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## **INSTITUTE REPORT**

### **New Bush – New EU – New Issues**

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Six months after the re-election of President Bush, transatlantic relations seem to have entered a period of relative calm and harmony. The differences that split the allies during the war in Iraq have largely been put aside and the US and the EU have made some significant efforts to reinvigorate co-operation across a range of spheres. Crucially, the US has stressed its willingness to build partnership with the EU, whilst Europeans are increasingly assuming a larger share of responsibility for international security. European input into the stabilisation of Afghanistan has grown consistently, and the US and the EU have co-operated to provide logistical support for the African Union's forthcoming operation in Darfur. Co-operation in fighting terrorism is very good and, whilst some differences in dealing with Iran persist, the US has reasserted its support for European diplomatic efforts with Tehran.

How enduring is this trend? Does it signify a true rapprochement, or is this simply a case of the US and Europe 'getting on with what we can' and agreeing to disagree over the rest? Certainly, there is little indication that the fundamental transatlantic gap over handling environmental problems and building multilateralism has been bridged. The relationship remains dogged by disputes over the EU's intention to lift its embargo on arms exports to China. Differences persist in policy towards the Middle East.

Responding to the need for an appraisal of EU-US co-operation, the EU-ISS held a one day conference involving a wide spectrum of opinion from across the Atlantic, European experts and members of the EU and US administrations. Conference deliberations honed in on four key issues: multilateralism, Russia, Asia and the wider overlap of interests and agendas between the EU and US.

# **1. Multilateralism**

## **Europe and the United States continue to think differently about multilateralism**

Discussions suggested that differences persist across the Atlantic with regard to the value and purpose attached to multilateralism. At the same time, clear divisions exist amongst Americans in their assessment of the Bush administration attitude towards multilateralism. Some American participants stressed that the US remained a committed multilateralist, as demonstrated in Washington's policy towards Iran, North Korea and even Iraq. If Washington has not always pursued a multilateral route, this was because international institutions were seen as flaccid and unable to deliver. A converse view is that Bush's support for multilateralism is at best rhetorical, as seen in the administration's refusal to sign up to a number of international agreements (Kyoto, ICC) and its seeming disregard of international institutions.

Europeans continue to hold a very positive view of multilateralism, as witnessed in the EU's consistent drive to bolster international institutions and regimes. There are no divisions within the EU as regarding the ICC, Kyoto and other agreements. Whilst there is a concern that international institutions can be slow and therefore frustrating to operate within, member states agree that multilateralism promotes consensus in international relations and represents a value in itself that should not be pursued selectively or on a case-by-case basis. A situation in which states choose a multilateral route only when it suits their interests creates a dangerous precedent and renders international politics less predictable and more unstable.

## **International Institutions and Regimes Remain Weak**

With the revitalisation of transatlantic relations and multilateralism a priority of the second Bush term, it would seem to follow that international institutions would prosper from renewed US interest and input.

Reality depicts a less optimistic state of affairs. Despite an overall congruence between the EU and US on a range of issues, international institutions remain in rather poor shape. Crucially, there is no agreement on the proposed reform of the UN Security Council and the organisation remains enfeebled by the lack of willingness from member states to contribute troops to UN peacekeeping or appropriate financial resources. Meanwhile, the recent Non-proliferation Treaty (NPT) conference failed amidst growing fears that a rising number of states are preparing to 'go nuclear.' The Kyoto accord and International Criminal Court continue to be undermined by the abstention of the US government.

## **Multilateralism in a Transatlantic Context.**

What does multilateralism mean in the current transatlantic context? Two views emerged on this issue. To some, the answer is 'NATO', while to others, it is the 'US-EU' framework.

The centrality of NATO in transatlantic relations has been diluted by two developments:

- The diminishing importance of the Alliance for the US, as demonstrated during the operation in Afghanistan and the decreasing level of American military participation in NATO missions
- The growth of the EU willingness and ability to engage in peace-keeping and peace-enforcing missions abroad, together with the development of the EU's diplomatic profile.

Whilst the consensus still holds that NATO should remain the central framework for operations involving the US militarily, for issues that are manifestly non-military in nature, such as Iran, US-EU co-operation should be the foundation for transatlantic co-operation. Given that the US is increasingly intent on partnership with Europeans on a range of soft security issues, the importance of the US-EU framework is likely to grow.

## **2. Russia**

The EU and US broadly share a similar view and assessment of Russia. Both seek predictability and stability; neither expects a swift and broad transformation of the country.

### **Intra-EU Differences Endure**

EU policy towards Russia represents a paradox. On the one hand, the EU recently developed and signed a fairly comprehensive action plan for the development of 'four common spaces' with Russia. On the other hand, considerable differences on dealing with Russia continue to divide member states. Whilst most of the 'older' member states would like to establish closer relations with Russia, some new member states from Central and Eastern Europe remain suspicious of their eastern neighbour. Russia's energy policy, its promotion of non-democratic regimes in the former Soviet republics and inability to address difficult questions of its Soviet past have all contributed to an enduring perception in Central and Eastern Europe of Russia as a potential threat.

### **A Less Involved US Policy**

American policy towards Russia entered a new phase after the terrorist attacks of 11 September. Whilst Russia's post-Cold War transformation is seen in the US as having faltered, Moscow remains Washington's ally in the 'war on terror.' After a period of supporting pro-democratic and pro-market reforms in Russia (especially during the Clinton years), Washington's approach towards the Kremlin now tends to steer clear of attempting to influence domestic developments and to focus more on securing Russia's international co-operation.

## **Russia's Continuing Search for Influence in the Region**

Russian policy towards the former Soviet republics continues to be driven by (misplaced) great-power considerations and a desire to re-establish Russian influence. Consequently, European or American activities in the region (especially in Ukraine, Georgia, Belarus and Moldova) are often perceived in Russia as threatening to its security and as meddling in an area of its 'legitimate' interests. In other words, in the minds of Russian policy-makers, dealing with these countries presents a 'zero-sum' game.

Russia's energy policy is perceived as being driven more by political than commercial considerations. For example, the project to develop a pipeline under the Baltic Sea that would deliver gas to Germany – bypassing the Baltic States and Poland – represents the most expensive of options under consideration. The Russian state remains a major shareholder in most Russian energy companies and, following the Yukos affair, the Kremlin has sought to strengthen further its grip over the sector.

There is significant scope for US-EU co-operation over Russia. The EU has the advantage of having developed an array of institutions and policy tools to support the relationship, whilst US relations with Russia are more *ad-hoc* and less institutionalised. Twinned with the need for more transatlantic cooperation, greater coherence should be brought to the work of the EU Council and the Commission on Russia.

## **3. Asia**

There is less to say about transatlantic cooperation towards Asia than there is on specific US and European strategies towards the region. Inevitably, discussion on this theme is overshadowed by disputes over China and the question of the arms embargo.

### **Bush in Asia: Emboldening US policy**

When Bush first came to office, he had two key principles regarding Asia. First, to maintain and strengthen traditional alliances in the region, which were apparently neglected by Clinton - especially with Japan, South Korea, the Philippines and Australia. Second, to deal with China from a position of strength that also took into account the US's traditional alliances in Asia. In other words, the US China policy was to be anchored in the framework of a broader Asia policy and not the other way around as, according to some Republicans, had been the case during the Clinton era.

These two principles led to the following policy priorities:

- Strengthening the alliance with Japan, and pushing Tokyo towards playing a more active international role, including military contributions to overseas missions.

- Taking a tougher stance on North Korea, which was branded by Bush an ‘evil regime.’ The new administration believed that the 1993 framework agreement negotiated by Clinton was a bad deal. Also, Clinton’s ‘last minute’ attempt to strike a deal on missiles was judged by Republicans as not worth pursuing and was dropped when Bush assumed office.
- Initially, China was defined by the Republicans as a ‘strategic competitor’ rather than a ‘strategic partner,’ as had been the case during the Clinton years. It was argued that China should no longer be the priority that it had been. Following 9/11, however, this perception altered and China again came to occupy a central position in Washington’s Asia policy.
- Enhancing and emboldening relations with Taiwan is seen as vital. A clearer statement of intention replaced the previous policy of strategic ambiguity, whereby the US refrained from declaring its policy response to the possibility of a military conflict on the Taiwanese Strait. In May 2001, Bush declared that the US would undertake whatever policy necessary to help Taiwan to defend itself.
- Improving relations with India, including military co-operation, represents one of the main achievements of Bush’s Asia policy. At the same time, following 9/11, relations with Pakistan have also been strengthened.

### **The EU’s Asia policy: Slowly Getting to Grips with the Region**

The EU has been rather sluggish in developing policies towards Asia. Despite calls from the region, relations with Europe have been seen in Asia as a ‘missing link’. Whilst the European economic presence in Asia has grown since the 1990s, diplomatic connections remain tenuous, and the EU has yet to become a strategic actor in the area. To assume that role, a number of issues should be addressed:

- The EU has a considerable array of soft-power instruments to promote its position in the region. There should be a strategy developed towards mobilising this toolbox in order to strengthen the EU’s voice and role in Asia.
- The EU is in a stronger position to resolve the North Korean impasse than the US. The EU is more trusted inside this country and could apply a strategy to dealing with it similar to the one it has developed with Iran.
- The issue of lifting the embargo on arms exports to China will not go away and the EU is likely to return to it in the near future.
- The EU’s message about human rights violations in Asia should become stronger. At the moment, the EU is largely perceived in Asia as being exclusively interested in commercial benefits.

## **Greater Transatlantic Co-operation over Asia?**

There is a growing understanding in the US that the EU has a role to play in Asia and that a more dynamic transatlantic dialogue should be nurtured. The recent US-EU talks in Brussels in May 2005 put down a useful marker for such co-operation to develop.

The issue that is likely to remain controversial in EU-US relations is the EU intention to lift its embargo on arms exports to China. This issue reveals an innate difference of perception in how to deal with Beijing. Whilst the US has become deeply concerned with the increase in China's military might, Europeans argue that the rise of the Chinese defence budget and its increasing international ambitions are a natural reflection of the country's growing economy.

If the US could be led to understand the intentions behind the EU's policy on the matter and if a strict 'code of conduct' could be enforced and legally-binding, it would be possible for Washington to come to accept the EU position.

Dealing with North Korea should become a central matter for transatlantic co-operation. Both the US and the EU have clear interests in preventing North Korea from 'going nuclear,' which would be likely to produce a further weakening if not a collapse of the NPT regime.

## **4. Common Interests and Agendas**

Transatlantic relations remain strong despite a number of outstanding EU-US disputes. The relationship remains based on three key pillars:

- economic interdependence;
- core values;
- common interests and threat perceptions that have not changed since the end of the Cold War.

There remain, however, important concerns that are likely to divide the allies for some time to come. These include the China arms exports issue, UN reform, policy towards the Middle East as well as possibly the EU's further enlargement, with, in particular, the question of Turkish membership.

In his second term, President Bush has shown greater inclination to work closer with the Europeans. This was apparent during his trip to Brussels and the recent EU-US summit, which was largely viewed as a success. Washington also supported the EU Constitutional Treaty and has not welcomed the current crisis into which the Union has plummeted.

Whilst NATO remains a central instrument in US thinking about transatlantic relations, a growing number of issues are being addressed through a direct US-EU framework. This is likely to become a continuing trend, which, in turn, means that NATO's purpose and role may have to be redefined.

The US has benefited from the EU's enlargement policy; however, it has failed to recognise the enormity of this task. Whilst further enlargement of the EU is of crucial importance for the US, Washington recognises that it is an internal matter for the EU.

Dealing with Iran remains a key concern for both the EU and US. There is no division of purpose in approaching this issue and the US supports EU diplomatic efforts there. However, the EU feels that the US could have/should have done much more to strengthen the European position vis-à-vis Tehran.

### ***'New Bush - New EU - New Issues' - Key Points***

- The gap between US and EU views on multilateralism has narrowed in Bush's second term; however, this has not been sufficient enough to address the deepening crisis facing international institutions.
- The US view on Russia remains driven by pragmatic considerations and the 'war on terror,' whilst the EU's position is both more nuanced and to a degree internally divided.
- There is a fracture in EU and US perspectives about how to deal with China. The US views China through strategic lenses and increasingly sees the country as a potential competitor. The EU has not developed a strategic perspective on China and sees it primarily through the prism of economic relations.
- Transatlantic co-operation will be increasingly conducted through a more direct EU-US framework.