

# Shaping a credible EU foreign policy

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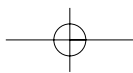
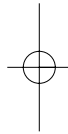
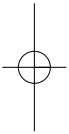


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# 1 Introduction

*International incidents should not govern foreign policy, but foreign policy should govern international incidents.*

*Napoleon Bonaparte*

The benefits of the European Union (EU) asserting itself more effectively on the global stage are increasingly clear. Both politicians and the public instinctively recognise that if Europe wants to have a bigger impact on the world, it needs to pool its resources. After the terrorist attacks in the US on September 11<sup>th</sup> 2001, for example, the reflex across Europe was to try and work out a common European response. Individual countries know they can do little to fight terrorism on their own. Some tensions have undeniably emerged, between the 'Big Three' – UK, France and Germany – on the one hand and the Brussels-based institutions plus the smaller member-states on the other. But all Europeans agree that only by acting together can they influence the US-led anti-terrorist campaign.

The same argument about pooling resources and putting out a united and consistent message applies to many other problems on the international agenda. Whether it is stability in the Balkans, the Middle East peace process, global warming, the fight against organised crime, or the spread of small arms, the conclusion is always the same. Progress in tackling these problems is bound to be slow. But it will be faster and more effective if the member-states and EU institutions work together to formulate, and then implement, common policies. The Dutch government, for example, has clearly stated that achieving greater coherence and effectiveness in the EU's external action is one of the top three challenges facing the Union, along with enhancing EU legitimacy and making a success of enlargement.<sup>1</sup>

<sup>1</sup> "Staat van de Europese Unie. De Europese agenda 2001-2002 vanuit Nederlands perspectief", The Hague, September 2001.

Even British politicians, normally lukewarm about the involvement of 'Brussels' in any policy field, have argued that the EU should play a much greater role in foreign policy. Prime Minister Tony Blair, speaking in Warsaw in October 2000, said: "Europe's citizens need Europe to be strong and united. They need it to be a power in the world. Whatever its origins, Europe today is no longer just about peace. It is about projecting collective power." Tony Blair is right. The case for a more credible European foreign policy is compelling.

But the EU will need to reform many of its policies, attitudes and institutions if it is to become a more effective international actor. Despite some progress in recent years, foreign policy remains the weakest link in the European project. The euro, enlargement, defence, economic reform, and justice and home affairs have all become established as EU priorities, buttressed by launch dates, clearly stated goals and constant benchmarking. In contrast, progress on foreign policy has been slow and uneven.

Even Europhiles admit that the Common Foreign and Security Policy (CFSP) suffers from shortcomings, which tend to become more pronounced during international crises, such as that which followed the September 11<sup>th</sup> attacks. (CFSP is the official name for the EU's attempt to develop common positions and policies on various regions and problems in the world). No one can deny that the CFSP is slow-moving, with a tendency towards lowest-common denominator decisions. As Blair said in November 2001 in Birmingham, the arrangements in the EU for handling foreign affairs, are "too confused and overlapping". CFSP policies and actions are too often reactive and devoid of clear priorities. And, thanks to a lack of co-ordination, Europeans get very little diplomatic leverage or political credit out of the vast sums they spend on international assistance each year.

That said, several factors have brought the EU closer to the goal of a more effective common foreign policy. One is the gradual convergence of member-state attitudes, which means that a common European

foreign policy is no longer quite such an oxymoron. Ten years ago, the member-states simply did not agree on what to do in the Middle East, for example. Now there is a common EU line. A decade ago, European countries fell out over how to handle Croatia and Bosnia. In 2001, they reached a rough consensus over Macedonia. While London, Paris and Berlin took the lead in the period after September 11<sup>th</sup>, on the whole the EU has been united in arguing for a firm but focused campaign against terrorist networks. After years of intensive discussions among diplomats, national foreign policies are gradually becoming 'Europeanised' and are no longer quite so idiosyncratic. Now the instinct is to try, at least, to find a common European line, even if this means individual countries making compromises.

Another positive step was the appointment in 1999 of Javier Solana as the EU's first High Representative for Foreign Policy (often called 'Mr CFSP'). By all accounts, Solana has been a great success. He has encouraged the underlying policy convergence among EU countries and, in a short space of time, he has become the main European figurehead handling the various regional crises. Because the EU still has limited sway over military matters, it was to be expected that Solana's role would be less visible during the war in Afghanistan. But in other crises, which require diplomatic activities and non-military efforts, he has been active and successful, raising the EU's profile on the international stage. He has helped, for example, to broker the peace deal between the Macedonian government and the Albanian rebels, which has so far prevented Macedonia from sliding into civil war. And he has campaigned tirelessly to push the Israelis and Palestinians to stop fighting and resume political negotiations.

Chris Patten, the Commissioner for External Relations, has equally contributed much to recent progress, not least by starting to reform the way that the Union dispenses humanitarian aid and other forms of financial assistance. For years, the Commission's performance in managing the vast sums of overseas aid and other technical assistance programmes in its remit was abysmal. Patten has been right to make reforms of these spending programmes a high priority.

Decentralisation, faster procedures and less red tape are the watchwords of the new regime. The EU has a new, separate agency called Europe Aid that is in charge of implementing the various EU aid projects around the world. The early signs are that this new approach is delivering some improvements. These reforms were long overdue, and are crucial for strengthening the EU's diplomacy. Too often, a disconnection between the EU's diplomatic strategy and its policies on, for example, trade, financial assistance and immigration has harmed the EU's overall performance as an international actor.

So, EU foreign policy is evolving. Yet despite all this progress, the CFSP still has only limited credibility, both internally and externally. There are at least five reasons why EU leaders need to take a hard look at the Union's performance in foreign policy:

- ★ The EU is in many ways unpopular and its institutions are often unloved. But opinion polls consistently show that the public sees foreign and security policy as a key task for the Union. Whenever a crisis erupts, the question "what should Europe do?" echoes throughout the EU. If the EU were to become a more coherent and credible foreign policy player, the public might warm to the general idea of European integration. In other words, there is a mismatch between what the Union does and what people expect from it. The public wants the EU to punch its weight in the global arena, but instead it chooses to spend huge amounts of time and money on the Common Agricultural Policy.
- ★ The rest of the world also wants the EU to play a bigger role internationally. Listening to what non-Europeans make of the CFSP can be a sobering experience. They criticise the EU's slow decision-making – which tends to emphasise internal agreement rather than external effectiveness – as well as the EU's lack of priorities, coherence and effectiveness. They argue that the EU takes far too long to translate its promises of humanitarian and development aid into reality, and they complain about the gap between the EU's



stated policies and how it in fact spends its money. They also say the rotating EU presidency, which puts a different country at the head of the EU every six months, leads to a lack of continuity and focus. On the whole, these criticisms are justified.

- ★ The coming enlargement of the EU, which will probably bring in ten new members in 2004, is another reason for deep reform. Enlargement will have at least three effects on the CFSP. First, it will make it harder to forge a consensus within the EU, given the sheer number of national perspectives, idiosyncrasies and domestic lobbies that will need to be reconciled. Secondly, enlargement eastwards will compel the EU to review its policies for the countries and regions left out, including Russia, Belarus and Ukraine, but also the Balkans, the greater Middle East and even the Southern Caucasus. Thus, the mental maps of EU policy-makers will have to adjust to the shifting nature of the near-abroad, leading to a redefinition of foreign policy priorities. Finally, enlargement will bring in fresh expertise, contacts and experience from the new member-states. The EU will need to build on this, without allowing the new members to prevent the EU from acting quickly and effectively.
  
- ★ European defence has become an increasingly prominent area of European co-operation. This is welcome, because the EU's foreign policy statements and its soft security policy tools – such as financial assistance, visa policies or trade sanctions – will have more impact if the rest of the world knows that the Union can also deploy troops. As Solana has pointed out, the EU has for too long been like the World Bank: a place where people hand out money. Yet without a clearer sense of what the EU wants to achieve, where, how and at what price, the European Security and Defence Policy is in danger of putting the cart before the horse. Security strategists often stress that all defence planning should be 'policy-led', meaning that the EU must first establish its political goals (through the CFSP) and then decide how military forces can help the EU to achieve these objectives.

- ★ Finally, the consequences of September 11<sup>th</sup> are another reason to push for further reforms in the field of EU foreign policy. The global campaign against terrorism has highlighted the need for a coherent European approach to tackling terrorism. Already, the EU has taken many useful steps in this direction with agreements on measures to tackle terrorist financing, a common EU arrest warrant and a common definition of terrorist acts. But the CFSP as such has been less impressive – a weakness that EU leaders must address. Meanwhile, the US will soon push the Europeans to take full responsibility for security and reconstruction in the Balkans, because Washington wants to concentrate its attention and resources elsewhere.

So the challenge is clear: the EU must do more to close the gap between expectations and delivery. Most of all, the Union must use its external policies and instruments in a more coherent and effective way, in support of a clear political strategy. European officials and analysts alike constantly praise the EU for its broad range of foreign policy instruments – including trade and aid policies, economic assistance, judicial co-operation, association agreements and, most powerful of all, the promise of eventual EU membership. No other international organisation, they stress, has such a diverse tool-kit to prevent instability and manage international crises. Because of this ‘holistic’ approach, the EU is well-placed to deal with the new issues on the global agenda, such as the consequences of failed states, global warming, or trafficking in drugs and people. But though this comprehensive tool-kit works well in theory, the EU will have to do much more to reap the benefits in practice.

This pamphlet will analyse the state of EU foreign policy, and identify the areas that are ripe for reform. It will then spell out five rules that EU leaders should follow, if they wish the Union to have an effective foreign policy:

***1 Streamline decision-making and give the High Representative for the CFSP more resources.***

The overwhelming priority for European foreign policy is to improve the EU's ability to act, both during crises and in day-to-day diplomacy. To this end, the EU should abolish the rotating presidency's role in the CFSP. It should use existing treaty options to take decisions by qualified majority voting. It should also triple the CFSP budget, and transfer more national diplomats to Solana's Policy Unit, which should evolve into an embryonic European diplomatic service.

***2 Ensure better co-ordination among the EU institutions, and between the Union and member-states.***

All EU bodies and the member-states should ensure that policies on trade, aid, justice and home affairs, and the environment are all explicitly linked to the Union's foreign policy objectives. EU leaders should reform the overburdened General Affairs Council and set up a separate Foreign Policy Council, made up of the foreign ministers, and with a clear focus on EU external relations. A new council of ministers for Europe should manage the internal EU agenda on a daily basis.

The EU needs to bridge the gap between the Community side and the inter-governmental side of external policy, headed by the Commissioner for External Relations and Mr CFSP respectively. In the long run, these two jobs should merge so that a single 'Foreign Policy supremo' runs EU foreign and security policy. More efforts are also necessary to promote co-ordination and synergy between EU programmes and those of member-states, especially those which involve financial assistance. To do this, the Commission and the Council Secretariat should publish an annual report that 'names and shames' those member-states which have not aligned their aid programmes with those of the Union and other member-states.

***3 Play to your strengths: champion international organisations and global rules.***

The EU is absolutely right to focus on the need for an international system based on agreed rules of behaviour, to help solve many of the world's most pressing problems. The EU should try to convince the US of the benefits of strengthening international treaties and organisations. After all, working with the US is often the best way to ensure effective international action. But the EU should have the confidence to develop its own, distinctive approach to international affairs. Such an approach should put greater emphasis on long-term, preventative measures and rely more on attraction than coercion to influence world developments.

***4 Set meaningful priorities, and then stick to them.***

EU politicians should resist the temptation to dream up policy on all issues, conflicts and regions in the world. They should also break with the habit of producing endless shopping lists of new priorities. The new Foreign Policy supremo and the EU foreign ministers should use a high-profile public debate to set out, once a year, the precise priorities for the CFSP. This more focused approach would increase the chance of producing one or two much-needed successes.

***5 Think strategically and globally, but start with the near-abroad.***

The EU should be an active, outward-looking global player, and develop its political relations with Asia, Sub-Saharan Africa and Latin America. But it should focus attention on the Balkans, Russia, Ukraine, the Middle East and North Africa. As EU enlargement approaches, its leaders should prioritise resources on those countries just outside the Union's future borders.

## 2 The state of EU foreign policy

### The story so far

The Common Foreign and Security Policy (CFSP) is a work in progress. While critics have no trouble identifying shortcomings, they have to acknowledge that the EU has come a long way. To appreciate just how far, look back at the early days of the European project.

For decades, the mere idea of a common foreign policy was taboo among the six countries that had set up the European Economic Community (EEC).<sup>2</sup> This was partly thanks to the inward-looking aims of the EEC ('to secure peace in Europe'), partly due to continuing mistrust among the member-states, and partly because the integration project was based on economics. Even if the EEC's ultimate aims – to overcome historical enmities and prevent future wars – were intensely political, the chosen means were economic.

Economic did not mean less important. After all, in the 1950s and 1960s, the EEC dealt with hugely important topics, such as the pooling of coal and steel production, a customs union and a common agriculture policy. But the leaders of France, West Germany, Italy and the Benelux countries decided that the Community should shun the high politics of foreign and security policy. Those areas would remain the exclusive preserve of the member-states. In any case, for many member-states, NATO was the organisation handling security policy, preserving the link between the Americans and the European continent.

<sup>2</sup> In 1956 France, West Germany, Italy and the Benelux founded the European Economic Community (EEC). In 1967 the EEC was changed into the European Community (EC), the precursor of today's European Union.

To be sure, the debate on Europe's role in the world continued. Chris Patten summarised these early discussions in a speech to the Irish Institute of European Affairs in March 2001: "For years, clinging to their different bits of historical flotsam, and buffeted by the waves of historical events, the member-states tried to construct a seaworthy foreign policy that would allow their union to take greater control of its destiny. There was the Pleven plan, the de Gasperi plan, the Fouchet plan: all brave attempts. All sank like dead weights." In other words, for decades there was ample debate, but precious little action, on co-operation in foreign policy.

It was not until 1970 that the member-states decided to hold informal discussions on foreign policy questions. These first took place outside the EC framework, under the heading of European Political Co-operation (EPC). The results were unimpressive, which was perhaps to be expected given the non-committal nature of the talks and the lack of permanent institutions. As a result, throughout the 1970s, the member-states were unable to agree a common line on many of the decade's international crises, such as the 1973 Arab-Israeli war, the vagaries of the dollar and oil prices, or the Soviet invasion of Afghanistan.

But, as is often the case in Europe, policy failures provoked efforts for reform, and there were yet more attempts to agree common lines on international issues. The EC partners were gradually learning to trust each other, and the agenda widened. In the early 1980s, European Political Co-operation was broadened to include the political and economic aspects of security policy. And in 1986, the Single European Act gave this co-operation on foreign policy a treaty basis, while a small secretariat was set up to provide impetus and continuity. This was progress. But the Single European Act still did not call for a *common* foreign policy. It also maintained the split between the old Community, built around the single market and led by the Commission, and European Political Co-operation, concerned with foreign policy and dominated by the member-states.

This division, and more broadly the economic origins of the EEC, still shape foreign policy in the EU today.

The Maastricht treaty was the next chapter in the story. The treaty, concluded in December 1991, served two broad purposes. First, it established a clear path towards a monetary union, complete with deadlines and conditions for membership. Second, the treaty turned the EC into a 'political union' with the member-states pledging to work together on issues of internal and external security.

In many respects, Maastricht was a huge step forward. But the treaty was lop-sided because the institutional set-up for monetary union was far more robust than for political union. Member-states, protective of their sovereignty, made sure that the EU would consist of three pillars, each with different modes of decision-making. The first of these was the familiar Community, including Economic and Monetary Union; the second would deal with the newly established Common Foreign and Security Policy; while the third pillar would cover policies on Justice and Home Affairs, such as police co-operation, border issues and immigration.

By and large, decision-making in the first pillar takes place on the basis of the so-called Community method, which means that the Commission has the sole right of initiative and decisions can often be taken through qualified majority voting. In the second and third pillars, on the other hand, the role of the Commission and the European Parliament is curtailed, and decisions in the Council of Ministers are based mostly on unanimity. True, Maastricht confirmed that the Commission would be 'fully associated' with the CFSP – and the treaty even gave it a right of initiative. But in practice, the Commission has played only a limited role in the CFSP, partly because it recognises the sensitivities of the member-states.

The grand rhetoric of Maastricht and its claims to have 'established' a CFSP, combined with the end of the Cold War, led to wildly optimistic expectations about what the EU could achieve. Speeches by various

Europeans leaders made matters worse, especially the infamous remark by Jacques Poos, the Luxembourg foreign minister, in June 1991 when Yugoslavia was breaking up, that “this is the hour of Europe”.

By the mid-1990s, the CFSP boasted an impressive number of working groups and committees, all producing common positions and issuing ringing declarations. Between 1994 and 1997, the EU adopted no fewer than 66 ‘common positions’ on topics such as human rights violations in Afghanistan, elections in the former Soviet Union, and weapons proliferation. These common positions set out the Union’s official stance on these issues, along with recommendations for action. In practice, however, the EU’s ability to influence world events was markedly less impressive than its rhetoric. In war-torn Yugoslavia, for example, EU-negotiated ceasefires came and went with little noticeable effect.

<sup>3</sup> *Speech by Chris Patten, “A European Foreign Policy: Ambition and Reality”*, IFRI, Paris, June 2000. Declarations, another instrument of the CFSP, were even more popular. In 1998 alone, there were 163 of them. But passing declarations is easy. Besides, as Chris Patten has remarked dryly, the problem with this flood of statements was that they came “usually a week or two after they could influence events”.<sup>3</sup>

So, by the mid-1990s, two big weaknesses stood out:

- ★ Decisions by the Council of Ministers usually had to be unanimous, but member-states still held differing views on many questions. As a result, it was hard for the Union to take quick and effective decisions. This was true not just in relation to crises in far-away countries, but also when dealing with events in the Balkans. In the early 1990s, for example, the EU member-states had different views on how useful air strikes could be against the Bosnian Serbs. The fact that the US government supported air strikes but was unwilling to commit ground troops, and the hints it gave to the Bosnian Muslims that it did not fully support the EU’s diplomatic efforts, complicated matters further.



- ★ The day-to-day management and the external representation of the CFSP were the responsibility of the rotating presidency, which involves a different member-state taking over the EU driving seat every six months. This meant that the EU's efforts lacked consistency. Official EU visits to the Balkans were often conducted by a troika of foreign ministers from the acting, preceding and incoming EU presidency. EU foreign policy lacked a face, and dispatch of a troika only reinforced the impression of intra-European divisions.

The 1997 Treaty of Amsterdam sought to address both these problems. It created a new instrument for the CFSP, called the 'common strategy'. The idea was that if the EU agreed, unanimously, on its broad objectives in a given policy area, then it would be able to use qualified majority voting to decide how to implement those policies via 'joint actions' (these are legally binding decisions with a concrete policy objective, backed by EU funding). Amsterdam made the European Council, the highest strategic authority in the EU, responsible for adopting these common strategies. The first came in June 1999 in Cologne, when the European Council adopted a strategy on relations between the EU and Russia. Since then, it has agreed two more common strategies, on Ukraine and on the Mediterranean region.

To remedy the continuity problem, the Amsterdam treaty created a new post, the 'High Representative for the CFSP'. The idea was that the CFSP needed a figurehead to forge consensus in the Council of Ministers and to speak for Europe. In Cologne, EU leaders wisely decided to appoint a political heavyweight to this post, not a career diplomat. They chose Javier Solana, the then secretary general of NATO. The Amsterdam treaty also created a Policy Planning and Early Warning Unit to help the High Representative formulate policies. This Policy Unit, as it came to be known, has been responsible for analysing international issues and assessing how the EU could respond.

<sup>4</sup> See Gilles Andréani, Christoph Bertram and Charles Grant, "Europe's Military Revolution", CER, March 2001.

<sup>5</sup> Cologne Presidency Conclusions, June 1999.

By 1998, the EU's focus had shifted towards defence, partly because the Kosovo war had highlighted Europe's dependence on the US.<sup>4</sup> 'Crisis management' has rapidly become a key phrase in the EU, and considerable progress has been made in a relatively short time. At Cologne, EU leaders agreed that "the Union must have the capacity for autonomous action, backed up by credible military forces, the means to decide to use them, and the readiness to do so, in order to respond to international crises without prejudice to actions by NATO."<sup>5</sup>

While political interest has fluctuated somewhat, the defence establishment across Europe has become committed to European Security and Defence Policy. Many security specialists argue that the European states need to act under a European heading in order to improve their deficient military capabilities. Some of them are also uneasy about trends in the US and the direction of its security policy. Many American defence analysts have long argued that the US should reduce its involvement in peacekeeping missions, while preparing its armed forces for 'high intensity' conflicts, such as those which may arise over Taiwan or in the Gulf region. More recently, the mood in both the Pentagon and Congress, and the US government's focus on fighting terrorism, suggest that the US will become ever more selective when it comes to Balkan-style peacekeeping operations. And because the Europeans expect peacekeeping-plus-reconstruction to become more, rather than less, important, they want to be able to conduct those operations that the Americans find unappealing.

European defence is an idea whose time has come. EU countries have reached a consensus about the need for an autonomous European crisis management capability. To be sure, European countries still have a long way to go in modernising and improving their armed forces. The pace of reform certainly needs to improve. But even ESDP sceptics should concede that after a number of false dawns, the current momentum is quite impressive.

Furthermore, the Nice summit in December 2000 agreed to give a permanent basis to many of the interim EU bodies created from the spring of 2000 onwards. The most important of these, as far as foreign and security policy is concerned, is the Political and Security Committee, more commonly known under the French acronym COPS. In his report to the Helsinki Council in December 1999, Solana had already argued that the EU needed a central, permanent body if it was to realise its ambitions in the field of crisis management. "To ensure effectiveness and institutional coherence, it is essential that a single body should have access to all the information, proposals and initiatives relating to the crisis involved to make a global assessment", he said. He also argued that only a body like the future COPS could ensure the joined-up use of all the military and civilian means that the EU can deploy to tackle a crisis.

The COPS, consisting of permanent national representatives, has now taken over many of the roles of the old Political Committee, which was made up of the Political Directors of national foreign ministries. The COPS will therefore be an important body, melding a consensus out of the different national perspectives. Its main tasks are to assist the Council of Ministers in analysing world events, preparing policy options and even, in certain cases, implementing decisions. According to Article 25 of the Nice treaty, the COPS shall:

monitor the international situation in areas covered by the CFSP... contribute to the definition of policies by delivering options to the Council... monitor the implementation of agreed policies...[and]... exercise political control and strategic direction of crisis management operations.

The COPS will probably become the lynchpin in the daily running of EU foreign policy, including the European Security and Defence Policy. It will certainly be the key body in crisis management operations. For the time being, the treaties state only that the High Representative "may" chair the COPS in the event of a crisis, while

normally the country holding the presidency performs this task. And while Solana is keen to stress his equal relationship with the 15 foreign ministers, he (or perhaps a deputy, if such deputies are created and appointed) could end up chairing many meetings of the COPS in future. That would give greater continuity and coherence to the CFSP system of decision-making.

The Treaty of Nice also introduced the idea that 'enhanced co-operation' could apply to the CFSP. This means that a sub-group of member-states could decide to forge ahead to implement a joint action or common position, without other countries blocking them. The relevant article rightly stresses that enhanced co-operation should not harm the coherence of the CFSP, whether it is between the Union and the member-states, or between the CFSP and other EU policies. Less justifiably, the Nice text also excludes the European Security and Defence Policy from any enhanced co-operation. Still, the new procedures on enhanced co-operation are a useful step towards speeding up decision-making.

When asked, many EU diplomats say that they do not expect enhanced co-operation to be used often, either in the CFSP or the EU more generally. But, as with qualified majority voting, individual member-states now know that the others can move ahead without their consent. This knowledge will influence their negotiating behaviour, and should encourage them to join the consensus. For instance, in December 2001 Italy was the only country opposing the plans for a common EU arrest warrant. The fact that other countries openly threatened to use enhanced co-operation was a major reason for the eventual lifting of the Italian objections.

So the EU has come a long way since the late 1950s, when the then-EEC avoided anything that smacked of power politics. True, the EU's performance in foreign policy is still underwhelming. But failure has also been coupled with a willingness to reform, a factor that is always underestimated by Eurosceptics. In foreign policy, as in other fields,

the EU has by no means finished these reforms, and more are needed if it is to develop a truly 'joined-up' and effective foreign policy.

### **The decision-making process of the CFSP**

The key decision-making body in the CFSP is the General Affairs Council (GAC), which brings together the EU's foreign ministers. It is the GAC, more than any other EU body, that sets the pace and direction for the CFSP. Only the Council can take decisions of any political significance, whether it is to apply an arms embargo to a conflict zone, appoint EU special envoys, determine the EU's stance on a UN conference, or recommend that all member-states should ratify various international agreements. Of course the European Council of heads of government also has a role to play in the CFSP – by issuing statements on various international issues and by taking decisions on 'common strategies'. But the focus of the European Council is very much on the big picture.

At the same time, the CFSP is not run solely on inter-governmental lines. The Commission has an important role to play, since it is, in the language of the Amsterdam treaty, "fully associated" with the CFSP. The idea, at least on paper, is that the strengths and resources of the Commission should be used to support European foreign policy. After all, the Commission plays a leading role in many policy areas that have a direct impact on the EU's international position, such as trade policy, development policy and the negotiations with the accession countries. The treaties also give the Commission a shared right of initiative in the CFSP. But the Commission has not exercised this option so far, to avoid treading on member-states' toes.

The European Parliament has only an auxiliary role to play. In contrast to first pillar issues, a CFSP decision does not require the Parliament's assent. Its budgetary powers are equally constrained. But the Parliament does hold Patten and Solana to account through plenary and committee-level debates. It also publishes an annual report, auditing the CFSP's achievements and failures.

So the overall picture is more complex than the image of pure inter-governmentalism suggests. Like the EU itself, the CFSP is a hybrid. Nonetheless, the centre of gravity in decision-making lies with the General Affairs Council, where the member-states call the shots and decisions are mostly taken by consensus. For the foreseeable future, foreign policy will remain primarily a matter for the democratically elected governments of member-states. Any reform proposals should take this political reality into account.

The General Affairs Council, assisted by the COPS, takes the decisions on formulating and implementing the CFSP. GAC meetings usually produce a long list of common positions and a somewhat shorter list of joint actions on various international issues. For example the GAC at the end of October 2001 discussed and reached agreement on the EU's stance on issues ranging from the Middle East peace process; the upcoming WTO summit in Doha; the war on terrorism; the future of Afghanistan; various crises in Africa (Burundi/Zimbabwe/Eritrea); and developments in the Balkans (Macedonia/Kosovo). The joint actions agreed at the meeting dealt with the appointment of a new EU special representative to Macedonia, the preparatory work to impose sanctions on Zimbabwe, new funding for the Balkan Stability Pact and a grant from the EU for the conflict settlement process in South Ossetia.

Below the GAC are a huge number of working groups that bring together representatives from the member-states and EU officials. There are three types of working groups: on countries and regions such as the Maghreb or Central Asia; on issues such as non-proliferation or drugs smuggling; and on the co-ordination of the member-states' positions in various international organisations. In the last decade the EU has managed to hammer out many common positions in various international organisations. For example, EU countries nearly always tend to vote in the same way in UN General Assembly, or adopt a similar line in the UN's functional organisations (nuclear issues are an exception). The dominance of

the EU in organisations like the Organisation for Security and Co-operation in Europe (OSCE) is such that the Union has a de facto agenda-setting role. The UN or the OSCE may not be the world's most powerful organisations, but they certainly have some impact on important international developments. This type of co-ordination is one of the least-known success stories of EU co-operation on foreign policy.

All three types of working groups discuss both strategic choices – relating to policy priorities – and the management of EU aid programmes and other policies. The staff of the Council Secretariat, including desk officers, assists these working groups, while the Commission also feeds in its views.

The Commission has a parallel structure of desk officers covering various parts of the world. In policy terms, it has mainly a subsidiary role to play in the CFSP. As Ben Tonra of the Dublin Institute of European Affairs argues: “The Commission has decided to work with the grain of these developments and, while rightly protective of its exclusive competences (primarily those of the first pillar), appears to accept that its role is more like an additional team player than that of manager.”<sup>6</sup> By the same token, the EU has a lot to gain from greater co-operation between the policy-making side and the resources of the Community.

<sup>6</sup> Ben Tonra, “Setting the agenda of European crisis management – the challenge to coherence” in Antonio Missiroli (ed), *Coherence for European Security Policy*, Paris, WEU Institute for Security Studies, May 2001.

The General Affairs Council usually takes CFSP decisions by unanimity. Foreign policy is a sensitive matter, and member-states are reluctant to put issues on which they disagree to a vote (voting is also quite rare in the first pillar). Rather than outvote one of their peers, member-states prefer to postpone decisions – hoping that a consensus can be reached at a later date. This consensus-seeking culture is the chief reason why the CFSP is so slow-moving and reactive.

According to the treaties, there are two specific ways in which member-states could, if they want, take CFSP decisions without

unanimity. The first of these are so-called implementation decisions, based on a common strategy (which the European Council has to agree first by unanimity). However, if one member-state signals that it does not want implementation to be taken by a qualified majority vote, for an important reason of national policy, there are two options. The General Affairs Council can take a decision – by qualified majority voting – to refer the matter to the European Council. The European Council then decides, unanimously, to adopt the decision, or not. This is a cumbersome process, but it has opened the door to more qualified majority voting – and with that the prospect of speedier decision-making.

The other ‘unanimity-busting’ option, created in the Amsterdam treaty, is ‘constructive abstention’, meaning that one member-state can disassociate itself from an EU joint action. The treaty says that when a decision is adopted, one or more member-states – the maximum is one-third of weighted votes in the Council of Ministers – may couple their abstention with a formal statement. In this case, they do not have to apply the decision but they acknowledge that the decision is binding on the Union as a whole.

So although the current rules favour unanimity, not all decisions require it. Radical changes to the EU treaties are not urgent. Unfortunately, however, EU member-states are reluctant to use the options open to them under the existing rules, and the result is some painfully slow decision-making.

### **The instruments of the CFSP**

But what does the CFSP do, and what are its results? The CFSP not only differs from the first pillar in terms of decision-making procedures, but also the instruments it uses. Instead of directives and regulations, the CFSP relies on tools such as the common strategy and the common position. These are political tools that set out the Union’s position on a particular topic. A joint action, meanwhile, states what the 15 member-states intend to do about a problem, for



instance by installing a weapons embargo on particular country, or by imposing a travel ban on the rulers of an authoritarian state.

European commentators and officials often stress that the EU is particularly well-suited to using 'soft power', such as trade and aid policies or the prospect of closer ties with the EU. In other words the EU is better at influencing world events by persuasion and attraction than by coercion. As one senior advisor to Tony Blair put it: "I am in favour of an activist foreign policy, in the sense of sending troops and money, using diplomatic pressure and other instruments, to achieve our goals. But what matters in foreign policy is not just what you do, but also what you are." For all its faults, the EU is an example of successful conflict resolution through integration. It is also an enormous magnetic force. Countries want to get close to the EU, and they know they have to abide by certain rules to do so.

Europe's penchant for a comprehensive approach to conflict management, and its notorious inability to take quick decisions, contrasts sharply with the US. But the Europeans should not belittle themselves, or succumb to 'super-power envy'. The US is the only country that can deploy overwhelming military power anywhere in the world. It used that power to devastating effect against the Taleban regime in Afghanistan. But superior airpower by itself is often of limited use in solving many of the world's most pressing problems, including terrorism, on a sustainable basis.

Put simply, B-52 bombers and laser-guided precision missiles may be able to defeat the Taleban regime and compel dictators like Milosevic to remove his troops from Kosovo. But they will not help to solve the problems of failed states, tackle organised crime, stem the trafficking in drugs and humans, or deal with global warming. Only robust global co-operation and a clever mix of political and economic incentives and sanctions can do that.

The EU is therefore right to want to mix hard and soft security instruments, in the Balkans and elsewhere. As Chris Patten has stated:

The Balkans...taught us that Europe needed to be capable of mounting large-scale peace enforcement operations and sustaining them. They taught us that we needed a policing capacity, pitched somewhere between conventional soldiers and policemen, to keep the order after the fighting is over. They taught us that we needed to be able to respond quickly and effectively to emergency humanitarian crises, plus be able to stabilise fragile societies as they emerged out of conflict by providing, for example, human rights or electoral monitoring. And they taught us that we must be better at designing and delivering post-conflict assistance to consolidate the peace.<sup>7</sup>

<sup>7</sup> *Speech by Chris Patten, "A Voice for Europe? The Future of the CFSP", Institute of European Affairs, Dublin, March 2001.*

In addition to the more recent focus on the building up of a comprehensive crisis management capability, the EU has much experience – often mixed – of using civilian instruments. In practical terms, deploying the EU's soft power often means building long-term diplomatic and political relationships with virtually all countries in the world.

The EU has set up a plethora of such relationships, adapting them according to political priorities, geography or historical legacies. They range from political dialogues with countries such as India or China, to Partnership and Co-operation Agreements with Russia and other countries from the former Soviet Union, to Stabilisation and Association Agreements with Macedonia and Croatia (soon to be followed by Bosnia-Herzegovina, Yugoslavia and Albania). For decades, the EU has also developed a close relationship with various African, Caribbean and Pacific countries, focusing on development questions through successive Lomé Conventions. Because of their legal bases and the provisions for regular consultations, this typical EU approach can perhaps best be called 'structural diplomacy'.<sup>8</sup> For most countries, these consultations with the EU usually outstrip the importance of any bilateral links. When EU officials come to town, host countries make sure their top ministers make time to meet them, whether it is

<sup>8</sup> *Stephan Keukeleire, "The European Union as a Diplomatic Actor: Internal, Traditional and Structural Diplomacy", Centre for the Study of Diplomacy, University of Leicester, 2000.*

Patten, Solana, Prodi or the representative from the rotating presidency.

Stripped of their high-minded rhetoric, these relationships help to build a dense web of obligations and commitments between the EU and the third countries. All of them, for instance, have clauses that emphasise the shared commitment to respect human rights, political pluralism and standards of good governance. Because the third countries have themselves signed up to these clauses (which are always described in the agreements as “essential elements”), the EU can easily deflect criticisms that it is somehow ‘imposing’ its views. Equally, all these agreements provide for regular ministerial and official meetings, to discuss outstanding issues – including human rights – and areas for co-operation. Sometimes, for instance in Zimbabwe, the EU has taken steps to link decisions on financial assistance, visas and other EU policies to on-going human rights violations. But such an explicit linkage is rare in the EU today.

Frustratingly, structural diplomacy is a slow-moving process. It rarely produces spectacular results in the event of a crisis. When pressed to say what the EU is doing in a given part of the world, EU officials tend to cite the latest strategic partnership document they have signed, rather than say what the EU is doing on the ground. This reinforces the view that the CFSP puts too much emphasis on legal instruments and not enough on the content of specific policies. It is a problem that besets many fields of EU policy and it is one reason why citizens have difficulty relating to what goes on inside the Union.

But these partnership, co-operation and association agreements do bind countries the world over to a ‘European model’, characterised roughly by open markets, the rule of law, non-violence and political, religious and linguistic tolerance. Structural diplomacy can be a good way of preventing political instability, economic dislocation and ethnic conflict. It is true that the results often take a long time to show. One reason why Macedonia has

not degenerated into total civil war, for example, is the EU's carrot-and-stick strategy, partly based on its Stabilisation and Association Agreement. Structural diplomacy can also help the EU to champion its values further afield. For instance, in the autumn of 2001 Chris Patten told the Iranians that if they wanted a free trade agreement with the EU they would have to accept human rights clauses in it.

Enlargement, many politicians are fond of saying, is the Union's most important and successful foreign policy initiative of the 1990s. And though it may be a cliché, this statement contains a large element of truth. Central and Eastern Europe has had a relatively smooth and benign transition in the past decade, despite ample potential for conflicts. That is partly due to the efforts of the inhabitants in the region. But the EU, with its structural diplomacy of 'Europe Agreements' and membership negotiations, can take a considerable part of the credit.

All the EU's structural dialogues are based on the attractions of the EU itself. Eurosceptics in Britain and elsewhere may find it hard to understand, but large numbers of countries, and particularly those on the EU's borders, are queuing up to get closer to the EU. To do so, they have to sign up to the 'European model'. The EU could make more use of this potential leverage by linking trade privileges and aid efforts to policy changes. The challenge for the EU is to use this power to attract and persuade much more forcefully (see next chapter).

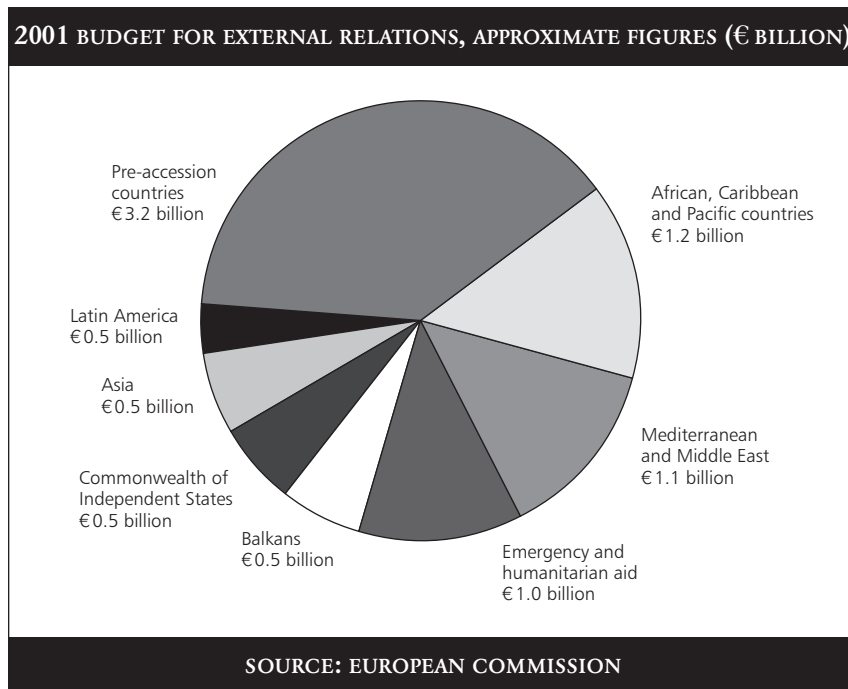
## Money

Money is another tool that the EU uses to advance its interests and defend its values. The CFSP budget itself, just over €40 million a year, is very small. It is subdivided into six categories: election monitoring and democratic transition; EU special envoys; conflict prevention and peace support initiatives; financial assistance for disarmament; contributions to international conferences; and urgent

measures. This budget is so tight that Solana's senior officials have no travel budget and rely on non-governmental organisations to pay for them to attend seminars.

In recent years, the total CFSP budget has often been spent by April. Solana then has to go round the member-states, begging them to give him the means to carry out measures they have agreed upon. This situation is absurd. It makes it hard for the EU to deliver on its promises and fulfil its engagements. A tripling of the CFSP budget may sound dramatic, but it would merely ensure that the CFSP can continue to do what it currently does, while giving it a proper financial footing.

Of course, the total EU funding for external relations ('RELEX' in the jargon) covers the EU's aid programmes as well as the CFSP budget. Added together, this spending currently stands at a little over €10 billion. That is a lot of money, but Antonio Missiroli, of the EU



<sup>9</sup> Antonio Missiroli, "Introduction", in Missiroli (ed), *op cit*, 2001.

Institute for Security Studies in Paris, is right to point out that it is not much more than what a Scandinavian country spends each year on overseas aid.<sup>9</sup>

<sup>10</sup> Speech by Chris Patten to the Institute of European Affairs, Dublin, March 2001.

But on top of the RELEX budget come the larger sums spent by the individual member-states. As Chris Patten points out: "The EU and the member-states account for 55 per cent of all international development assistance and some 66 per cent of all grant aid. They finance 50 per cent of world aid to the Palestinian Territories, over 60 per cent of all aid to Russia and close to 85 per cent to the Balkans."<sup>10</sup>

Another way of illustrating the Europeans' contributions to global peace and security is to add up all the Community efforts, all member-states' bilateral assistance, and the member-states' contributions to multilateral organisations such as the IMF, the World Bank and the European Bank for Reconstruction and Development (EBRD). For the informal General Affairs Council meeting in Evian in September 2000, Solana presented a paper doing just that. It confirmed that, between them, the EU and the member-states had during the 1990s provided over €17 billion in assistance to Russia, over €12 billion to Mexico, and over €8 billion to India, to name just a few countries. Solana also pointed out that the total European diplomatic staff worldwide (over 40,000 diplomats in 1,500 missions) vastly outnumbered that of the US (15,000 staff in 300 missions).

The problem with EU foreign policy, therefore, is not fundamentally a lack of resources. Instead, it is the Europeans' lack of co-ordination and their attachment to national freedom of manoeuvre. This means that they seriously underperform in terms of international influence. If the aim is to project collective European power, as Blair and others have argued, then the outcome is disappointing. In his Evian paper, Solana pointed out that the European presence in various international organisations is not matched by their influence. In crude terms, the Europeans get very little bang for their bucks.

To solve this problem, Solana offered three recommendations:

- ★ improve communication and co-ordination between member-state and EU actions;
- ★ use more ‘sunset clauses’ for aid programmes, setting out when and how they should end;
- ★ prepare country *fiches* or strategy papers that summarise all the financial and other assistance that the country in question receives from the EU and the member-states.

The foreign ministers fully supported these suggestions. But the fact that the EU did not already have such country *fiches* was deeply embarrassing. And though EU leaders now accept the need for greater synergy between EU and member-state activities, they have found it hard to achieve in practice.

#### SHORT CASE STUDY: THE EU AND THE MIDDLE EAST PEACE PROCESS.

The EU has identified the Middle East, along with the Balkans, as a priority area for the CFSP. A combination of factors has been behind this decision. First, the US under Bush has – for its own reasons – been somewhat reluctant to engage itself deeply in the Israel-Palestine question. And while in the past the Americans were keen to treat the Middle East as an exclusive US diplomatic preserve, now they say they welcome a constructive EU role. Second, the member-states’ positions have converged significantly during the past ten years. Third, the countries in the region, in particular the moderate Arab regimes, strongly urge the EU to deepen its engagement in order to complement what they often see as a reactive and biased US approach. Of course, after the attacks of September 11<sup>th</sup>, the importance of curbing the violence and promoting an eventual peace settlement has become even clearer.

But what is the EU doing in the region, what is it aiming at, and how successful has it been? On the political side, the EU is now playing a significant role in the Middle East peace process, even if it does not receive the news coverage it deserves. Javier Solana and Chris Patten, as well as the 15 foreign and prime ministers, have all had countless meetings with the main parties. Their message has remained remarkably consistent throughout.

All European leaders stress that they want both sides to end the violence, implement the existing agreements, and resume talks for a final settlement. To emphasise that it is a neutral party, the EU bases its stance on international law and UN Security Council Resolutions 242 and 338. The EU agrees with the Americans and others that the ultimate aim is a negotiated settlement, based on the formula of 'land for peace', establishing two separate states, Israel and Palestine.

Political positions in the Middle East are deeply entrenched and notoriously hard to shift. But the EU's views are starting to matter in the region. In January 2001, Javier Solana took part in the last round of peace talks between the Palestinians and Israelis in Taba. He was also co-author of the Mitchell Report, which analysed the reasons for the start of the second intifadah. Because of Solana's role in that report, the EU and the US have been united on the way ahead. More significantly, the US and the EU did not fall out in the autumn and winter of 2001 even though tension in the region has been steadily increasing. Peace talks, they both say, should resume soon, after a cease-fire. Palestinian leader Yasser Arafat should do much more to clamp down on suicide bombers who operate from within the Palestinian administered territories. Israel is told to put an end to the constant expansion of its settlements, its policy of targeted assassinations and its frequent army incursions into Palestinian towns. This balanced approach was reiterated during the visit to the region by Javier Solana in January 2002.

As well as conducting talks and putting out declarations, the EU has, with the CFSP, produced some joint actions. For instance, the EU has also set up an extensive training programme for Palestinian policemen and security forces, to help the Palestinian Authority fight terrorism. In November 1996, the Union appointed Miguel Moratinos as Special Envoy for the peace process. He is working closely with Solana as well as the foreign ministers and the Israeli and Palestinian leaders. After a difficult start, Moratinos is becoming an important player, and he has produced some modest successes. In August 2001, for instance, he facilitated a useful cease-fire and the withdrawal of Israeli troops from Beit Jala (in the West Bank).

The Commission is playing its part, too. The EU is trying to shore up the fledgling peace process, not least through the massive financial and technical assistance it gives the Palestinian Authority. The various EU programmes add up to roughly €250 million a year. Together with the member-states, the EU finances more than 50 per cent of world aid to the Palestinians. The EU argues, with good reason, that this assistance eases the dire poverty and alienation among Palestinians. Therefore, EU aid helps to shore up moderate forces and reduce the recruitment potential of violent, extremist groups.

As for Israel, the EU has become by far the country's largest export market, taking in 43 per cent of Israeli exports. The EU has established a high-level



political dialogue and it co-operates on issues ranging from e-commerce and financial services to tourism. Exceptionally for a non-European country, Israel is also allowed to take part in various EU scientific research programmes.

As in other cases, the EU has used structural diplomacy to advance its goals. This has led to association agreements with both Israel and the Palestinian Authority, offering access to European markets on preferential terms. And to promote regional co-operation, the EU has set up the Euro-Mediterranean Partnership, also known as the Barcelona process, which brings together the EU-15 and 12 countries from North Africa and the Middle East. This is the only multilateral forum where all the parties meet, other than the United Nations.

How successful have these efforts been? The EU has of course not managed to get Palestinians and Israelis to agree on a comprehensive peace agreement. But that would be too much to expect. After all, the US has also failed to bring about a final settlement, despite having been the main external force in the region for decades. Clearly, the main obstacle to a settlement is the intransigence of the parties, notably their leaders Ariel Sharon and Yasser Arafat, not intra-European divisions or a split between the EU and the US.

Still, the EU could do more to boost the effectiveness of its Middle Eastern strategy. If the Europeans are serious about their claim that Israeli settlements in the occupied territories — the West Bank, Gaza, the Golan Heights and East Jerusalem — are illegal and an obstacle to peace, then they should back up their words with actions. Exports from these settlements should not be labeled 'Made in Israel' and should not enter the EU market on the preferential terms offered by the association agreement.

Chris Patten has tried to make this clear to the Israelis, and the EU raised the issue at the July 2001 meeting of the EU-Israeli Association Council. But Patten's ability to adopt a hard line has been undermined by pressure from Britain, Belgium and Germany. The EU should also stress that Israeli attempts to block Palestinian exports to the EU are unacceptable. So, too, is the Israeli refusal to hand over the import duties and tax receipts it collects on behalf of the Palestinian Authority. The EU is entitled to take a hard line on these issues because of the funding and assistance with which it helps to reduce Palestinian hardship and alienation, an effort which is being directly undermined by Israeli policy.

At the same time, the EU should use its aid programme to demand more Palestinian progress on democracy, civil society and good governance. So far, Yasser Arafat has exercised an unhealthy degree of control over the Palestinian Authority. Many Palestinians complain about widespread corruption, human rights violations and arbitrary decision-making. The EU could strengthen the position of the Palestinian Legislative Council by giving it the final say on the distribution of donor money. The EU should also

**support those Palestinians who are fighting for a constitution that clearly defines executive, legislative and judicial powers. An autocratic Palestinian Authority is not a credible peace partner for the Israelis. And the EU could use its training programmes to help make the Palestinian security forces more professional and accountable. This would help to allay justified Israeli security fears. And to prepare for a future Palestinian state, the EU could help to fund infrastructure works to connect East Jerusalem with the Palestinian hinterland.**

**The point of all these measures would be to support the EU's overall diplomatic strategy. The principles underpinning the EU's approach to the Middle East are sound. But, as with EU foreign policy more generally, the challenge ahead is to put words into action.**

### 3 Problems upstream: the decision-making process

The EU has come a long way since the days of European Political Cooperation, when co-ordination was ineffective and hopelessly non-committal. But in order to achieve a credible Common Foreign and Security Policy, the Union needs to implement some radical reforms.

There are two basic problems. The first is the divide between Brussels (meaning both Solana and his officials, plus the Commission) and the national capitals. The second is the splits within Brussels itself, particularly the deep divisions between the first, second and third pillars of the EU. For too long, the EU has separated money from policies, reinforcing the impression that EU foreign policy consists mainly of declarations. It is worth analysing these schisms in greater detail, before offering some ideas on institutional reform.

#### **The division between Brussels and the national capitals**

Three factors can help to explain the continuing gap between the views and actions of the individual member-states and the activities of the Brussels-based institutions: the endurance of national reflexes; the sensitive nature of foreign policy decisions; and the lack of co-ordination between EU actions and those of the member-states.

#### *The continuing strength of national perspectives*

Decisions in the CFSP are often reactive and slow-moving because member-states do not agree about international politics. This is true both for international crises, such as the consequences of September 11<sup>th</sup>, and for day-to-day decisions such as who deserves development aid and on what conditions.

A country's right and ability to conduct a foreign policy – more so than having a separate currency – is intimately tied up with notions of national purpose and identity. Even after five decades of pooling sovereignty, EU member-states still have differing views of their role in the world. They see global problems differently, they disagree about possible solutions and they even disagree about whom they should consider as allies.

Take the UK's belief that it has a special, and very useful, relationship with the US. In reality, the phrase is used far more frequently in London than in Washington, and the Americans claim special relationships with a host of countries. But this objection misses the point. Whether or not the notion of a special relationship is misguided, this British perception has real consequences. British foreign policy is unmistakably the product of a particular history and self-image. Anglo-Saxon solidarity, support for open markets and free trade, strong links with the Commonwealth, a sense of distance from the Continent, and most of all a belief that Britain should punch above its weight: all these elements run like a scarlet thread through the story of British foreign policy.

In fact, the UK is far from unusual. Look at France's 'exceptionalism', its belief that it should play a unique role on the European and global stage, and its continued support for the 50 French-speaking countries that make up the *francophonie*. German foreign policy is clearly a product of its own, complex, historical experience, emphasising multilateralism and reliability while traditionally displaying a reluctance to press hard for national interests.

It is the same story across the EU. Spain cherishes its historical links to Latin America, the Netherlands its post-colonial ties and its attachment to international law, Finland its close but ambivalent relationship with Russia, Ireland its military neutrality. All these countries bring their historical baggage to the table when debating the EU's stance.

Small wonder, perhaps, that the EU finds it hard to agree on common positions. EU countries will continue to see the world through their own historically-shaped prisms. Their individual histories will continue to influence what they see as a problem, and what they think should be done.

This problem is compounded by the absence of a truly European debate on the CFSP. There are national debates on what Europe should do, but virtually no continent-wide discussion. Most people watch only their own national television programmes. And there are no truly pan-European newspapers, although the *Financial Times* and the *International Herald Tribune* are read throughout Europe and offer some scope for pan-European discussion.

#### *The protection of national sensitivities*

Foreign policy strikes at the heart of what it means to be a state. Political science teaches that the ability to conduct an independent foreign policy, together with maintaining the monopoly of violence and the ability to raise taxes, are the top three tasks for any state. Even the world's most decentralised states, such as Belgium, Switzerland and Canada, still see foreign policy as the preserve of the federal, or highest, level of governance.

Member-states are understandably protective of their rights and of their profile on the international stage. The stuff of foreign policy – attending summits, meeting foreign leaders and so on – often bestows credibility, popularity and even a degree of legitimacy on national leaders. This does not mean that countries will always want to pursue national solutions in foreign policy – indeed the European experience proves that they do not. But countries will be extra suspicious of pooling sovereignty when it comes to external relations.

#### *The divisions between EU-level actions and those of the member-states*

The third, but closely related, division between Brussels and the individual member-states stems from the lack of co-ordination

between aid programmes run by the EU itself and those administered by individual countries.

In theory, clear divisions of labour and close consultation should ensure that these programmes are complementary and coherent. In practice, however, the picture is one of opaque and overlapping responsibilities, and mismanagement of scarce resources. There is often open rivalry between programmes run by the member-states, the EU and numerous other international organisations such as the UN, the EBRD, the IMF and the World Bank.

The Balkans presents one of the clearest examples of this damaging lack of co-ordination, and also of its consequences. The contradictory actions of the various international organisations and national governments is a far cry from the vision championed by the former German foreign minister, Hans-Dietrich Genscher, who talked of promoting European security and development through 'interlocking institutions'. 'Interblocking' institutions would be a more accurate description. In May 2001, for example, when Macedonia was gradually slipping into civil war, the IMF insisted on tough public spending cuts in return for continued financial assistance. Sound public finances are indeed a good idea. But given the political situation, it may not have been the best time to cut spending on schools or other essential services.

Lack of money has not been the major problem afflicting attempts to stabilise the Balkans. Since the early 1990s, the EU alone has pumped an impressive €18 billion into the region, with individual member-states putting in a lot more in addition. But the results have been mixed. The intransigence of regional political leaders, weak administrative systems, and widespread fraud and corruption have all taken their toll – and the outside world can do little about them. But the EU and other outside actors should take some blame, too. And the biggest problem of all has been the lack of co-ordination and strategic leadership.

Take the experience of the Stability Pact for the Balkans, created in 1999. It is a separate organisation, but the EU, and Germany in particular, played a crucial role in setting it up, and the EU remains its dominant shareholder. The Stability Pact was supposed to be the key institution for the reconstruction of the Balkans, and was drawn up in response to nearly a decade of disjointed national and EU efforts in the region. It was designed to channel western funds to the region, and to ensure adequate co-ordination among those involved so that economic, social, political and security issues would be dealt with under one umbrella. European governments and various international organisations pledged huge sums of money. Moreover, the so-called Quick Start Programme was meant to cut through red tape and so slash the lengthy delays between the pledging of funds and the actual spending on projects.

But the Stability Pact fell victim to serious implementation difficulties. This was partly because all the member-states wanted to micro-manage multilateral activities from their national capitals – not least to ensure contracts for their own companies along the way. But there was also the old problem of existing national programmes and a lack of co-ordination. As Spyros Economides of the London School of Economics argues:

A clear indication of the existing doubts about the Stability Pact (and its effectiveness) is the continuing pursuit of individual policies by some member-states towards the Western Balkans. Perhaps the best example of this is Germany. It was the single largest donor to the Quick Start Programme, giving €149 million, and was the instigator of the whole Stability Pact, which was launched under its presidency and is headed by a German. Despite this deep participation... Germany retains a robust and individual policy towards the Balkans. In 2000, Germany allocated DM300 million to the Stability Pact and DM140 million to bilateral projects... [Germany] simultaneously pursues its own separate foreign policy agenda, thereby distinctly

<sup>11</sup> Spyros Economides, 'In search of coherence – the Stability Pact for the Balkans', in Missiroli (ed), *op cit*, 2001.

muddying the waters not only of the Pact but also of CFSP in general.<sup>11</sup>

Of course, Germany is far from alone in this. All member-states pursue their own aid and reconstruction projects in the Balkans. These initiatives are often badly co-ordinated with the activities of the EU and with the overall aims of the Stability Pact. For all the talk of the Stability Pact creating co-ordination, focal points and coherence, the reality has been one of overlapping agendas and competing competences among too many actors.

In response to these problems, and to the fall of Slobodan Milosevic in Yugoslavia, the EU has decided to disburse more of its aid directly and to strengthen the relationship between the countries in the region and the EU. To this end, it signed Stabilisation and Association Agreements with Croatia and Macedonia in 2001, upgrading their relationship with the EU and dangling the carrot of eventual membership.

The EU, rather than an external Stability Pact Co-ordinator, is now in the driving seat, setting priorities and monitoring progress. This is a positive development, no doubt. But the underlying problem is still the lack of co-ordination between national aid efforts and those of the EU, never mind other international bodies such as the EBRD and the World Bank. In December 2001, two independent reports lambasted the Commission-run programmes in Macedonia and

<sup>12</sup> See *Financial Times*, 9 December 2001.

Albania for bureaucratic delays, infighting and a tendency to compete with rather than complement the activities of other international financial institutions.<sup>12</sup>

Nor is this lack of co-ordination limited to the Balkans. All around the world, the same problem applies. Take Vietnam, the third most populous state in South East Asia, and a country of growing political and economic importance to the Union. The EU and its member-states are Vietnam's third most important donor, after Japan and the World Bank. But the EU has a very low profile in the country and



little influence over its economic development. Once again, the main reason is poor co-ordination.

Virtually no co-ordination takes place between the 15 member-states and the Union institutions in the country. The EU embassies only began holding monthly meetings two years ago, and discussions are limited to practical and administrative matters. Each country still develops its own projects in collaboration with the Vietnamese government, which de facto co-ordinates all European and international aid efforts. This failure to develop a more concerted approach stems partly from a desire to fly the flag, and partly from the member-states' determination to ensure contracts for their own suppliers.

That is a pity. But perhaps worse is the EU's failure to produce a common position for the annual pledging conferences for Vietnam, organised by the World Bank. These conferences are divided into three parts. First, the participants discuss the macro-economic situation, including government policies; then they turn to policy recommendations from donors; and finally they present new pledges for further projects. The EU should at least present a united position for phases one and two. But at the moment, each country works alone. As a result, quite apart from the overlap between individual members' activities, Europe struggles to tailor its extensive foreign aid budgets to its political objectives in Vietnam.

So, the EU has great difficulties in taking rapid and effective decisions. Moreover, Europe's heavy spending on foreign aid has less impact than it should, simply because it is poorly co-ordinated. Something needs to be done. But what?

### **Use specialised task forces**

Both critics and EU officials tend to blame the EU's weak foreign policy performance on its lack of political will. This is certainly a problem, and helps to explain why the CFSP tends to be reactive and

anodyne. But the real question is why the Union's political will is so weak. The answer lies in underlying factors, such as the differing historical viewpoints and sensitivities of the member-states. And it is only by acknowledging and then tackling these factors that the EU can develop a more effective foreign policy.

At present, the dominant view is that the historical ties which bind different member-states to different regions in the world undermine EU policy-making. Effective EU diplomatic action is often difficult because there is always one EU country that does not want to annoy a third country (the UK and the US, Germany and Israel, and so on). But the EU should see these links as a source of strength rather than weakness, and try to build on them. Any single country should not, of course, hijack EU policy to address specific, national concerns. The trick is to use national expertise to achieve broader European goals, which have been agreed upon by all. But the EU's global influence would benefit from having groups of countries acting under EU auspices, and using the EU's framework. Therefore, the EU should experiment much more with using this type of specialised task forces.

For instance, Portugal and the Netherlands have enormous expertise on East Timor and Indonesia, probably unmatched by other member-states. But when Portugal and the Netherlands act alone on East Timor, they inevitably make Indonesia suspicious, which undermines the effectiveness of their actions. An EU initiative, however, would not prompt the same sort of reaction in Jakarta. The same applies to Britain's fraught relationship with Zimbabwe. EU pressure on President Mugabe would probably be more effective than British pressure, because it cannot be seen as neo-imperialist meddling.

Also where there are no historical sensitivities, the EU should experiment with using informal coalitions to push forward the policy agenda. The fact is that different countries have a different stake in different regions or problems. Many conflicts, such as those in the Balkans, affect all EU members, but to varying degrees. And with the

number of EU states rising to 25 or more after enlargement, it is essential to find ways to make CFSP policy-making more flexible.

Most of these coalitions will have to operate on an informal basis under the EU umbrella. After all, the CFSP is and should remain a policy conducted in the name of the whole Union. It is also important that all EU members have the right to be involved. In practice, the larger countries are bound to take part nearly all the time, but their participation should also depend on what contribution they could make. The experience of the November 2001 Downing Street dinner attended by six Prime Ministers and Solana, has highlighted both the wish to have informal meetings in smaller settings – and the hostile reactions of those excluded.

Smaller member-states should accept that it is logical that the larger member-states will sometimes want to discuss pressing issues without all EU countries taking part – especially when military matters are on the agenda. Such consultations are probably necessary to hammer out compromises that can maintain the momentum. Also, if France, Britain and Germany agree on a particular policy, then this will almost always be acceptable to the rest of the EU. Far too often the Big Three disagree amongst themselves, leading to stalemate. By the same token, the larger countries have a duty to keep such meetings informal and embedded in broader EU structures. In the end, the overall aim should be clear: the point of such experiments is to make the CFSP more dynamic.

Informal arrangements should dominate policy-making. But when it comes to implementation decisions the Nice treaty has created mechanisms for ‘enhanced co-operation’, allowing a sub-group of member-states to forge ahead both in the field of foreign policy and in other areas of our policy-making (with the exception of defence). Soon after the Nice treaty comes into force, and certainly after enlargement has taken place, the EU should use this procedure, to show that it is serious about maintaining the momentum of CFSP decision-making.

For example, some countries could join forces, within the treaty framework, on a project to support independent media in autocratic regimes. There is a real risk of policy paralysis in an EU of 25 prickly member-states, each with its own idiosyncrasies and hang-ups. To deal with this threatened stalemate and maintain its ability to act, the EU should use all possible treaty options: enhanced co-operation and also – see below – qualified majority voting and constructive abstention.

Of course, measures that influence the working of the single market – such as trade sanctions – are not suitable for enhanced co-operation (or for constructive abstention, for that matter). The reason is simple: if one member-state does not participate in a trade boycott, the effectiveness of such sanctions will be limited.

Some observers will object to this use of specialised task forces. Eurosceptics will argue that, if smaller groupings are allowed to forge ahead, this will lead to the hard-core superstate they love to hate. And Europhiles will portray them as a mortal attack on the Community spirit and the dream of a single, united, federal Europe. Both sides are wrong.

But flexible arrangements are already needed because of the differing ambitions, interests and capabilities of the existing 15 member-states. After enlargement, the EU will have to accommodate even greater diversity. That is why the EU should be bold, overcome its near-obsession with unanimity, and use all the available options to move the agenda forward. Specialised task forces – whether informal coalitions or formal groups that have agreed on enhanced co-operation – would enable the EU to do just that.

### **Use more qualified majority voting, plus constructive abstention**

Another option allowed by the existing rules is to pass decisions on implementation by qualified majority voting. Joint actions based on common strategies can already be decided by qualified majority

voting, although the threshold for CFSP is higher than it is in the first pillar. The Amsterdam treaty stipulated that this 'super qualified majority' requires 62 of the 87 votes, cast by at least ten members. Assuming the ratification of the Nice treaty, which gives new votes to all member-states, this threshold will rise to 258 out of 345 votes, cast by at least two-thirds of the members, which must also represent more than 62 per cent of the EU's total population. There is therefore not a huge risk of countries being outvoted. Yet foreign ministers are reluctant to use this procedure, even though it could improve the EU's ability to act.

The EU should also use the existing treaty provisions for 'constructive abstention' – whereby one or more member-states can abstain from implementing an EU joint action, while recognising that it is binding on the EU as a whole. Surprisingly, the EU has never used this mechanism. Yet the vast majority of diplomats and analysts agree that CFSP decision-making is slow and typically reflects only the lowest common-denominator. For reasons of credibility, constructive abstention would not work if the abstainer was a big member-state, but it could certainly be helpful if a smaller country had a position that was very different from the EU mainstream.

The EU has been handicapped for years in its dealings with Macedonia, for example, because one member-state, Greece, objected to the country's name. Arguing that the name Macedonia implied certain territorial claims on Northern Greece, Athens insisted that only the formula 'Former Yugoslav Republic of Macedonia' (FYROM) was acceptable. This dispute highlighted a more general problem with Greece's attitude to Balkan issues, one which was out of step with the rest of the EU until the late 1990s. Thus, for a long time Greece tried to moderate EU attempts to put pressure on the Milosevic regime for its behaviour in ex-Yugoslavia. Thankfully, the situation has since improved, as Greece has moved closer to the European mainstream. But at the time, the EU would have benefited from using constructive abstention, so that Greece

could have disassociated itself from a policy it disagreed with, and the rest of the Union could have moved on.

The point of this example is to underline how the EU can be prevented from acting credibly if just one member-state disagrees with the majority view. The treaties have now created flexible mechanisms to deal with this – and the EU should be mature enough to use these options. Looking ahead, an enlarged Union of 25 member-states or more could clearly become paralysed if it fails to become more creative and flexible in the way it takes decisions.

### **Abolish the rotating presidency in the CFSP**

The rotating presidency, which puts a different country in the EU driving seat every six months, is one of those EU arrangements that baffles Europeans and non-Europeans alike. There is a strong historical reason for its existence, but only a weak functional one, especially when it comes to external relations.

All Council meetings, including those of the General Affairs Council, are chaired and prepared by the rotating presidency, helped by the Council secretariat. The idea is that the presidency prepares the agenda, encourages progress on the various dossiers, and ensures adequate follow-up after meetings. The presidency is also responsible for implementing some CFSP decisions and it expresses the EU's viewpoint in international organisations and at conferences. In other words, every six months a different EU country speaks for and negotiates on behalf of the whole EU.

Originally, two reasons existed for changing the presidency twice a year. The first was to avoid a large, permanent, central bureaucracy. The member-states were keen to underline that they, and not the Commission, were in charge of managing the EU's agenda. The second was to give every country – big or small – a chance to run the EU and gain some publicity. One of the good things about the rotating presidency is that it forces all national bureaucracies to

think in broader European terms once every 7.5 years – although this is set to go up to once every 12.5 years after the next round of enlargement. Moreover, until recently the EU's sway over foreign policy issues was very limited, which meant that the external policy dimension was only a small part of the presidency's workload. The one external policy area for which the EU has always been responsible – trade – is run by the Commission, not the presidency.

But several rounds of enlargement and the EU's growing role in foreign policy mean that the benefits of the rotating presidency are decreasing, while the costs have gone up. Pressure for reform is building up fast. In essence there are three problems: a lack of continuity, poor external communication and inadequate credibility. The Americans, among others, complain that the rotating presidency is a complicating irrelevancy.

Too often, incoming presidencies cannot resist adding their pet priorities to the CFSP work programme. Finland insisted during its 1999 presidency that the EU develop new policies and programmes for the Baltics and Russia through the so-called Northern Dimension. The 2001 Belgian presidency argued that the African area of the Great Lakes deserved more EU attention – even if world attention was clearly focused on Afghanistan. Spain has said that in the first half of 2002 it will try to revive the Euro-Med partnership between the EU and North African and Middle Eastern states.

Solana has rightly criticised this habit in a leaked report on the shortcomings of the common strategies. "The introduction by each presidency of a new working plan with new priorities has so far failed to add to the objective of deploying a consistent and coherent EU approach," he wrote, "and has strengthened the impression of stop and go policies." Undoubtedly, these regions deserve the EU's attention, and EU foreign policy should draw upon each member-state's particular experiences. But the habit of each new presidency to champion its particular concerns boosts the impression that EU involvement is episodic.

External representation is also still a problem. The appointment of Solana as High Representative for the CFSP was supposed to solve the question of who speaks for Europe. But in reality this is not quite the case. The EU is still sending three-person delegations (consisting most of the time of representatives from the presidency, the Commission and Solana). Anna Lindh, the Swedish Foreign Minister, is fond of relating how she once wanted to speak to US Secretary of State Colin Powell when Sweden was holding the presidency, only to be told that he was already on the line with Solana. A little annoyed, she offered to hold the line, only to be told that Patten was already waiting his turn.

True, the dispersal of power is one hallmark of modern, pluralistic democracies. It is often unclear who speaks for the US: the White House, the State Department, or the Congress. But the current institutional set-up is harmful to the EU's ability to exert international influence.

Finally, there is the problem of credibility, particularly when a small country with limited diplomatic clout or experience holds the presidency. Non-EU leaders – and not only Americans – simply do not take the EU very seriously when this is the case. This may be insufferable prejudice on their part, but it is a political reality that the EU must address.

In short, the downsides are clear and the time for deep reform has arrived. The role of the rotating presidency in the CFSP should be abolished. The presidency's tasks – preparing agendas, chairing meetings and representing the Union externally – should be handed over to Solana and his officials. Rather than opt for a half-hearted compromise, such as creating team presidencies of say one large and two small countries, the EU should choose radical reform. A permanent centre, rather than an ever-changing periphery, should provide impetus, co-ordination and leadership to the CFSP system. The Council Secretariat would, of course, need more resources and personnel to perform these tasks adequately. That is why more



national officials should be stationed in Brussels on short-term contracts before returning to their 'home' foreign ministry.

Thankfully, the role of Mr CFSP is already growing rapidly, both as the face of EU foreign policy and as a person who can push policy forward. Solana has been very careful to work closely with the member-states, and not only the bigger ones, to forge relationships built on trust and respect. There is a sense of collective ownership over Solana in the General Affairs Council, which has helped him succeed. Solana now speaks on equal terms with Colin Powell, with Kofi Annan, the UN secretary general, and with Igor Ivanov, the Russian foreign minister.

The member-states should welcome this development and accept its consequences by taking the next step. The future of the rotating presidency, particularly in external relations, should be added to the agenda for the next inter-governmental conference, in 2004. The 'Laeken Declaration' which the European Council adopted in December 2001, opens up this possibility. Reform-minded countries should point out that abolishing the role of the rotating presidency is a pre-condition for developing a credible EU foreign policy. The likely alternative is either continued underperformance in CFSP, or an out-and-out *directoire* by the Big Three.

### **Name and shame those member-states that do not co-ordinate national aid programmes with the EU**

EU leaders often complain that their influence in various international organisations does not reflect the Union's contributions, financial or otherwise. In his Evian report, Solana concluded:

Quite clearly, there is much scope for improving the information flow on member-states' and Community financial assistance. This would avoid an embarrassing lack of co-ordination at multilateral level, and would increase manifold the visibility of our collective efforts.

All EU countries have accepted the need for a co-ordinated European approach – at least in theory. Indeed, the treaty founding the European Economic Community already stated, boldly, that: “The Community and the Member-states shall co-ordinate their policies on development co-operation.” But this requirement has clearly not been honoured systematically. Though the member-states agree on the basic aims and priorities for European engagement in, say, the Balkans, that involvement is often less effective than it could be, because it is not co-ordinated with the efforts of other member-states. Even where aid programmes are co-ordinated, it is mostly on a technical level, while the political dimension is often ignored.

The EU would benefit from more mission specialisation, with some countries specialising in, for example, removing land-mines or judicial training. But it rarely happens. More frequent is some regional specialisation, with some member-states focusing on particular countries. But on the whole, most countries prefer to do everything, with the result that they all act superficially. This produces a lot of paper and keeps a lot of national administrators employed, but it hardly creates the synergy between national and EU efforts that the public rightly expects, and that politicians trumpet in their speeches.

The country *fiches*, which Solana’s Policy Unit, helped by the Commission’s Directorate General for External Relations, has started to draw up, should be an improvement. These *fiches* set out in a single document the legal and constitutional framework governing the relationship between the EU and the country in question. They all follow the same format. They start with a section on whether any CFSP instruments, such as declarations, common positions or joint actions, apply. A second section looks at any financial instruments that the Union has used, while a third focuses on the bilateral relations between member-states and the country in question. Finally, there is a section on ‘open’ questions (in other words, disputes). By January 2002, the Union had published 33 so-

called Third-Country Summary Files. Countries covered include Albania, Egypt, Moldova, Russia, Syria and Ukraine, along with many others.<sup>13</sup>

<sup>13</sup> They can be found at the EU website <http://ue.eu.int/>

It beggars belief that the Union had attempted to shape a common foreign policy before drawing up such basic documents. As things stand, these country fiches are a useful start, but more needs to be done if the Union is to succeed in interweaving its own actions with those of its member-states. To promote better co-ordination, the Policy Unit and the Commission should publish an annual audit, naming and shaming any member-state that refuses, or fails, to align its programmes with commonly agreed EU guidelines. Member-states would not be forced to change those programmes that clash with other member-states' or with the EU's. But a healthy dose of peer pressure would at least force them to explain themselves.

The EU is already using this sort of 'soft convergence' for areas like economic reform. Granted, the jury is still out on whether peer pressure and monitoring can deliver sufficient results. Critics often stress that peer pressure, because of its inter-governmental nature, is often little more than a non-committal talking shop. But the Community method, with binding rules decided by qualified majority voting, cannot apply to member-states' overseas aid, unless those states first agree that this is a Community competence – which is unlikely to happen soon. At the moment, therefore, the best way to increase co-ordination is structured peer pressure, buttressed by naming and shaming.

### **The division between the EU's first, second and third pillars**

European foreign policy-making is hampered by more than the divide between Brussels and the member-states. There is also a big problem over the lack of co-ordination between the three pillars of the EU. Often enough, EU policies and programmes on, for instance, trade or border controls or immigration are poorly co-ordinated with the Union's foreign policy priorities.

Admittedly, even national governments have great difficulty in achieving 'joined-up' governance. In all member-states' governments, the foreign, finance and overseas development ministries fight bitter wars over international aid. Similarly, disputes over weapons export

<sup>14</sup> *Graham Allison, "Essence of Decision: Explaining the Cuban Missile Crisis", Harvard University Press, 1971.*

licenses often pit diplomats against those responsible for export promotion. Such differences are to be expected. Peoples' opinions are shaped by professional roles, or as the US political scientist Graham Allison remarked in the early 1970s: "Where you stand depends on where you sit."<sup>14</sup> But the disagreement and lack of co-ordination inside the EU machinery are more serious in both their nature and their consequences.

The splits between the EU's first, second and third pillars are legendary among insiders. Take the example of Turkey, which has been trying to get closer to the EU for decades. Turkey is clearly a *demandeur* for first-pillar issues such as financial and technical assistance. But for months Turkey also blocked a NATO-EU agreement that would ensure EU access to NATO assets, which had been accepted by all other non-EU NATO members, including the US. Thankfully, Turkey lifted its veto in December 2001, but throughout this episode the EU was reluctant to use the prospect of eventual Turkish membership of the EU as a way to influence decision-making in Ankara.

Another example is the EU's persistent inability to influence IMF and World Bank policy, despite the considerable amount of money that it donates. In other words, international economic policy-making is poorly co-ordinated with the Union's CFSP. The EU countries pay for roughly 30 per cent of the IMF and World Bank budgets, compared to the US's 17 per cent. But the US has far more influence over these bodies than the EU. Insiders readily admit that US policy-makers have a dominant influence over who gets financial support and on what terms. In this process, perceived US strategic interests loom large. Think of the leniency displayed for years towards Russia, or more recently towards Argentina, Turkey and Pakistan.

True, US and European interests are often similar. In the autumn of 2001, for instance, America and Europe both agreed that Pakistan deserved special treatment to ensure its support in the global fight against terrorism. But European and US interests are not identical, and they do not always agree on how the IMF and World Bank should be reformed.

Most Europeans are lukewarm about US proposals to scale down the activities of the international financial institutions, for example. Many in the Bush administration believe that financial markets are better at promoting economic stability and reform than IMF or World Bank programmes. Europeans, on the other hand, are more positive about the benefits of concerted action, not least to protect the poor in developing countries. So Europe's limited influence over international financial institutions is of direct concern to the European taxpayers who provide the bulk of the money.

The euro-zone countries will probably try harder to present a common position in financial diplomacy, now that euro notes and coins have been introduced. The euro-zone countries may well decide to reform their representation within the IMF and G-7 in the next few years.<sup>15</sup> Hopefully, countries outside the euro, such as the UK, will align themselves with the euro-zone position, too. Clearly, plenty of work still needs to be done if Europe is to wield its proper influence over these bodies.

<sup>15</sup> Steven Everts, "The impact of the euro on transatlantic relations", CER, January 2000.

More generally, the EU has been reluctant to use its economic leverage for political purposes. It represents the largest market of affluent customers in the world, and has a massive financial aid budget. These factors alone should give it a huge amount of influence. All EU association, partnership and co-operation agreements link trading rights to respect for human rights, democracy and good governance. And in some cases, such as Latvia's treatment of its Russian minority, the EU has successfully applied pressure.

Of course, many governments in Asia, Africa and elsewhere do their best to resist this type of linkage, decrying it as interference in their domestic affairs. But the EU should have the courage of its convictions and be forthright in using its economic power to support its political strategy. And the human rights clauses, always described as ‘essential elements’ in the various association agreements, give the EU considerable leverage. The Commission has proposed that non-compliance with the human rights clauses could lead to, for example, a suspension of high-level contacts, the postponement of new development projects, or the use of different channels of delivery (such as on independent NGOs instead of government-run organisations). But under pressure from cautious member-states, the Union has often been reluctant to take such steps.

The EU should take a more pro-active stance. One idea would be for the EU to develop a series of benchmarks against which it could judge the performance of non-EU countries. It could then link that performance to its trade and development policies. The Commission and the Council Secretariat should draw up an annual report that assesses each country’s compliance with the benchmarks. The EU foreign ministers could then decide to reward those countries that make progress with extra EU and national assistance, while punishing others that have failed to comply with the standards they themselves have pledged to uphold. Humanitarian aid should remain exempt from this policy of linking discretionary spending to compliance with respect for human rights and the rule of law.

In the end, intra-EU divisions often boil down to a gap between action and rhetoric – a gap personified by Solana and Patten. In theory, the division of labour between them is clear. Solana is the one who deplores, criticises or encourages. Patten does the implementation, offering, for example, practical support for young democracies through training for judges or financial support for independent media. So in theory, the two men complement each other.

But in practice, things are rarely so clear-cut. Political leaders often vow to develop a more robust CFSP, but they are reluctant to give Solana the resources he needs. Jean-Louis Bourlanges, an MEP, was almost right when he said that the High Representative's only resources were his plane tickets. Solana can set up meetings and make statements, but he has very few real policy instruments at his disposal. Equally, while Patten has the instruments, he lacks a political mandate and the authority to negotiate. Clearly, European foreign policy needs both.

On the whole, personal relations between Patten and Solana have been very good. Both men have been conscious of the potential damage of turf battles. "Cross-pillar coherence" and "mobilising the full spectrum of EU instruments" are phrases that appear frequently in their speeches. Equally, they have often argued that solving the world's problems involves enough work to keep both of them busy.

Nonetheless, there are occasional frictions, and a degree of jealousy exists on both sides. Solana's people envy the Commission's wealth and overseas network, and they like to stress that the CFSP is run from the Council. Conversely, some Commission officials are jealous of Solana's international profile, and complain that he gets all the credit when things go well, while they do all the work and get all the blame if things go wrong.

It is not just Commission officials who are sceptical about Solana's penchant for high-profile visits and signing ceremonies. As one senior European politician with a great deal of Balkans experience says (only partly tongue-in-cheek): "Solana believes there is no problem so difficult that it can't be solved by him being on television."

In fact, the Patten-Solana division reflects the battle between supranationalists and inter-governmentalists at the time of the Amsterdam treaty. There is nothing inevitable about it, and the

institutional set-up governing the CFSP is the unwieldy result of a series of treaty revisions. It is a typically homespun EU solution, and it will change over time. Pressure is already growing in Brussels and elsewhere to address the ‘Patten-Solana problem’, that is the EU’s reduced leverage because of their split roles.

The most elegant solution would be simply to merge the two jobs, creating a new ‘Foreign Policy Supremo’. Words and actions would no longer be separated and dealt with by two organisations. The new High Representative could be placed inside the Commission – with a special statute – but be answerable to EU foreign ministers. The new Mr Foreign Policy should still be appointed by the European Council, to emphasise the member-states’ ownership of the CFSP.

This is a radical idea, and opposition is inevitable. One way forward would be for the member-states to set a target date for the merger, but postpone the implementation. In the same way that EU leaders have set dates for some policies in the third pillar to transfer to the first, EU leaders could pick a year – say, 2010 – for merging the second pillar with the first. By then, EU foreign policy should be run by a single person, working out of a single organisation, and possessing both the mandate and the resources to operate effectively.

He or she would, of course, still have to work very closely with the member-states, and especially the foreign ministers. After all, member-states would continue to set the pace and direction of foreign policy. Decision-making on foreign policy issues would remain distinct from other first-pillar issues, with a higher threshold for qualified majority voting. And defence-related questions could remain subject to unanimity. But at least the EU’s effectiveness would no longer suffer from the split between money and words. The two directorates general on external relations, in the Commission and the Council, should merge, ending the harmful duplication of the two offices’ workload.



However, the Patten-Solana ‘problem’ is a symptom of a deeper malaise that besets EU foreign policy: the disconnect between the Union’s trade, aid, immigration and other policies, and its foreign policy objectives. So, although merging the two jobs is important, it will not by itself cure the EU’s foreign policy woes. The real need is for the EU to make its huge range of general policies support an overall diplomatic strategy. To achieve that, a new foreign affairs council is needed, to ensure better cross-pillar coherence.

At the moment, foreign ministers in the General Affairs Council deal with all EU business, partly to provide some cohesion to the EU’s wide-ranging agenda. Much of their time is spent on trying to solve disagreements that other Councils, such as those on transport or the environment, have not managed to fix. And they are supposed to spend time preparing for the next European Council. Foreign policy, meaning EU external relations, can take up less than half their time – and much of that is spent on the latest international crisis. There is often too little time for in-depth discussions on priorities and strategies for EU action.

The time has come to separate foreign policy from the other business of running the EU. One idea that is gaining popularity, but which is not formally on the agenda for 2004’s inter-governmental conference, is to create a council of Deputy Prime Ministers (or senior ministers designated by the Prime Ministers) permanently based in Brussels – something proposed by French Prime Minister Lionel Jospin, among others. Its task would be to ensure overall cohesion in the EU’s activities, and to arbitrate when specialised councils fail to reach agreement. This approach would also allow the European Council to concentrate on its primary purpose: giving overall guidance to the EU agenda, and providing fresh impetus for neglected policy areas.

True, many foreign ministers will oppose the creation of a permanent Council of Ministers for Europe, if only because European policy would then be run more by prime ministers’ offices

than by foreign ministries. But their opposition could be overcome by the creation of a genuine foreign policy council. After all, foreign ministers generally prefer, and are better equipped, to discuss broad initiatives, such as support for Cuban democracy or the EU's response to the latest Middle Eastern crisis, rather than the minutiae of a single market directive. A special CFSP/external relations council would give them time to discuss such broad issues in more detail, together with the new foreign policy supremo who would be responsible for implementation.

Such a forum could also give the new Mr CFSP a formal mandate to negotiate agreements with third parties, such as a peace deal in Macedonia. He or she must be able to make commitments on behalf of the EU, without constantly having to go back to the 15 individual foreign ministers for approval. Otherwise, non-Europeans will always know that an individual member-state could refuse to back an agreement he has negotiated. The point is to give Solana, or his successor, more resources and a greater freedom of manoeuvre to act decisively to advance objectives agreed by all EU member-states.

## 4 Problems downstream: the diplomatic side

Most analyses of European foreign policy focus on the cumbersome institutional set-up of the Common Foreign and Security Policy. But European leaders will also have to look at problems downstream – at how the decisions taken in Brussels are implemented on the ground, and how Europe’s diplomats feed their impressions and expertise back into the Brussels machinery. Even if decision-making were smooth, the CFSP would still have serious implementation problems. There is a huge mismatch between the idea of a meaningful CFSP, and the size and responsibilities of Europe’s embryonic diplomatic corps. There are just 26 officials working for Solana at the Policy Unit, for example, compared to around 40,000 working as diplomats for member-states or for Commission delegations. As the CFSP develops, this mismatch will become more acute.

European diplomatic practice works badly because of two trends. On the one hand purely national, bilateral diplomacy is being steadily eroded, not least because modern methods of communication enable officials the world over to learn about political and economic developments, and to make direct contacts with relevant colleagues, without going through national embassies. On the other hand the CFSP is giving birth to new structures in Brussels (Mr CFSP, the COPS, the Policy Unit), but in the diplomatic posts outside the EU, things have not changed very much. In each third country, the 15 embassies of the member-states work in parallel, not as a joint force. At any one time, one of them represents the EU externally for six months, because its mother country holds the EU presidency. National embassies perform this crucial task as best they can, but they do so without any extra resources. They

often operate in the shadow of the local Commission delegation, which has extensive resources but no political mandate to act on foreign policy issues.

In terms of macro-economic and political reporting, national diplomats all tend to do roughly the same thing. They focus on the same issues and speak to the same local sources. But because of time pressures and the need for instant analysis, they do so superficially. Their reports often lack depth and operational implications. In short, CFSP's problems downstream may be as serious as those upstream. But outside the small circle of professional diplomats, these problems have received very little attention.

### **The steady erosion of traditional, bilateral diplomacy**

Any diplomatic post has roughly three functions: a consular function (protection of nationals, and the control of access to national territory); a trade and economic function (export promotion, attracting investment and macro-economic reporting); and a political function (representing the national government, political reporting). To what extent could the EU pool its resources, streamline its diplomatic apparatus, and thus make its CFSP more effective?

When it comes to the consular function (protecting and helping nationals abroad), a national embassy will remain important for the foreseeable future. If a Portuguese citizen loses his or her passport in Thailand, then it will be easier for a Portuguese official to get hold of the documents to establish the person's identity, and pay for his or her return to Portugal, if necessary. Nonetheless, if there is no Portuguese consulate, then the Maastricht treaty already stipulates that a Portuguese national can seek help from any other EU consulate.

As for access to national territories, the Schengen agreement could have a much greater impact on the way consulates work than it does

at the moment. The countries participating in Schengen, which eliminates internal border controls, have common rules and criteria for granting visas. This makes perfect sense, since anybody who has been admitted to one Schengen country can move freely to any other participating state.

But in practice, countries interpret the common visa rules very differently. The consulate of one Schengen state will often accept a visa application that has already been rejected by another. This inevitably leads to fraud and visa-hopping, as applicants seek out the most lenient embassies. It would be better if all Schengen states teamed up to create a single, joint consulate to issue visas for the whole Schengen area.

There are also plenty of ways that diplomats could co-operate better on justice and home affairs. Though it rarely hits the headlines, this has become one of the EU's most dynamic policy areas. Asylum issues, judicial co-operation and border controls all fall under its remit. And after September 11<sup>th</sup>, internal security measures have clearly acquired a further sense of urgency. But these developments have hardly changed the way EU diplomats work. EU embassies still do relatively little joint reporting on human rights conditions, on trafficking in drugs and people, or on illegal immigration. In short, while some consular functions should remain purely national, others could benefit from a more integrated European approach.

When it comes to the trade and economic function of embassies, the conclusion is much the same. Clearly, export and investment promotion should remain in national hands. For a start, French and German furniture-makers compete in overseas markets much as they do in the EU. More importantly, each member-state has different aces to play to attract foreign direct investment, such as low taxes, good infrastructure, or government support.

But the case for national solutions is less clear-cut when it comes to big export orders by European consortia like EADS or Airbus. And

in the case of macro-economic reporting, a more integrated approach is urgently needed, and should be politically possible. At the moment, the economic experts of all 15 embassies chase the same information and cover the same events. The amount of overlap is enormous, while their reports often lack depth. The case for rationalisation is strong.

Roughly the same conclusion applies to the political function. Again, purely bilateral issues do exist and these cannot be tackled by European structures. Only the German government can respond to a Turkish request to clamp down on Kurdish extremists operating from Germany. Dutch diplomats will have to intervene if a Dutch national working for a non-governmental organisation has been taken hostage in the Philippines. And the promotion of Italian culture is also best left to Italian diplomats.

But it makes a lot of sense to pool the scarce resources available for political reporting. Whether it is the plight of political dissidents, or the prospects of parliamentary elections or a humanitarian catastrophe, more joint reporting would help to promote a common European perspective. And that in turn would make a joint EU response easier to agree on.

When it comes to the rotating presidency, too, existing diplomatic practices work badly. The local ambassador of the presidency speaks to the government and media on behalf the EU. He or she is also responsible for informing the other 14 embassies of any agreed EU action. And as a rule, the presidency canvasses the opinion of the other 14 before making any recommendations to its own foreign ministry and the Brussels machinery on what the EU's stance should be on, for example, the treatment of dissidents in the host country.

Holding the presidency is therefore a huge task for diplomats stationed outside the EU – especially since countries relocate many of their best officials back to the foreign ministry during a presidency. Senior diplomats say that, in practice, local embassies of

countries holding the presidency often use a risk avoidance strategy. They try to keep a low profile and avoid any bust-ups, whether with the host country or with EU colleagues. This tends to put a brake on any creativity, and is another reason why the role of the rotating presidency should be abolished in the CFSP.

Hampered by limited means and the need to avoid trouble, the local ambassador can often be overshadowed by the local head of the Commission delegation. The financial resources of the Commission delegation, and the EU flags flying outside, mean that the head of the delegation is often seen as *the* EU ambassador. Commission diplomats can enjoy a status that makes national diplomats envious. Local journalists, academics and officials all tend to turn to the Commission delegation with their questions, even if they fall outside the Commission's remit. Yet politically, the head of the EU delegation lacks any mandate to speak out on foreign policy issues.

### **Reforming European diplomacy**

In sum, the diplomatic apparatus of the EU has unsatisfactory practices and rules. EU diplomacy is becoming increasingly integrated while the instruments have remained primarily national. Resources and personnel are ill-matched to the tasks they face, and are hampered by the schism between national embassies and Commission delegations. The system is ripe for radical reform. The argument that the continued importance of bilateral work justifies all EU countries having generously staffed embassies, fails to convince. As one senior European diplomat, working in a post outside the EU, put it: "If all European diplomats concerned themselves solely with bilateral affairs, they could fire most of my peers, while the rest could start working part-time."

What can be done? One step EU leaders should take immediately is to transfer more national diplomats from foreign ministries to the Policy Unit at the Council Secretariat. It should be both possible and

politically acceptable to gradually increase the number of officials working directly for Solana, from an embarrassing 26 to around 500 by the end of 2006. The Policy Unit's task should be to provide autonomous advice to Solana on policy options, along with the papers coming from the member-states and the Commission.

National diplomats stationed outside the EU should also do much more joint reporting on macro-economic and political developments. One possibility, which is already being tried in some capitals, is to appoint one EU note-taker to draw up a joint report on briefings given by the host government. This stops each embassy having to send a diplomat to the Ministry of Foreign Affairs, knocking on the same door to hear the same story. If a particular EU foreign ministry wants more information, it could still instruct its officials accordingly. But such activities would supplement, not duplicate, the joint EU effort.

Another way to promote more collaboration among the EU embassies outside the Union would be for the COPS, using its steering and guiding role, to request annual country strategy papers. These papers, effectively an annual political and macro-economic report, should be written jointly by the Council Secretariat and the Commission, while all 15 EU embassies should feed in their ideas. Working together on these strategy papers with so many actors would doubtless be difficult. But getting multiple bureaucracies (EU and national) to work in tandem is exactly the point of the CFSP. Annual strategy papers would also be helpful to update the *fiches* that the Council Secretariat and the Commission are already preparing on various countries at irregular intervals.

The 15 embassies should of course work closely with the relevant officials in the Council and Commission throughout the year. But annual country strategy papers could help to ensure that bilateral activities, including aid projects, match the Union's priorities and the needs of the recipient country. It is clear that a lack of co-ordination between national and Union policies is one of the things that stops



the EU from punching its weight in the global arena.

In the medium term, the EU should think about creating its own diplomatic service. The EU can develop a credible common foreign policy without becoming a single state. But to do so without a corps of EU diplomats will be hard. EU citizens should be able to choose between joining their own national service, or the EU service. In addition, the EU should use more secondments, encouraging national diplomats to work for the EU institutions for a fixed period.

Reforming the EU's diplomatic operations would become much easier if the posts of Commissioner for External Relations and Mr CFSP eventually merged, along with the two Directorate-Generals and the desk officers in the Commission and the Council secretariat. The new Foreign Policy Supremo would be the head of the EU's diplomatic service. And it would then be possible to turn the Commission delegations into EU delegations, covering all three pillars and representing the EU externally on foreign policy, as well as on other issues. EU diplomats, shuttling between the Policy Unit in Brussels and EU embassies, could then do most of the joint political and macro-economic reporting.

Some of these measures are clearly for the longer term. Busy EU leaders may well dismiss them as overly ambitious. Equally, national diplomats are prone to say that the reforms proposed here are impractical. But as both groups struggle to create a less formulaic foreign policy, they should look beyond short-term changes in Brussels. Reforming Europe's diplomatic apparatus and assessing the EU's longer-term requirements are equally important.

## 5 The way forward: five rules for European foreign policy

Foreign policy – broadly defined – matters more and more to the EU. So it is important to improve the EU's ability to act quickly and effectively to advance its interests and values. Not only would that help to solve problems worldwide, but it would also increase the EU's legitimacy with the European public. That is why EU leaders must face up to the current shortcomings of the EU's foreign policy performance, and, as they have done before, work to reform their institutions, policies and attitudes.

To ensure these reforms are successful, EU leaders will need a road map, to give them a clear sense of direction. Here are five proposals to create a more credible EU foreign policy.

### *1 Streamline decision-making and give Mr CFSP more resources.*

All reform efforts should focus on improving the EU's ability to act, both in crises and day-to-day diplomacy. For a start, the EU should abolish the rotating presidency's role in the Common Foreign and Security Policy. The High Representative for Foreign Policy (Mr CFSP) and his officials should take over the crucial tasks of representing the EU externally, chairing working groups and Council meetings, and providing impetus and follow-up. EU foreign policy can ill afford the harmful consequences of changing the presidency every six months.

The CFSP decision-making process also needs to become smoother, especially if the Union is to avoid total policy paralysis after enlargement. The danger is that EU decision-making will become even slower than it is today, as more countries with idiosyncratic viewpoints enter the EU. One way forward would be to use existing

options available under the treaties, including taking decisions by (super) qualified majority voting, or invoking constructive abstention. Another option is to use informal coalitions to prepare decisions in smaller, nimble groups.

Mr CFSP needs more resources to function effectively. Tripling the CFSP budget (to €120 million) may sound ambitious, but it would save Solana from having to beg the member-states to give him the money to do what they have asked him to do. Moreover, the number of officials working at the Policy Unit should rise from 26 to 500 by 2006. The Union can achieve this by stationing more national diplomats there on short-term contracts and by direct recruitment.

***2 Ensure better co-ordination both in the EU institutions, and between the Union and member-states.***

All EU bodies should work harder to ensure that EU policies on trade, aid, justice and home affairs and the environment are explicitly linked to the Union's foreign policy objectives. As a first step, EU leaders will have to reform the overburdened General Affairs Council, which frequently gets bogged down in the minutiae of policy disputes. In its place they need to set up a new Foreign Policy Council, made up of the 15 foreign ministers, with a clear focus on running EU external relations. A new body of deputy prime ministers, permanently based in Brussels, could then concentrate on the internal EU agenda.

The EU needs to overcome the split between the supranational and the inter-governmental sides of external policy, headed by the Commissioner for External Relations and Mr CFSP respectively. In the long run, EU foreign policy should be run by a new foreign policy supremo, based in the Commission but answerable to the foreign ministers. The EU should set itself a target date, perhaps 2010, for merging the first and second pillar, just as it has already transferred many policies from the third pillar to the first. There can still be different decision-making processes within a single pillar, with qualified majority voting used less readily for the CFSP than for, say, single-market issues. Military issues and troop deployments can

remain subject to unanimity. This proposal is radical, but the EU will have to implement bold reforms, especially after enlargement.

The officials working in the two directorates general for external relations in the Commission and the Council should be put together, creating an embryonic EU diplomatic service. EU diplomats outside the Union must do more joint reporting to develop shared views on global problems, as a necessary first step towards effective EU action.

Meanwhile, there should be a greater effort to ensure effective coordination between EU programmes and those of member-states, especially when it comes to financial assistance. The Commission and the Council should name and shame those member-states whose national actions are at odds with Union policies and objectives.

### *3 Play to your strengths: champion international organisations and global rules.*

The EU is right to aim for a rule-based international system. Despite the claims of American and other sceptics, promoting international rules and robust multilateral regimes is not a sign of weakness. Nor is it just a reaction to Europe's own – successful – experience of subjecting inter-state relations to the rule of law. Global rules and international coalitions are necessary to solve the world's most pressing problems, particularly those relating to failed states, weapons proliferation, organised crime and the environment.

The EU should, whenever possible, try to work with the US, because this is nearly always a precondition for effective international action. But the EU should resist 'superpower envy' and have the courage to develop its own, distinctive approach.

### *4 Set meaningful priorities, and then stick to them.*

EU foreign policy is a new and incomplete project that badly needs clear priorities. EU politicians should therefore resist the temptation of wanting to have a policy on all issues, conflicts and regions in the

world. It is too early for such a comprehensive approach. The Union also needs to break with the habit of producing endless shopping lists of priorities. And the EU should use more ‘sunset clauses’, indicating how and when aid programmes or political initiatives will end.

The new Mr Foreign Policy and the EU foreign ministers should hold a high-profile public debate, perhaps once a year, to set out the priorities for the CFSP and what they will cost. The list of priorities should cover three or four issues at most. This more focused approach would increase the chance of producing one or two much-needed successes.

*5 Think strategically and globally, but start with the near-abroad.*

The EU should be an active, outward-looking global player, and should develop its political involvement in Asia, Sub-Saharan Africa and Latin America. But, with the CFSP still in its infancy, it would be wise to focus attention on the Balkans, Russia, Ukraine, the Middle East and North Africa.

As EU enlargement approaches, leaders should devote more attention and resources to those countries that will be just outside the Union’s new borders. The EU should make it a priority to develop an agile and effective neighbourhood policy, which could become a test-case for the EU’s ability to deploy its wide-ranging policy instruments and programmes in a joined-up way.

Many of these reforms may sound ambitious. Some proposals, such as abolishing the role of the rotating presidency in the CFSP or merging the jobs of Patten and Solana, require changes in the EU treaties. Other measures, such as the use of more informal leadership coalitions, or linking up aid and other EU programmes with foreign policy priorities, can be implemented immediately. The conventional wisdom at present is that the governments will never agree to the sort of radical overhaul of European foreign policy that this pamphlet recommends. But the conventional wisdom is often wrong.

The philosopher Schopenhauer once said that all truths pass through three stages: first they are ridiculed, then vehemently opposed, and finally accepted as self-evident. The idea that the EU can become a respected foreign policy player is currently stuck somewhere between the first and second of these phases. EU politicians must provide the leadership necessary to lift it to phase three.

