policies, Commissioners with external portfolios control the design and implementation of the necessary policy measures. This argument is further supported by the fact that the budgetary oversight for all foreign activities has remained with the Commission. It oversees not only the budget for activities of the former first pillar, but also approves financial means for CFSP activities, and even monitors how the HR spends money earmarked for internal EEAS matters. A look at the numbers also puts some things into perspective: The Union’s expenditure for external policies accounts for approximately 12 billion euros per year; of this sum, however, the EEAS has a mere 500 million euros for CFSP activities at its disposal. While the EEAS and the HR claim to be in the lead on EU foreign policy, CSDP has been labelled “the weakest link”.<sup>5</sup>

Based on this evidence, the importance and clout of the EEAS in relation to the Commission is vastly shrinking. This analysis appears even stronger when taking a broad definition of foreign and security policy into account. Many policies concerning the ‘new’ security threats are located within the many Commission Directorate-Generals, for example DG Climate Action, DG Energy, or DG Humanitarian Aid. The EEAS’ share with regards to ‘shared competences’ of foreign policy is thus vanishingly small; increasingly involving the service here creates even more double structures and is not more than a mere window dressing. In order to achieve truly coherent external policies under the EEAS roof, a fundamental transfer of competences – and with it some major treaty revisions – would have to be launched. It is obvious that this is more than unlikely within the foreseeable future. Hence we argue that, instead of getting lost in debates about strengthening the ‘VP element’ of the HR/VP or about ways to upgrade the EEAS towards the Commission, we should recognise political realities and appreciate the EU executive as an actor in the European foreign policy landscape. Coherence and effectiveness of the Union’s external policies could be increased if the responsibilities between the EEAS and the Commission are clearly demarcated and coordination in the ‘grey areas’, such as the above-mentioned relationship of the ENP with other security policies, is enhanced – without a notable transfer of competences.

### **The EEAS and the Member States**

Rivalry over competences has not only been evident between the EEAS and the Commission. Even more prominently, the member states of the EU have thwarted coherence in the Union’s foreign action. Countless examples – among them Iraq, Iran, Georgia, the Arab uprisings, Libya, Mali and

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<sup>3</sup> Alisa Herrero Cangas, *Challenges 2014: Keeping Ashton’s legacy alive – Showing leadership and coherence in EU external relations through 2014*, ecdpm Talking Points (ECDPM, 2013) <http://www.ecdpm-talkingpoints.org/ashton-legacy-leadership-coherence-external-action-2014>.

<sup>4</sup> European Commission, Service for Foreign Policy Instruments, ‘What we do’ (Brussels, 2013), [http://ec.europa.eu/dgs/fpi/index\\_en.htm](http://ec.europa.eu/dgs/fpi/index_en.htm).

<sup>5</sup> Stefan Lehne, *Promoting a Comprehensive Approach to EU Foreign Policy* (Brussels: Carnegie Europe, 2013), <http://carnegieeurope.eu/2013/02/21/promoting-comprehensive-approach-to-eu-foreign-policy/fiou#>.

Syria – reveal that, in essential moments, EU member states are not willing to grant the High Representative the political mandate for taking decisive and proactive action, and thus impede the emergence of a coherent and effective EU foreign policy. Although Catherine Ashton lately attained two notable EU foreign policy successes – the first one in getting Serbia and Kosovo to normalise their relations and the second by facilitating, together with the US, the UN and Russia, a historic deal to limit Iran’s nuclear ambitions – , large member states in particular frequently seek to advance their interests outside the EU framework. When the negotiations inside the Council seem tedious and protracted, or are not following the own (national) line of argument, individual heads of state and government often launch unilateral initiatives at the earliest possibility, without waiting for agreement on a joint position, and without involving the High Representative. The reluctance of the member states to cede any competences to the EU level and hence to reinforce CFSP according to the provisions of the Lisbon Treaty is often explained in view of national sovereignty reservations. Blaming the member states for the failures of European foreign policy and merely calling for the pooling of competences at the supranational level does however seem too simplistic as it fails to take into account the extraordinary success of democratic nations as guarantors of peace. To sacrifice this balance at the altar of a supranational vision and in exchange for the ‘communitisation’ of CFSP is – to our mind – rightfully seen as too rash and premature by many practitioners and analysts alike. The hesitancy of member states to surrender sovereignty in the area of foreign and security policy sheds light to the fact that this is a very sensitive policy area that is deemed necessary to be integrated into a democratic constitution and legal framework. As long as European institutions are not able to provide these democratic control mechanisms, there are good reasons to justify an intergovernmental approach.<sup>6</sup> One should remember that this is not necessarily opposed to improved external action of the EU; to achieve the outlined aims, it must however be ensured that national foreign policies are better coordinated with European undertakings.

There are at least two possible ways to better pair up member states with the Brussels-based institutions, especially with the EEAS and the HR. A first route to go down is to form a core leadership group of the Union’s foreign and security policy. This grouping would comprise member states that, on the one hand, have the most prominent foreign, security and defence policy interests, and, on the other, are able and willing to formulate policies that go beyond the usual ‘politics of the lowest common denominator’ of the EU-28. This group would of course have to be open to other member states to join in. In terms of organisation, the so-called “Quad” within Nato could serve as a model for this approach. At the level of political directors, this group would be tasked to formulate policy proposals for the EU as a whole.<sup>7</sup> Starting from informal but regular meetings, such a group could over time develop into a successor of what the Franco-German cooperation was for the common market. The biggest members, i.e. Germany, France and Great Britain, certainly play a distinct role in this regard. Even though these countries have divergent positions on a number of CFSP matters, their commitment has proven to be at the core of the success (or failure, respectively) of several EU foreign policy initiatives. It thus stands to reason that these three countries would be part of the initial core group. Nonetheless, as the recent failures of group formations such as the “Future of Europe Group”<sup>8</sup>, convened by former German foreign minister Guido Westerwelle or the crafting of a “European Global Strategy”<sup>9</sup>, initiated by the foreign ministries of Italy, Poland, Spain and Sweden, have shown, it is of utmost importance that all 28 EU member states have to agree to delegate leadership and to

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<sup>6</sup> Annegret Bendiek and Ronja Kempin, *Europe's Foreign and Security Policy Adrift: Strengthening the Role of the EU-3*, SWP Comment 40 (Berlin: Stiftung Wissenschaft und Politik, 2011), [http://www.swp-berlin.org/fileadmin/contents/products/comments/2011C39\\_bdk\\_kmp\\_ks.pdf](http://www.swp-berlin.org/fileadmin/contents/products/comments/2011C39_bdk_kmp_ks.pdf).

<sup>7</sup> Ronja Kempin and Barbara Lippert, *Membership, neighbourhood, partnership: The EU's foreign policy triptych needs remodelling*, SWP Working Paper 3 (Berlin: Stiftung Wissenschaft und Politik, 2013), [http://www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/WP\\_Kmp\\_Lpt\\_2013.pdf](http://www.swp-berlin.org/fileadmin/contents/products/arbeitspapiere/WP_Kmp_Lpt_2013.pdf).

<sup>8</sup> Future of Europe Group, ‘Final Report of the Future of Europe Group of the Foreign Ministers of Austria, Belgium, Denmark, France, Italy, Germany, Luxembourg, the Netherlands, Poland, Portugal and Spain’ (Berlin, 17 September 2012), <http://www.auswaertiges-amt.de/cae/servlet/contentblob/626338/publicationFile/171838/120918-Abschlussbericht-Zukunftsgruppe.pdf>.

<sup>9</sup> egs, ‘Towards a European Global Strategy: Securing European Influence in a Changing World’ (UI, IAI, PISM, RIE, 28 May 2013), [http://www.europeanglobalstrategy.eu/Files.aspx?f\\_id=91692](http://www.europeanglobalstrategy.eu/Files.aspx?f_id=91692).

decide on the countries that form the core grouping. In order to ensure that the remaining members will not water down the proposals of the leading group, the Council shall officially adopt a decision establishing the grouping.<sup>10</sup> This way, their actions are legitimised and backed by the other member states.

An alternative route to better synergise member states' sovereignty and the authority of the HR and her service would consist of assigning individual member states to elaborate certain features of the EU's foreign and security policies. The innovation to give single member states the lead on specific issues – e.g. on partnerships with third countries like China, Russia or the US – could, for instance, encourage the countries in question to invest more into the actorness of the EU (e.g. their diplomatic resources, a commendable acceptance of the HR's primacy, a close coordination with her etc.). Another advantage of sharing political responsibilities in some regards would be that this informal directorate is likely to be more appreciated by the remaining member states than the EU structures for two reasons: It will be able to exercise a more effective outward representation of interests while at the same time it is better legitimised inwards. To further increase acceptance, inclusive consultation and conciliation mechanisms should be established. In order not to create pure 'leadership by the biggest' in the EU's interactions with its strategic partners, it is an important task to go beyond the obvious 'Big Three' scheme and to involve other countries with excellent foreign policy networks, such as Italy, Poland or Sweden. Last but not least, a third advantage of transferring the responsibility to one or more member states would be that the strategic thinking available in Europe's capitals could be used better and more systematically. It should be in the interest of the HR – and, in fact, of all other EU institutions – that a more active role of the member states would feed expertise, commitment, and continuity into the EU's relations with partner countries or organisations. If the future HR were to actively pursue this institutional differentiation, she/he could obtain manifest synergies and, even more importantly, escape the merely hopeless competition with established member states.

## **Conclusion**

Ever since the inauguration of the European Political Cooperation in 1970, increased coherence and effectiveness of EU foreign policy have been the main concerns of many policy-makers and analysts. Until today, questions circulating around that complex have continued to dominate the agenda of the Union's external performance. 2014 will give some new impetus to the debate, firstly because the allocation of some top EU posts will blend some individual agency into the ongoing reform efforts, and secondly because many EU policy-makers seem to have recognised that after the quasi-standstill of recent years, some fresh momentum is needed for EU foreign policy. So far, the reform emphasis has been on the recommendations of the EEAS Review, and thus is geared towards the strengthening of the External Action Service and the High Representative.

We have argued that a narrow focus on these institutions is too short-sighted as it fails to acknowledge the underlying institutional difficulties and does not appreciate the role of the two most influential 'veto players', namely the Commission and the 28 member states. With regards to the Commission, we call for more political debate around the responsibilities of the EU executive and the EEAS. The Commission is simply too powerful a player of the Union's foreign policy landscape that a mere transfer of competences could eliminate these imbalances. At the level of the member states, the main concern should be to better streamline national and European policies, and to firmly integrate member states in EU foreign action. Above all, we claim that coherence and effectiveness of EU foreign policy could be substantially enhanced if the coordination between the EEAS and the Commission as well as the member states would be improved. This is where we should invest our political resources.

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<sup>10</sup> What we outline here is basically a transfer of the method of Permanent Structured Cooperation (PESCO) as outlined in Art. 46 (TEU) from strictly CSDP matters to other CFSP policies. Our argument can at the same time be understood as a request to finally define criteria for the implementation of PESCO, which has so far not yet been operationalised.