

Chaillot Paper

May 2008

n° 109

Partnerships for effective multilateralism

EU relations with Brazil, China, India and Russia

*Ummu Salma Bava, Feng Zhongping, Sabine Fischer, Marco Aurélio Garcia,
François Godement, Giovanni Grevi, Dmitri Trenin, Alfredo Valladão,
Álvaro de Vasconcelos and Christian Wagner*

Edited by Giovanni Grevi and Álvaro de Vasconcelos



In January 2002 the **European Union Institute for Security Studies (EUISS)** became an autonomous Paris-based agency of the European Union. Following an EU Council Joint Action of 20 July 2001, modified by the Joint Action of 21 December 2006, it is now an integral part of the new structures that will support the further development of the CFSP/ESDP. The Institute's core mission is to provide analyses and recommendations that can be of use and relevance to the formulation of the European security and defence policy. In carrying out that mission, it also acts as an interface between European experts and decision-makers at all levels.

Chaillot Papers are monographs on topical questions written either by a member of the EUISS research team or by outside authors chosen and commissioned by the Institute. Early drafts are normally discussed at a seminar or study group of experts convened by the Institute and publication indicates that the paper is considered by the EUISS as a useful and authoritative contribution to the debate on CFSP/ESDP. Responsibility for the views expressed in them lies exclusively with authors. *Chaillot Papers* are also accessible via the Institute's Website: www.iss.europa.eu

Chaillot Paper

May 2008

n° 109

Partnerships for effective multilateralism

EU relations with Brazil, China, India and Russia

*Ummu Salma Bava, Feng Zhongping, Sabine Fischer, Marco Aurélio Garcia,
François Godement, Giovanni Grevi, Dmitri Trenin, Alfredo Valladão,
Álvaro de Vasconcelos and Christian Wagner*

Edited by Giovanni Grevi and Álvaro de Vasconcelos

Institute for Security Studies
European Union
Paris

Institute for Security Studies

European Union

43 avenue du Président Wilson

75775 Paris cedex 16

tel.: +33 (0)1 56 89 19 30

fax: +33 (0)1 56 89 19 31

e-mail: info@iss.europa.eu

www.iss.europa.eu

Director: Álvaro de Vasconcelos

© EU Institute for Security Studies 2008. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without the prior permission of the EU Institute for Security Studies.

ISSN 1017-7566

ISBN 978-92-9198-125-0

QN-AA-08-109-EN-C

Published by the EU Institute for Security Studies and printed in Condé-sur-Noireau (France) by Corlet Imprimeur. Graphic design by Claire Mabilille (Paris).

	Preface Álvaro de Vasconcelos	7
<hr/>		
1	'Multilateralising' multipolarity	11
<hr/>		
	Álvaro de Vasconcelos	
	• <i>The emerging multipolarity</i>	12
	• <i>The European Union: a 'diffuse' pillar of the global system</i>	17
	• <i>Is the EU a regional or a global power?</i>	20
	• <i>Multilateralism and multipolarity are far from synonymous</i>	22
	• <i>Shaping a universal concept of effective multilateralism</i>	26
	• <i>Conclusion</i>	31
2	L'UE et le Brésil : un partenariat naturel	33
<hr/>		
	Alfredo Valladão	
	• <i>Introduction : les bases d'un partenariat stratégique</i>	33
	• <i>Questions politiques, sécurité et gouvernance</i>	36
	• <i>Energie et environnement</i>	41
	• <i>Conclusion</i>	47
3	The strategic partnership between Brazil and the European Union	49
<hr/>		
	Marco Aurélio Garcia	
	• <i>Brazil and South America</i>	49
	• <i>Brazil, regional integration and the European Union</i>	51
	• <i>Brazil and Europe and the reform of multilateral organisations</i>	52
	• <i>Brazil, Europe and Africa</i>	53
	• <i>Defence cooperation</i>	54
	• <i>Science, technology and culture</i>	55
	• <i>Perspectives</i>	57
4	The EU and China: a necessary partnership	59
<hr/>		
	François Godement	
	• <i>Introduction</i>	59
	• <i>The political and security dimension</i>	63
	• <i>Economic and trade issues</i>	70
	• <i>Energy and the environment</i>	72
	• <i>Social issues</i>	74
	• <i>Conclusion</i>	75

5	A Chinese perspective on China-European relations	77
	Feng Zhongping	
	• <i>What China wants from Europe</i>	77
	• <i>How China views Europe</i>	80
	• <i>What can China and Europe do together in the world?</i>	82
	• <i>Conclusion</i>	85
6	The EU and India: a deepening partnership	87
	Christian Wagner	
	• <i>Introduction</i>	87
	• <i>Political, security and governance issues</i>	90
	• <i>Economic and trade issues</i>	98
	• <i>Energy and the environment</i>	99
	• <i>Science and Technology, education, health, social standards</i>	101
	• <i>Conclusion: deepening EU-India relations</i>	103
7	The EU and India: challenges to a strategic partnership	105
	Ummu Salma Bava	
	• <i>The changing global context and the EU's Asia strategy</i>	105
	• <i>The India-EU strategic partnership</i>	107
	• <i>Conclusion: blending norms with realism</i>	112
8	The EU and Russia: a contested partnership	115
	Sabine Fischer	
	• <i>Introduction</i>	115
	• <i>The global dimension: security and multilateralism</i>	118
	• <i>Regional security and peacekeeping</i>	122
	• <i>Energy and the environment</i>	125
	• <i>Other issues for bilateral cooperation</i>	130
	• <i>Conclusion</i>	131

9	Russia and the European Union: redefining strategic partnership	133
	Dmitri Trenin	
	• <i>Economics, energy and the environment</i>	136
	• <i>Political issues, including security affairs</i>	137
	• <i>Values and visas</i>	141
	• <i>A 2030 vision?</i>	143
10	The rise of strategic partnerships: between interdependence and power politics	145
	Giovanni Grevi	
	• <i>Introduction</i>	145
	• <i>Strategic partnerships: a sign of the times</i>	147
	• <i>The worldviews of strategic partners</i>	150
	• <i>The EU: a strategic partner?</i>	154
	• <i>Strategic partnerships in the age of interpolarity</i>	158
	• <i>The building blocks of strategic partnerships</i>	162
	• <i>Conclusion</i>	170
	Annexes	173
	• <i>About the authors</i>	173
	• <i>Abbreviations</i>	174

*A*mong the most notable events that feature on the calendar of the presidencies of the European Union are the EU summits, similar to those long held by the EU with the United States, involving the so-called strategic partners – Brazil, Canada, China, India, Japan, Russia and, from the 2008 French Presidency onwards, South Africa. The need to establish strategic partnerships with emerging global players and Russia, aside from those with the United States, Canada and Japan, was identified as an EU objective in pursuing effective multilateralism in the 2003 European Security Strategy. Summit diplomacy of this kind offers a real possibility to deepen cooperation with each global player targeting bilateral issues, and to engage in a range of institutionalised dialogues addressing global issues. Summitry and strategic partnerships, both with established and aspiring global players, can thus be made to transcend the purely bilateral sphere to become privileged fora for jointly shaping the international agenda and, ideally, devising concerted strategies to tackle major challenges.

The EU Institute for Security Studies has launched a multiannual project to explore how the EU should engage the ‘new’ global players and give substance to the strategic partnerships in the promotion of effective multilateralism. This Chaillot Paper is the first publication to result from this project. In 2007, the EUISS Annual Conference was largely devoted to this broad topic, which we will further explore in the context of the revamping of the EU’s security strategy. A set of country analyses was prepared for Portugal’s 2007 EU Presidency outlining how a number of global issues and challenges are perceived in Brazil, China, India and Russia.

Four European experts were asked to analyse the scope for cooperation between the EU and these strategic partners in dealing with a set of issues identified in-house that addressed the political/security dimension, energy and the environment, trade and investment, regionalism and the future

world outlook. Four experts from those same countries were subsequently asked to produce a separate set of comments identifying opportunities for closer cooperation with Europe along the same lines. These contributions provided the basis for the comparative analysis outlined in the introductory and concluding chapters of this Chaillot Paper, which also draw on the findings of the 2007 Annual Conference.

This study does not deal with two G8 members, Canada and Japan, or with increasingly important regional players like South Africa. Nor does it deal with the United States, although EU/US relations are more far-ranging, more complex and certainly more decisive for a future multilateral order than any other EU bilateral or bi-regional partnership. We have chosen to concentrate on the newer global players and Russia, the so-called BRIC countries, in order to understand how their aspiration or accession to great power status is altering the international system, and in what way EU bilateral strategic partnerships can be enhanced and gain more substance and consistency, through the pursuit of common interests, to shape a multilateral world order. We are persuaded, however, that many of the conclusions that arise from this study will be of benefit to further exploring the potential of other existing strategic partnerships, and even informing future ones.

A number of general points should inform the development of a coherent strategic vision of bilaterally-pursued multilateralism.

First, the European Union is – and must continue to be – a global player because both the future of its own integration model and the well-being of its citizens are dependent on the evolution of a world governed by norms and rules.

Second, multilateralism is stalling as multipolarity – even if this assumes an asymmetric form – progressively replaces the brief period of single-power dominance that followed the collapse of the bipolar world at the end of the Cold War.

Third, bilateralism is a means to an end and not an end in itself. Regional dialogues should not be abandoned, nor the engagement with non-state actors.

Fourth, when engaging newer world players, the question of trade and development cannot be pursued at the cost of abandoning the core issues of democratic governance and peace, whether relating to intra- or inter-state

conflict. In this respect, as well as with regard to other pressing issues such as human rights, climate change or energy, strategic partnerships may differ considerably.

The timeliness of this study has become evident. As its findings clearly demonstrate, in different ways and areas the engagement of the new world players is crucial in order to deal with today's global political and social challenges and to 'humanise globalisation', as Brazilian leaders have long been proposing. EU leaders have recently echoed this by stating the aim of 'shaping globalisation in the interests of all our citizens, based on our common values and principles.' It is therefore a priority of this study to provide an in-depth analysis of how to build a common agenda on global governance and understand the differences in current approaches, starting with the concept of multilateralism and what it takes to ensure its effectiveness. In short, the political priority for the European Union should be to transform its bilateral relations with global players in strategic partnerships in order to achieve an effective multilateralism.

Paris, May 2008

‘Multilateralising’ multipolarity

Álvaro de Vasconcelos

Partnerships for effective
multilateralism
EU relations with Brazil,
China, India and Russia

1

*The author is indebted to
Maria do Rosário de Moraes Vaz
for her comments and sugges-
tions.*

Raymond Aron once came to Lisbon for a cycle of conferences and interviews. This was in 1980, well before *glasnost* and *perestroika* had made their sudden appearance in the lexicon of international relations, and when the world was still reeling from the first oil shock. Aron spoke a great deal about the new complexities of the international system. Back in those days, Aron was already arguing that the then seemingly eternal bipolar system would no longer provide a plausible basis for the interpretation of world conflicts and that the two superpowers would not be indefinitely able to contain, let alone resolve, ‘peripheral’ crises and wars, like the Iran-Iraq war that had just begun. He made it plain that energy dependency, notably in relation to oil – *le sang des machines* – was very much on his mind.

In the years since 1989 a variety of theories have been proffered to provide interpretations of the post-Cold War era, seeking to explain all aspects of international reality under an all-encompassing paradigm. Most of these simplistic explanations enjoyed ephemeral popularity, occasionally competing and overlapping at other times. The theories ranged from power-based interpretations (e.g. the idea of a single superpower world hegemony) to the ideologically-based ‘end of history’ theory – incorporating an economicist variant according to which globalisation would squeeze any alternative to neo-liberalism out of existence – to the neo-conservatives’ doctrine of unilateral military supremacy, proclaiming the inevitable victory of Mars. These were mirrored in the South by Messianic theories that were equally ideology-driven. Then culture-driven theses made their appearance, inspired by the ‘clash-of-civilisations’ doctrine that attempts to explain conflict through cultural difference and proposes an antagonistic paradigm – democracy versus non-democracy, the first being a monopoly of the West.

As the twenty-first century unfolds, the world is far more complex than Raymond Aron could possibly have anticipated thirty

years ago. None of these various theories have been borne out by history, which stubbornly refuses to end. There is, however, a recognisably greater variety of actors (other than traditional actors, i.e. nations and states) that shape the world system and even the great powers among them are not as great or as powerful as they used to be. Worldwide interdependence – now termed ‘globalisation’ – has enabled the emergence of a variety of networks, from human rights advocacy to organised crime, reinforcing the awareness that the global world is a plural world.

To remain true to its nature and its stated objective of shaping a better world, the EU must have a clear and common understanding of the complex contemporary international political landscape in which it is itself an important player. The European Union must achieve a truly global perspective that reflects its immense internal diversity, and fulfils the expectations that the Union elicits worldwide. This is a prerequisite for a multilateral order capable of coping with planetary challenges and averting disastrous polarising fractures.

The emerging multipolarity

After the fall of the Berlin Wall one of the recurring themes that attracted most scholarly debate was the search for a paradigm covering both the way power is distributed among states and other international players and the crises that have erupted since then or persisted from the Cold War years, defying resolution to this day. This debate is intertwined, and occasionally indistinguishable, from the debate on the forms of world governance best suited to safeguard peace and security and address the vaster challenges that confront mankind.

That a multipolar world was going to emerge from the ashes of the Cold War and the concomitant decline of America’s increasingly questioned supremacy was already evident to Paul Kennedy,¹ who devised a four-pillar world built on the economic might of the United States, the European Union, Japan and China, with Russia accorded a special place of its own owing to a strategic arsenal that provided for ‘nuclear superpower’ status.

In the euphoric 1990s, however, US power and supremacy were not yet declining, at least compared to potential competitors. America’s ‘hyper power’, to cite the expression coined by Hubert

1. Paul Kennedy, *The Rise and Fall of the Great Powers* (New York: Random House, 1987).

Védrine at the close of the Clinton era, was still able to rule the ‘unipolar’ world through what was then termed ‘benign hegemony’.² This rare and exceptional moment that lasted through most of the eras of the George Bush Senior and Clinton administrations coexisted with a renewed surge of regionalism that spread to every corner of the earth, and in which the United States was also actively engaged, albeit for self-centred reasons. Many scholars and politicians believed then that the age had dawned of a world system organised along the lines of more or less large regional groupings loosely modelled on the European Union.³ In the most innovative analysis thus far on the changing nature of power in an era of human and economic interdependence, Joseph Nye convincingly argued that aside from economic and military power, in an information age, soft power – the power of attraction, the ability to shape the preferences of the others – would become more important in the mix of the components of state power.⁴ Military power to ensure worldwide hegemony and dominance, the overriding concern of the bipolar world, is no longer *the* determining factor.

What is new and distinctive in the first decade of the twenty-first century is the growing recognition that we are indeed living in a multipolar world, albeit vastly asymmetrical as to how power, both soft and hard, is distributed and shared on the planetary scale. The post-Cold War world has entered a phase characterised by the emergence of new global players, active well beyond their own borders. In the present international system, the combination of US hard power and European soft power is no longer sufficient to confront most global problems, even in the peace and security arena, although it remains a necessary requirement to build sustainable solutions.

The term ‘multipolarity’ thus refers to the emergence of a plurality of global actors, who limit the power of the US superpower and that of other ‘poles’ such as the EU. More specifically, it refers to the rise of China and increasingly India, to the resurgence of Russia and to the growing importance of players like Brazil, particularly in the sphere of international trade. In Brazil, which ranks among the ‘mammoth countries’, there is a consensus that its major power status is conditional on its ability to lead an integrated South America.

The US share of the world’s wealth is steadily decreasing. More significantly, this is happening in parallel to the declining

2. Helio Jaguaribe and Álvaro de Vasconcelos (eds.), *The European Union, Mercosul and the New World Order* (London: Frank Cass, 2003).

3. See Mario Telò (ed.), *European Union and New Regionalism* (Aldershot: Ashgate, 2001).

4. Joseph S. Nye, *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004).

attraction of the American model, a phenomenon that became acutely apparent from the 2003 invasion of Iraq onwards. This was accompanied by a palpable erosion of the US human rights record symbolised in the eyes of the world by the arbitrary detention and inhuman treatment of suspects in Guantanamo Bay prison camp. Reliable measurements of world opinion show a steady decline in approval ratings for the US among Europeans and indeed in many other parts of the world and show how this relates directly to a widespread rejection of US policies and its use of military power (the same polls indicate that this reflects only marginally on attitudes to the American people as such). The Pew Global Survey has found that after the Iraq war the image of the United States was tarnished virtually everywhere. It remains 'abysmal in most Muslim countries in the Middle East and Asia, and continues to deteriorate among the publics of many of America's oldest allies. In terms of poll ratings, favourable views of the US are down to single digits in Turkey (9%) and have declined to 15% in Pakistan. Currently, just 30% of Germans have a positive view of the US – down from 42% as recently as two years ago – and favourable ratings are sliding ever lower in Great Britain and Canada.'⁵ Because they are primarily policy-related, views of the United States could of course change dramatically in the post-Bush era.

As measured simply by the share of the world's GDP at purchasing power parity (PPP), today's major powers are the European Union (21.95%), the United States (21.06%), China (10.70%), Japan (6.57%), India (6.17%), Russia (2.69%), and Brazil (2.58%). The asymmetry in wealth and economic might, especially when compared to the sheer size of population, is glaringly obvious.⁶ When considering military power and strategic power projection capabilities, the United States still come, however, a distant first – although the limits of US military power were already becoming clear before the intervention in Iraq. Of the emerging powers, China has over the last few years been credited with engaging in a significant military build-up. In 2006, Chinese military expenditure was 49.5 billion dollars and represented an increase of 11.7% in relation to the previous year, which had amounted to double the figures for the year 2000.⁷ The US Department of Defense estimates that China's total military-related spending for 2007 could amount to anything between 97 billion dollars and 139 billion dollars.⁸ This is still a modest sum, however, when compared with US (over 528 billion dollars in 2006, almost half of the world total)

5. See 'Views of the US and American Foreign Policy', 47-Nation Pew Global Attitudes Survey, *Rising environmental concern in 47-Nation Survey - Global Unease with Major World Powers*, June 2007, accessed at: <http://pewglobal.org/reports/pdf/256.pdf>.

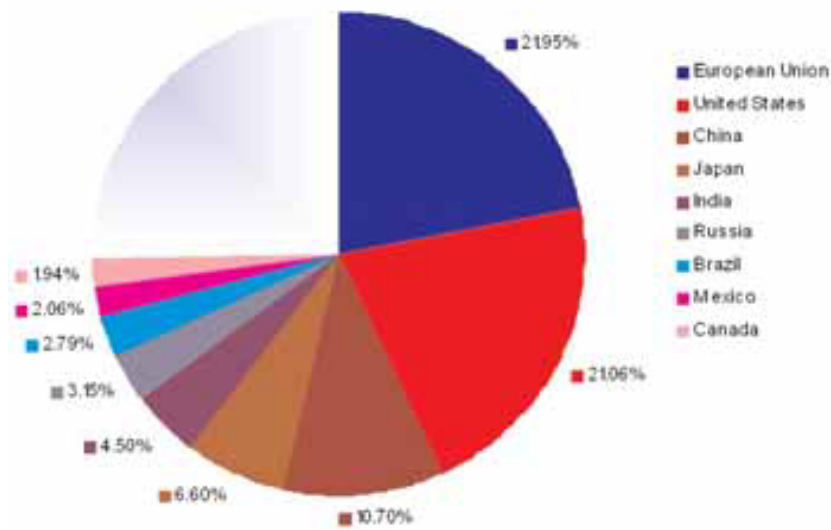
6. Share of world GDP in PPP terms. Source: *CIA Factbook 2008*, accessed at: <https://www.cia.gov/library/publications/the-world-factbook/geos/xx.html>. However, when the GDP is measured in nominal terms, the major powers are the European Union (30.71%), the United States (24.95%), Japan (7.4%), China (6.47%), Russia (2.58%), Brazil (2.52%) and India (2.17%). Source: IMF, *World Economic Outlook Database*, October 2007, accessed at: <http://www.imf.org/external/pubs/ft/weo/2007/02/weodata/index.aspx>.

7. See SIPRI Military expenditure database, accessed at: http://first.sipri.org/non_first/milex.php.

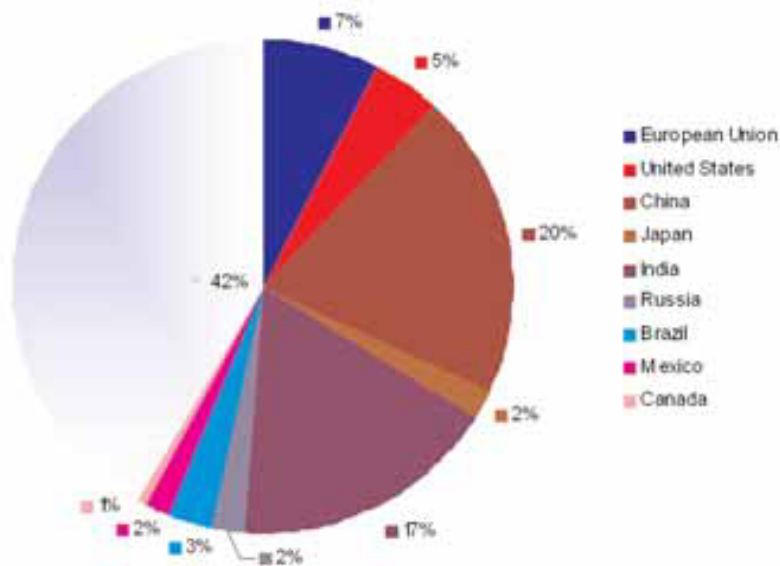
8. See *Annual Report to Congress: Military Power of the People's Republic of China 2008*, Office of the US Secretary of Defense, Washington, March 2008, p.32.

and aggregate EU defence spending of 250 billion dollars. In 2006, the military expenditure of the other major powers was 43.7 billion dollars for Japan, 34.7 billion dollars for Russia, 23.9 billion dollars for India and 13.4 billion dollars for Brazil.⁹

World Power: Share of GDP ppp, 2007

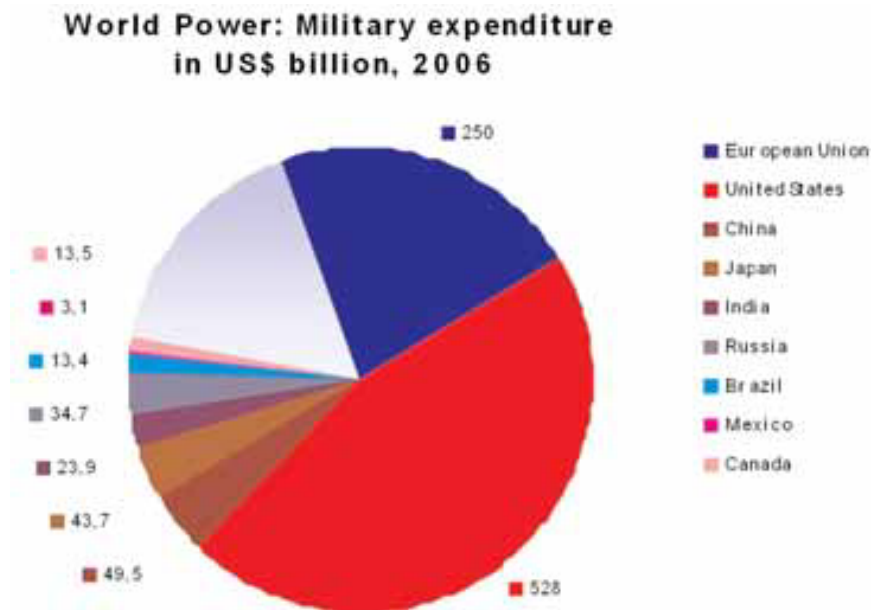


World Power: Share of Globe's Population, 2007



Source: CIA Factbook 2008, available online at: <http://www.cia.gov/library/publications/the-world-factbook/geos/xx.html>.

9. SIPRI Military expenditure database, op. cit. in note 7.



Source: SIPRI Military expenditure database, available online at: https://first.sipri.org/non_first/milex.php.

The analysis of present world rankings based on comparing military might – the basis of unipolar and bipolar supremacy doctrines – is in any case ill-adapted to a world dominated by economic globalisation and the information society and with a nascent public space at regional and global levels which gives added moral strength to international humanitarian law. Thus increasing ‘global’ constraints are put on the use of military power, already severely hampered by domestic public opinion adverse to troops being sent to fight in large-scale wars abroad.

Integration into the world system together with great power status and international influence, including the crucial aspect of agenda-setting, are today predicated not just on military force and the ability to use it but in larger measure on the ability to promote sustained human development. This confronts states with the need to balance aspirations to world power status with the demands of interdependence and the weight of elements of soft power. Robert Kagan ridiculed European power,¹⁰ mistaking the preference for multilateralism and soft power in EU foreign policy for weakness. As Pierre Hassner has noted, however, while Kagan is certainly right in ranking US operational military power and capabilities far above the EU’s, he is wrong in identifying leadership and might with military power alone and the willingness to use it

10. See Robert Kagan, *Of Paradise and Power: America and Europe in the New World Order* (New York: Knopf, 2003).

unsparingly, ‘as the cruel reality from Afghanistan to the Lebanon and Iraq, sadly and abundantly demonstrates.’¹¹

The growth in awareness of the need to protect human rights across borders that has accompanied economic and technological globalisation, together with the requirement for environmental protection and compliance with multilateral principles of international behaviour, have been at the root of the popularity of the European model. The combined attractiveness of its social model, together with its sheer economic size, has given Europe a great deal of ‘soft power’. Yet Europe still punches below its weight in the international arena. Two of Joseph Nye’s attributes of power¹² are missing – unity and military capability – which the United States possesses and which would be essential if the Union were to act decisively in dealing with crucial international problems. When considering the combined effect of these attributes of power, however, in which the attractiveness of the model, values and public diplomacy, including at the multilateral level, are important variables, it becomes apparent that the European Union is a world player on a par with others.

The European Union: a ‘diffuse’ pillar of the global system

The European Union is unquestionably a world player, but its precise role defies attempts at categorisation in traditional terms. The EU, in view of its uniqueness, is not directly comparable to any other world player. Like others, however, its real power is also a function of the way such power and the limits of its usability are perceived by other players. Doubtless, the EU still suffers from a deficit of recognition as a political actor enjoying the full array of traditional attributes of power. It is often dismissed as a mere ‘toothless’ civilian power and, conversely, accused of traditional superpower ambitions as it ventures into the wider security arena through CFSP/ESDP. This constitutes simultaneously an asset in that it is often seen as an unthreatening power and a liability in that it is viewed as a structurally weak force for good. The exact reverse happens when it is accused of engaging in power politics without enough clout to inspire sufficient awe or respect. This is certainly one of the paradoxes of EU efforts at ushering in effective multilateralism. The paradox is compounded by the recognition (not least by the EU itself) that the Union is both a large part and an indispensable maker of the world order.

11. Pierre Hassner, ‘L’Union européenne face à la multipolarité et au multilatéralisme’, *Esprit*, May 2007.

12. Joseph S. Nye, *Bound to Lead: The Changing Nature of American Power* (New York: Basic Books, 1990).

The internal debate around *Europe puissance* or Economic Europe (*Europe espace*) fails to capture the full potential of the EU in the world system. The EU will never become a military 'pole' replicating the United States – not so much because it lacks the power and the ability, but because it lacks the willingness to do so. Nor will it regress, as some would have it, to the pre-CFSP 'huge marketplace' stage, confined to the modest role of a leading economic player, deprived even of the full might of a civilian power. As continental expansion, through EU enlargement, is perfected and the opportunities of a global world are fully realised and exploited, this largely senseless debate will tend to subside, and the EU will shape and gradually affirm its international identity, no longer in contrast to or alongside the United States alone but in relation to a variety of major international actors.

This will be achieved however in an adverse context, as the hopes and predictions formulated in the 1990s that the European model of deep integration would be emulated in other continents have not yet been realised. We are further away from a world of regions, closer to a world of powers: this is what multipolarity really means today. As new powers emerge, their wish to acquire a more global influence also increases, often to the detriment of efforts to achieve regional integration. This coexists however, in today's 'global' world, in the age of interdependence, with a shared awareness that a larger set of issues than ever before in the so-called global agenda can only be addressed through commonly-driven, worldwide efforts, calling for international standards and global governance.

The Union has a genuine interest in playing a prominent global role. Its own model of integration is the most advanced form of multilateralism, and its experience equips it with a global reach. Due to the nature of the Union, its own survival is linked to the development of an international system based on norms and rules. In a revisited balance-of-power system, how long would it take for the EU to break apart under the competing pressure of clashing unilateralisms? Agonising divisions over Iraq, and to a lesser extent over Kosovo and Palestine, illustrate this point. In a global system shaped by norms and rules, the Union can play a major role in pursuing its own interests and by doing so avoid a power-based system where it could aspire to little more than a complementary role to that of the United States. Furthermore, the present international situation where development issues prevail

among the major concerns of the new global powers is in line with the EU's civilian power nature and favourable to its playing a more consistent world leadership role.

The new global actors perceive the EU in different ways. For some, like China and Brazil, the Union is a global political actor whose importance goes beyond the sphere of trade. Brazil and China, for different reasons, welcome a Europe that would play a more proactive political role internationally, as a way of ensuring a more balanced world and an alternative to an all-too-exclusive relation with the United States. However, both tend to see the Union first and foremost as an economic power and thus a potential ally in driving forward economic development goals, although the disagreements between the Union and its partners from the South in the WTO negotiations are notorious.

Chinese political elites view the European Union as a major world economic power¹³ and a courted partner, particularly in terms of science and technology cooperation, and thus as a major strategic partner in achieving the much-vaunted goal of 'China's peaceful rise'¹⁴ through economic development. Brazil, whose foreign policy has traditionally been conceived primarily as a driver of economic development, also perceives the Union as a very important economic partner and a source of inspiration for regional integration. India, where foreign policy elites have tended to perceive the Union mainly as a trade actor, is quite sceptical about the EU's ability to play a relevant political and security role, particularly when it comes to Asia. Reflecting Russia's status as a European power, the Russian government's views of the European Union are more complex. The EU is certainly a prized economic partner, particularly when it comes to the energy sector where there is a growing interdependence between Russia and the rest of Europe.¹⁵ Moscow however is not entirely comfortable with the idea of the EU taking on a more significant political role in the common neighbourhood. Because it is seen as a force that may counter its own ambitions, the Russian government has ceased to perceive the EU as a genuinely benign power and does not welcome the development of the EU as a fully-fledged international security actor.¹⁶

Another difficulty that arises in terms of the perception of the external identity of the EU is the fact that it is often confused, for better and for worse, with its Member States, the former colonial powers in particular. The strong international identity of a

13. See Feng, p. 80.

14. This term was coined by Zheng Bijian, former deputy to President Hu Jintao. See Mark Leonard, *What does China Think?* (London: Fourth Estate, 2008).

15. See Trenin, p. 136.

16. See Fischer, p. 117.

number of European powers both constrains and adds to the relevance of the EU as an international actor. Strong bilateral links are a facilitator of identification for third countries with the European Union. This was the case with Latin American countries when Portugal and Spain joined the European Community. However foreign policy initiatives conducted by individual Member States outside the EU mainstream can also reflect negatively on the EU as a whole. This is particularly the case in the peace and security arena, where Europe's divisions most adversely affect the EU's international identity and the way it is perceived by others.

What is of crucial relevance for the Union is the fact that the 'internal' is to a great extent also 'external'. EU soft power is owed in no small measure to the magnetic attraction of its own multilateral integration modelled on 'unity within diversity'. Such a model could not survive a cultural/religious definition of EU identity. In this light, the EU now needs to prove that it is able to integrate its migrant communities, particularly those originating from countries where the majority of the population is Muslim. The world is particularly attentive to its ability to integrate Turkey as well as its capacity to develop a positive approach to migration.¹⁷

However one could concur with Celso Lafer's view that, seen through the eyes of citizens in many quarters of the world, 'the European experience of consolidating peace and prosperity under the rule of law is, from a Kantian perspective, a sign of the possibilities for progress in human affairs. Because of its political identity, and its worldwide impact, the European Union is a force for peace, human rights, diplomacy and multilateralism. That is why the EU can be called an international public good.'¹⁸

Is the EU a regional or a global power?

With eastward expansion and accession negotiations with Turkey under way, the Union has not only a common border and a common neighbourhood with Russia but is also becoming closer to Central Asia, and therefore much closer to China and India. In this sense, engaging with the BRICs, and in particular the Asian powers, is vital for the stability of the wider neighbourhood of an enlarged EU. This is a reality of which the Russians are acutely aware and that the Chinese and Indians, who still see Europe predominantly as a regional security player, have yet to realise. The weakness of

17. See Ummu Salma Bava, p. 112.

18. Celso Lafer, 'The European Union – an international public good', *Issues*, EUISS Newsletter, no. 24, November 2007.

Europe's political influence in Asia (other than its omnipresence in trade and investment), in stark contrast to a strong US presence there, partly accounts for the predominance of its regional-power image in India and China.

India is acutely aware of Europe's non-involvement in the string of conflicts peppering its own neighbourhood alongside its extensive borders. Brazil, and the whole of Latin America, is generally more sensitive to Europe's distinctiveness as a fully-fledged international actor and not only in the framework of the World Trade Organisation. The days of Europe's involvement in bringing peace to Central America¹⁹ are not quite forgotten, as well as the efforts to build bi-regional strategic relationships based on a web of 'third generation agreements' with Mercosul (a EU-inspired sub-regional integration process which values the 'European model'), the Andean Community or the project of a South America Community. Efforts at democracy-promotion on the part of the EU are also taken more seriously than elsewhere: Latin American countries provide a unique case at government level, for example, in welcoming EU conditionality clauses in agreements governing bilateral relations.

The weight and the particular role of major players such as India and China, major Asian powers alongside Japan and Russia (as well as the United States) in shaping the international system, must however be fully taken into account irrespective of the way they currently perceive the EU's international identity. Awareness on the part of the EU of this obvious reality is clearly demonstrated by the recommendation on strategic partnerships contained in the 2003 Solana document. Between them, India and China, both nuclear powers, represent over a third of humanity, a proportion that will only increase by the middle and the turn of this century. Their perception of the EU as a relevant global player on a par with the United States will increasingly depend on the way in which the EU will fill the 'empty chair' in Asia.

India is still clearly more Asia-centred than global-minded, not least perhaps because Asia itself is seen in India as a multipolar continent. In explaining why Europe was left out altogether of an analysis of powers that matter to Asia, Maharajakrishna Rasgotra candidly states that 'Europe is unlikely to be drawn in the power politics of a resurgent Asia. At best, Europe's role in Asia in the foreseeable future ... will be a secondary one of support to the United States.'²⁰

19. The very first success of a foreign and security policy *avant la lettre* (EPC, European Political Cooperation) in the early 1980s was the San José Dialogue, in existence to this day, which played an important role in restoring peace in Central America.

20. See Maharajakrishna Rasgotra (ed.), *The New Asian Power Dynamics* (New Delhi: Sage Publications, 2007), p 11.

However, in view of the centrality of the EU's own periphery in the global security agenda, in particular the wider Mediterranean neighbourhood stretching towards Iraq and Iran, not only will Europe's ability as a security provider increasingly contribute to its increased world relevance, but the involvement of China (as was made painfully obvious in Darfur) and India must be actively sought. Both these Asian powers show a growing interest not only in Africa (e.g. Indian and Chinese summitry, including the EU-China partnership for Africa) but also in the wider Mediterranean and other parts of Europe's periphery.

Many of the challenges the EU's neighbours are facing are indeed global problems calling for global answers. This is obviously true of the Israeli-Palestinian conflict and the issue of Iran, questions dominating the UN Security Council agenda, or the importance of the Middle East and the Caucasus for energy security – a major concern of all the global players. In sum, if the European Union is to be a world power, it has to be a regional power first, in view of the nature and centrality of its regional environment. It is essential to bear in mind that the most important EU contribution to world peace has been the consolidation of a wide area of peace and democracy that goes from Portugal to Russia's borders. The eventual expansion of this area, through inclusion without full membership, to its southern and eastern neighbours would certainly have a major impact on the world order.

Multilateralism and multipolarity are far from synonymous

It is essential to distinguish between multipolarity and multilateralism. The first is an expression of the way power is distributed at world level, the second an expression of how that reality should be acted upon, in other words of how that power should be used and to what ends. Multipolarity heralds a more complex international system, consistent with today's international distribution of power and the way it is both maximised and constrained by global interdependence.

When the multipolar system predominated in nineteenth-century Europe, and by extension the world, it was formed by state entities, whose main concern was to even out and perpetuate the balance of power, which was largely symmetrical, between them.²¹ The balance-of-power system which prevailed into the first half of the

21. See Raymond Aron, *Paix et guerre entre les nations* (Paris: Calmann-Lévy, 1962, 1984).

twentieth century did not, and indeed could not, prevent outbreaks of large-scale war whenever the balance was badly upset. Two world wars in Europe bear eloquent testimony to this obvious truth.

The fact remains that leaders in many parts of the world, including Europe, assign a normative dimension to multipolarity, arguing that a multipolar balance of power and resulting alliance building in particular, serves as a counterweight to US power. This is certainly the case from the standpoint of China and Russia who have issued several joint statements calling for a multipolar world.²² For them it is essential to challenge what they perceive as American hegemony, on the basis of what the Chinese call their policy of a 'harmonious world' and the Russians 'sovereign democracy'.²³ In India, whose view of the international distribution of power hangs almost exclusively on considerations of international security, many still rather conservatively regard the world as unipolar 'with a fringe of multipolarity, in which the ...United States of America sets the global agenda.'²⁴ India seeks to affirm its role in the global arena and considers that its new strategic alliance with the United States 'can make a difference in this quest.'²⁵ And in Brazil, the world is seen as becoming multipolar indeed, although in an asymmetric and unfair way particularly as regards the distribution of wealth. An equally unfair representation in the institutions of global governance contributes to weaken multilateralism.²⁶ According to Marco Aurélio Garcia, 'as long as a new global governance and its attendant multipolar order are not ushered in, *ad hoc* groupings such as the G8 will continue to prosper.'²⁷ As Jean-Marie Guéhenno suggests, the international system cannot be sustained under 'the indefinite supremacy of the United States, nor on the pursuit of independence and sovereignty as the ultimate goal of a political entity.'²⁸

The Shanghai Cooperation Organisation, established in 2001, which brings together China and Russia, along with Central Asian states, is not only an important factor in creating a framework for a cooperative relationship between the two great powers to work together to deal with challenges on their borders. It also has a balance of power dimension in that it serves as a platform for challenging what at least some of its members see as 'a threat of both strategic and philosophical unipolarity in international relations.'²⁹ This kind of agreement indicates the potential for the emergence of alliances typical of the balance of power system, in the context of the new multipolar world order.

22. 'Russia and China stand for a multipolar, just and democratic world order based on the commonly recognised principles of international law,' Presidents Vladimir Putin and Hu Jintao said in a joint statement, CNSNews.com, 28 May 2003.

23. See Trenin, pp. 141-43.

24. Foreign Service Institute, Government of India, *India Foreign Policy, Challenges and Opportunities* (New Delhi: Academic Foundation, 2007).

25. S. Jaishankar, 'India and USA: new directions', *Ibid.*, p. 788.

26. See Celso Amorim, 'Brazil's Multilateral Diplomacy', prepared remarks by the Brazilian Minister of Foreign Relations at the Second National Conference on Foreign Policy and International Politics, Brasília, 5 November 2007, accessed at http://www.mre.gov.br/ingles/politica_externa/discursos/discurso_detalhe3.asp?ID_DISCURSO=3219.

27. See Garcia, p. 53.

28. Jean-Marie Guéhenno, 'The Impact of Globalisation on Strategy', *Survival*, winter 1998-99.

29. Alyson J. K. Bayles et al, 'The Shanghai Cooperation Organisation', *SIPRI Policy Paper* no.17, SIPRI, Stockholm, May 2007.

Europeans have yet to agree on a common vision, as was made abundantly clear during the Iraq crisis. Some still favour American supremacy and prefer to think of the world as unipolar, conceiving the multipolar argument as a sort of subversive balance-of-power scheme meant to act as a counterweight to and ultimately to contain the United States. Within the EU, the debate around describing the world as unipolar or multipolar is thus largely a debate about the nature of the relationship with the United States, whether this takes the form of automatic alignment or policies to balance the US's power through a coalition strategy.³⁰ The crisis over Iraq has demonstrated, however, that both the UK unipolar option for alignment with the US and Jacques Chirac's multipolar policy of coalition-building to curtail US power were equally impotent to influence the Bush administration and, furthermore, utterly divisive within the Union. Unquestionably, had the EU been able to speak with one voice at the UN Security Council it would have carried considerably more influence and – perhaps – succeeded in preventing the Iraq war and its catastrophic consequences.

The new global players broadly agree that multilateralism can only emerge from multipolarity, i.e. a balanced distribution of the ability of individual powers to prevent unilateral options from prevailing. Whether this is true or not, the fact remains that, having delegitimised power politics on the European continent, the EU cannot defend power politics on a global scale. The influence of the Union, as this study once again illustrates, will crucially depend on its ability to uphold its founding principles and values in the international arena, apply them consistently within the Union and shape a global agenda where they feature prominently. International relations models that are alien to the experience of European construction – in other words, unilateralism(s) – cannot unite the Member States of the Union and lack the necessary support of the European public. The EU would have nothing to gain and everything to lose if it operated in a world governed by unstable power games, in which it was one among various competing power players. If it is to have its say in world politics today the EU needs to work within a system governed by rules and norms. The EU needs a world governed by an encompassing and effective multilateral system if it is to exert its influence.

30. See Álvaro de Vasconcelos, 'Back to the future? Strengthening EU/Mercosul Relations and Reviving Multilateralism', Chaire Mercosur, Sciences Po, Paris, 2004.

This means that the EU wishes to see strong international organisations, notably those entrusted with peace and security governance, operating in binding mutually-agreed regimes to be effective in confronting global issues. This naturally entails that breaches of universally accepted norms must not be allowed to go without punishment, and governance schemes have to be gradually freed from the recurring veto-paralysis that made them largely ineffective throughout the Cold War era. This also means that burdens must be evenly spread out and world powers must be willing to face up to contributing their fair share.

There is scope and, some will argue, pressing necessity, for the current and aspiring world powers to agree on a global agenda for sustainable human development, including the protection of civilians, and on a truly effective multilateral system. Obviously, military conflict has not vanished from the face of the earth, nor will it vanish overnight in spite of their concerted efforts. But it is increasingly obvious that the worst-case scenario – barring serious miscalculation and total failure of diplomacy – is conceivably no longer one of military confrontation among the ‘great powers’, whether real or imagined, but rather one of ‘peaceful competition’. In this sense, the security paradigm that has dominated the Cold War bipolar era has lost relevance. There will be no world war for the foreseeable future. All conflicts, however violent, however painful and costly in human lives and resources, are peripheral conflicts, fought on the margins of the international system. Not because they do not and will not involve great powers (e.g. Iraq, Kashmir) but because they do not set them directly or indirectly on a collision course where excessive self-confidence could degenerate into the self-defeating use of military force. Contemporary wars, furthermore, are not predominantly interstate conflicts even when they involve two or more states directly, but mainly wars against civilians. Asymmetry in warfare, incidentally, is mostly a consequence of this fact.

In this context, what defines the relative weight of global players is not only the ability to confront each other but also and increasingly so the capacity to provide security and welfare for their citizens and others, by addressing the global dimension of those same needs. The dividing line between the internal and external dimension of politics is increasingly blurred. This holds true for the whole world, not merely for the European Union.

Shaping a universal concept of effective multilateralism

As a multipolar world is emerging just as the multilateral system shows unmistakable signs of growing weakness, the EU needs to recognise that the international distribution of power is fluid enough to warrant establishing 'special' relationships with aspiring world players while, at the same time, focusing on its primary goal of promoting global and regional governance and 'effective multilateralism.' By this, as policy-drivers emanating from the Union, including the European Security Strategy, make clear, it is meant that multilateralism must function as an enabler of the international community to deal with major global and regional issues. Effective multilateralism is therefore a system designed to enable the states that form the international community to act together in confronting challenges, tackling and resolving problems. It is not a tool for mutual containment and resulting paralysis. When it comes to world peace, as it is stressed in the ESS, the European Union wants 'international organisations, regimes and treaties to be effective in confronting threats to international peace and security, and must therefore be ready to act when their rules are broken.'³¹

This expression as well as the concept of 'effective multilateralism' ties directly into the notion of 'assertive multilateralism', as it was termed in the 1990s, following George Bush Senior's new world order successes, from the happy ending of the Cold War to the UN-legitimised Gulf War. Madeleine Albright, in the first year of the pro-multilateralist Clinton administration, argued that the US should pursue assertive multilateralism 'by increasing its reliance on international institutions, rules, and partnerships ... the United States might better manage transnational problems, spread the burdens of world leadership, win legitimacy for its goals and actions, and consolidate the expanding community of free market democracies.'³² This concept was a victim of the strategic debate that followed the enormous difficulties of the UN-mandated US intervention in Somalia, and later the Bosnia debacle. UN-bashing was very much on the rise in the run-up to the triumph of the neo-conservatives' military unilateralism.³³ As defined by the European Union, effective multilateralism is very much a response to the unilateralist posture of the Bush administration and the reaffirmation, albeit in a less favourable environment, that it is possible to find in the UN the legitimacy and the capacity to deal with international security and other global issues.

31. *A Secure Europe in a Better World*, European Security Strategy, Brussels, 12 December 2003.

32. Stewart Patrick, 'Don't Fence Me In: a Restless America Seeks Room to Roam', *World Policy Journal*, vol. XVIII, no. 3, Fall 2001.

33. See Stefan Halper and Jonathan Clarke, *America Alone – The Neo-Conservatives and the Global Order* (Cambridge: Cambridge University Press, 2004).

Newer and aspiring world powers, however, have a different conception of multilateralism from that of the European Union, closer to the containment of the more powerful states and the assertion of their own sovereignty than to playing their part in building an effective multilateral system. Whether they are/become members of the UN Security Council or not, they need yet to take on the global responsibilities that their status and ambition should confer upon them, namely contributing to a fairer international order which is better able to regulate or 'humanise' globalisation so it can benefit all, and above all, to address the increasing global disorder. This means in no small way facing up to global problems from poverty alleviation to environmental safety and disease control within their own borders, as well as preventing or punishing ethnic cleansing and genocide.

Among the BRIC³⁴ countries, Brazil (and most Latin American states with it) is the most committed to multilateralism.³⁵ Brazil, which is closer to the civilian power tradition, given the emphasis put on regionalism and international trade, can share the multilateral perspective of the European Union. The same can to a certain extent be said of India, due to its democratic nature, traditional leadership of the non-aligned movement and the enduring influence of Gandhi's non-violent tradition and the popularity of human security doctrines, which leads some commentators to classify it as a wielder of soft power.³⁶ However, India, China, and Russia are states with a 'strong sovereignty' posture, which leads to a natural tendency to favour bilateralism and take a much more conservative view of multilateralism.³⁷ Regionalism, one of the most promising aspects of international political developments in the 1990s, is being challenged by multipolarity and the concomitant tendency towards bilateralism. The fact that during the first Portuguese Presidency of the EU (1992), the first ministerial meeting between the EU and Mercosul took place, whereas there was no meeting with Mercosul during the third Portuguese Presidency (2007) but, instead, the first summit with Brazil, is a clear example of this development.³⁸

The way the other major players perceive the international order and the role of the EU in shaping it is intimately linked to the way they perceive EU-US relations and EU relations with the other global players. India, who proudly claims to be the world's largest democracy, considers the EU preference for its relationship with China a paradox. In fact, China is seen by the EU as a constructive

34. This acronym standing for Brazil, Russia, India and China, and later South Africa (BRICS) was coined by Dominic Wilson and Roopa Purushothaman, 'Dreaming with BRICs: the Path to 2050', *Global Economics Paper* no. 99, Goldman Sachs, October 2003.

35. See Valladão, pp. 33-36.

36. See Rajesh M. Bashur and Mallika Joseph (eds.), 'Reintroducing the Human Security Debate in South Asia', IPSC, New Delhi, 2007.

37. See Celso Lafer and Gelson Fonseca Jr, 'A problemática da integração num mundo de polaridades indefinidas', *A Integração Aberta – Um Projecto da União Europeia e do Mercosul*, Forum Euro-latino-americano, Lisbon, 1995.

38. See Álvaro de Vasconcelos, 'An Open Europe in a Multipolar World: Lessons from the Portuguese Experience', *Notre Europe*, *Studies and Research* no 60, Paris, October 2007.

partner despite the difficulties existing in the bilateral human rights agenda.³⁹ In the future, the EU will have to find a balance in its relationships with these two major Asian powers.

How the Union deals with multipolarity in the twenty-first century, and organises its web of 'strategic partnerships' will be underpinned by the view that without them key international problems cannot be resolved satisfactorily. The impotence of the international community in the face of poverty, humanitarian disasters, environmental degradation, and peripheral conflicts from Darfur to the Middle East, is not only the product of the abandonment of multilateral diplomacy by the US, but it is also a result of the lack of commitment of other big powers. But all of them recognise more and more that as they emerge as global players they need to share more responsibility.

It is not for the European Union to reopen an international debate on the merits of 'engagement' and 'containment', with a view to its relations with China and Russia, that is already closed.⁴⁰ The Union needs to pursue an expanding, rule-based, positive agenda with all its global partners around trade and development issues, as well as more divisive issues such as human rights and freedom of expression. EU cooperation policy towards China and India is still essentially based on development aid.⁴¹ There is a clear need for a shift to the coherent promotion of sustainable development along the same lines as the renewed Lisbon Strategy, prioritising innovation, education and the environment through cooperative programmes and recognising that India and China are today major economic players engaged in a process of fast scientific and technological development.⁴² This shift is already proposed in the 2007-2013 EU Country Strategic Papers on China and India where the EU defines its relations with both countries, which are moving away from their status of ODA recipients towards that of strategic partners.⁴³

It is not enough, however, to work jointly for a global agenda focused on development, whatever its intrinsic benefits. Aspiring world powers and other major actors in the international sphere also need to make a collective effort to prevent major humanitarian tragedies, including those arising as a result of climate change and subsequent natural disasters, and those emerging from the crises and conflicts that still plague international life. One of the most difficult issues that need to be addressed in the strategic dialogue with the global partners concerns the conditions for the

39. See Christophe Jaffrelot, 'Le pari américain', *Manière de Voir, Le Monde diplomatique*, no. 94, August-September 2007.

40. See Godement, p. 60.

41. *Ibid.*, pp. 69-70; Ummu Salma Bava, pp. 105-07.

42. The Lisbon Strategy, was established by the Lisbon European Council of March 2000 with the objective of making the EU 'the most dynamic and competitive knowledge-based economy in the world capable of sustained economic growth with more and better jobs and greater social cohesion, and respect for the environment by 2010.' The need to give an external dimension to the Lisbon Strategy was recognised by the European Council. On the external dimension of the Lisbon Strategy, see: *Estratégia* no 22-23, 'The Lisbon Strategy: Reaching Beyond Europe', IEEI, Lisbon, 2007.

43. See European Commission, *India: Strategy Paper 2007-2013*, accessed at: http://ec.europa.eu/external_relations/india/csp/07_13_en.pdf; and European Commission, *China: Strategy Paper 2007-2013*, accessed at: http://ec.europa.eu/external_relations/china/csp/2007_sp_en.pdf.

legitimate use of military force. In spite of the widespread opposition to military intervention, including on humanitarian grounds, generated after the US intervention in Iraq, circumstances remain in which it is both legitimate and necessary to resort to the use of force to prevent crimes against humanity, for instance, without the consent of warring parties. The international community cannot remain powerless in the face of genocide, as in Rwanda or Darfur, without losing its legitimacy.

One of the gravest risks confronting the current international system, which indeed represents the greatest challenge to multilateralism, arises from the grave distortion prompted by the so-called cultural/civilisational paradigm that divides the world into potentially hostile civilisational blocs, pitching the 'West' against the 'Rest'. The latter, in Huntington's definition, is made up of the potential alliance of Islam and Confucianism. While this makes little sense, the possibility of the emergence of a future US-China bipolarity, replicating the rift of the Cold War era, cannot totally be discounted. It is one of the possible configurations of the regression of the international system outlined above.

A grand coalition of the West is neither a desirable nor a viable way to build a multilateral world order. The world order no longer hinges largely on the long-sought partnership of equals between the EU and the US, but rather on a vaster, inclusive global partnership among old, new and aspiring world players around the implementation of a commonly agreed international agenda. This is not compatible with the armed 'league of democracies' under American leadership proposal,⁴⁴ which would severely weaken the United Nations. The same can be said of the project to open NATO membership to 'any democracy in the world.'⁴⁵ To avoid the transformation of NATO into a global alliance, an alliance of the democracies against the rest, is certainly a priority of the EU if it is to achieve its aim of building an effective multilateral system able to integrate all powers. Equally, attempts at establishing a division of labour between the US's hard power and the EU's soft power – incorporating a minor military component apt to deal with nation-building and similar tasks, while the use of hard power remains essentially the preserve of the US – are detrimental to a fair and just multilateral world order. It follows that effective multilateralism is not achievable without a major change in America's foreign policy. The US is a crucial element of the future world order. The failure of armed unilateralism in Iraq provides a

44. John McCain, 'An Enduring Peace Built on Freedom', *Foreign Affairs*, November/ December 2007.

45. This point of view was defended by Ivo Daalder and James Goldgeier in 'Global NATO', *Foreign Affairs*, September/October 2006.

window of opportunity. There are many in America who think that it is high time to reach out to others and give all global players a stake in upholding the international order. This would bring back the United States as a powerful force behind the multilateral order of which it was the 'founding father' after World War Two.

Shaping a universal concept of 'effective multilateralism' calls for engaging in a dialogue about what 'effective multilateralism' really means not only with the great powers but with the entire international community. This is not an easy task. European foreign policy can only be fully successful if it contributes to the 'multilateralisation of multipolarity,' and forges strategic partnerships with regions or countries that the EU identifies as the most suited to deal with current global problems.⁴⁶ The European Union has developed an extensive network of bilateral partnerships and summit meetings with individual powers, with important regional groups, such as ASEAN, the African Union, Mercosul or Latin America, and with its southern neighbours in the context of the Euro-Mediterranean partnership.

The development of a shared economic and even political bilateral agenda among the great powers, however, cannot distract the EU from the growing importance of other global players: regional or inter-regional associations, states, international organisations, and non-governmental organisations, which are sometimes the best standard bearers of the universal values advocated by the EU to govern global regulation, the most reliable defenders of human rights and the best allies to 'multilateralise multipolarity'. The only way to give longer-term consistency to summit diplomacy is to involve not just the governments in pursuing the stated objectives but to create a more extensive network of relations between the civil societies of all our partners including in the countries where non-governmental actors face more difficulties. As Javier Solana asserted: 'Going beyond a government-centric world view, dominated by the West, is what 21st century diplomacy will demand.'⁴⁷

The EU definition of an effective multilateral order implies the need to use military power in certain circumstances, to confront real challenges to international peace and security. This should be done under the UN umbrella with the full cooperation of regional organisations and the newer global players, in particular democratic India, Brazil and South Africa who form the South-South coalition, India, Brazil and South Africa Dialogue Forum

46. See Nicole Gnesotto and Giovanni Grevi, *The Global Puzzle, What World Order for the EU in 2050?* (Paris: EUISS, 2006). The authors argued that 'the biggest challenge confronting the EU will be to reconcile the emerging multipolar international system with a sustainable, effective multilateral order.'

47. See Speech by the European Union High Representative For Common Foreign and Security Policy at the Annual Conference of the EUISS, *Effective Multilateralism: Engaging with the New Global Players*, Paris, 22 October 2007.

(IBSA).⁴⁸ The convergence of these countries towards a concept of human security culture, crisis-management and state-building that they would share with the EU should be fostered. Building consensus around the principle and practice of the responsibility to protect with China and Russia is also essential, not only to avoid obstruction at UNSC voting level but also in view of the contribution they can and must make to international security.

Conclusion

It is arguable that the EU's role as a major world player is conditional upon its ability to shape a world order based on a new multilateralism.⁴⁹ The EU's contribution should encompass three distinctive dimensions.

First, promoting *the right and obligation to protect*, which arises from the sense that the international community and the United Nations in particular are responsible for the protection of the rights of individuals, above and beyond sovereign boundaries. This implies EU activism in supporting human rights and democracy, including through bilateral partnerships with all global players. Such an approach coincides with the vision that Kofi Annan called for in his Millennium speech: 'the sovereignty of a state cannot be a protecting wall for the violation of the rights of man.'

Second, *the recognition of the benefits of regionalism*, a phenomenon that should be actively encouraged by the European Union so it can develop into a structural feature of the international system as a whole. This implies that the Union needs to develop a nexus of group-to-group partnerships with regional groups and to include regional integration as a priority of its bilateral agenda with global players.

And third, *the emergence of a global public opinion*, a 'second wave' of globalisation, which expresses the desire of civil society to influence or participate in global decision-making. Like the globalisation of trade, finance and services, this dimension of globalisation has spawned the need for enhanced multilateral governance. This implies a strong involvement on the part of the EU with NGOs at all levels of external action.

In the current international system, the common good requires effective global governance, as recently restated by the European Council.⁵⁰ But global governance in turn calls for an

48. This trilateral initiative was formalised in June 2003 in the first meeting of the three countries that took place in Brasilia. It aims at 'examining themes on the international agenda and those of mutual interest', as stated in the Brasilia Declaration. See: http://www.ibsa-trilateral.org/brasil_declaracion.htm.

49. Alexandra Barahona de Brito and Álvaro de Vasconcelos, 'Forging a New Multilateralism: A View from the European Union and the Mercosul', *IEE/Euro-Latin American Forum Report*, Lisbon, October 2001, p. 9.

50. EU Declaration on Globalisation, Presidency Conclusions, Brussels, 14 December 2007.

adaptation of international organisations to the new structure of world power. As long as the structures of global governance, from the UN Security Council to the IMF, do not fully integrate the new power centres of the international system, the tendency will be for the proliferation of competing and largely ineffectual *ad hoc* groupings. Bilateralism and the concomitant trend to set up unstable alliances will also continue to prosper. But such *ad hoc* forms of leadership, while they may have a role to play in building bridges, are unable to substitute for the multilateral order in which newer or aspiring great powers will be able to fully take on their international responsibilities.

L'UE et le Brésil : un partenariat naturel

Alfredo Valladão

Partnerships for effective
multilateralism
EU relations with Brazil,
China, India and Russia

2

Introduction : les bases d'un partenariat stratégique

Le Brésil et l'Union européenne représentent tous deux des puissances essentiellement « civiles », même si les capacités militaires de l'Europe sont déjà appréciables. Une politique internationale dominée par un petit nombre de pôles de pouvoir politico-militaires et fondée sur un jeu d'équilibre entre grandes puissances, ne leur est donc pas très favorable car elle ne leur offrirait qu'un espace restreint, celui du choix d'un alignement subordonné. Aussi, les deux parties veulent-elles promouvoir la possibilité d'une diversité de points de vue et l'émergence d'un monde comptant plusieurs acteurs ou « pôles » importants, à condition que le système international soit soumis à des règles et au droit international garantis par des procédures et institutions multilatérales.

La construction européenne est elle-même un exemple, au niveau régional, de la possibilité d'une telle perspective. Quant au Brésil, sa tradition diplomatique s'est toujours opposée à la logique d'équilibre de puissances et a fermement défendu le droit international et les institutions multilatérales globales (Conférence de Paix de 1907, SDN, ONU) ou régionales (Union panaméricaine, puis Organisation des Etats américains [OEA] et aujourd'hui, Mercosur et Unasur), fondées sur l'égalité juridique d'Etats acceptant, de plein gré, des règles définies en commun¹.

Par ailleurs, les relations économiques euro-brésiliennes sont loin d'être négligeables. Le Brésil est le principal partenaire commercial de l'UE en Amérique latine (le douzième au niveau mondial) représentant, à lui seul, environ le tiers des échanges européens avec l'ensemble de la région. En contrepartie, l'Union constitue le principal marché pour les produits brésiliens (près de 22% des ses exportations totales, dont 56% de produits manufacturés ou semi-manufacturés). Comparé aux autres grands pays émergents comme la Chine, l'Inde ou la Russie, le Brésil est égale-

1. Haroldo Valladão, *Démocratisation et socialisation du droit international – L'impact latino-américain et afro-asiatique*, Librairie du Recueil Sirey, Paris, 1962. Francisco José Urrutia, *La codification du droit international en Amérique*, Académie de droit international (ADI - 1928 II - 22), La Haye, 1928.

ment le pays qui a attiré le plus d'investissements directs étrangers (IDE) d'origine européenne (le stock des IDE en provenance d'Europe atteint aujourd'hui près de 120 milliards de dollars) et, récemment, plusieurs grandes entreprises brésiliennes ont commencé à développer leurs propres investissements directs sur le continent européen. Il n'est donc pas étonnant que durant la dernière décennie, les relations entre les deux régions aient été dominées par les questions commerciales et la coopération².

Les relations institutionnelles UE-Brésil sont relativement récentes. Elles se sont fondées sur l'Accord-cadre de coopération agréé en 1992, suivi en 2004 par un accord de coopération scientifique et technique. L'accord de 1992 a permis la création d'un Comité conjoint qui a supervisé une série de dialogues bilatéraux sectoriels : environnement, société de l'information, transport maritime et science et technologie dans un premier temps ; agriculture, énergie, développement social, culture et politique régionale, ensuite. Force est de constater cependant, que, depuis la mise en place de l'Accord-cadre de coopération UE-Mercosur de 1995 et l'ouverture formelle de négociations en vue d'un accord de libre-échange avec les pays du Cône Sud, l'UE a privilégié le volet commercial de sa relation avec le Brésil, ainsi qu'une politique de soutien au processus d'intégration du Mercosur³. Ce n'est que très récemment, au vu de l'émergence du Brésil en tant qu'acteur de poids international dans un certain nombre de domaines (agriculture, bio-énergie, environnement, négociations commerciales internationales, etc.) et d'un évident découragement face aux impasses de la négociation UE-Mercosur, que l'UE s'est décidée à proposer au Brésil un partenariat stratégique, lancé officiellement lors du sommet entre les deux parties, qui s'est tenu à Lisbonne le 4 juillet 2007⁴.

Réguler l'interdépendance

Pour l'Union européenne, l'avantage d'un dialogue stratégique avec le Brésil, comparé à des exercices similaires avec d'autres grands pays émergents, est de disposer d'un partenaire bénéficiant, de longue date, de relations pacifiques avec ses voisins, sans tensions ethniques ou religieuses internes d'envergure et dont la puissance émergente ne peut en aucun cas être perçue comme une menace stratégique au système international. L'attachement traditionnel du Brésil à la règle de droit internationale, aux institutions

2. Commission européenne – DG Commerce, *Brazil – Bilateral Trade Relations*: http://ec.europa.eu/trade/issues/bilateral/countries/brazil/index_en.htm.

3. Commission européenne – DG Relex, *The EU's Relation with Brazil*: http://ec.europa.eu/external_relations/brazil/intro/index.htm#4.

4. Commission européenne, *Brésil – Document de stratégie pays 2007-2013* (E/2007/889), 14 mai 2007: http://ec.europa.eu/external_relations/brazil/csp/2007_csp_fr.pdf.

multilatérales et à la solution pacifique des conflits permet un dialogue fondé sur des valeurs ou des références communes et une conception proche de l'organisation de la vie internationale – et non pas seulement sur un équilibre d'intérêts immédiats.

Pour le Brésil, l'Europe représente également un contrepoids dans sa relation avec les Etats-Unis. Non pas une illusoire « alternative » aux rapports très étroits avec le grand voisin du Nord, mais un partenaire permettant de tempérer ce qui est perçu comme une attitude « unilatérale » de la part de l'administration américaine. Par ailleurs, Brasília, consciente de ses nouvelles possibilités d'influencer certains domaines de l'agenda global, a l'ambition d'être reconnu comme un acteur dont les intérêts dépassent le simple cadre régional. Si le Brésil est un ferme défenseur du multilatéralisme et de la régulation du système international, c'est aussi pour y jouer un rôle de premier plan. Une aspiration qui s'est concrétisée dans la campagne menée par les autorités brésiliennes pour un élargissement des membres permanents du Conseil de Sécurité de l'ONU. Le Brésil veut un monde régulé, mais dans lequel le pouvoir de réguler ne soit pas un monopole américano-européen et où sa participation à la création, à l'établissement et à l'application des normes et des règles soit clairement reconnue.

La promotion du multilatéralisme devrait ainsi se retrouver au coeur du partenariat stratégique Brésil-UE. Le principal défi actuel, reconnu par les deux parties, est de réguler l'interdépendance croissante entre tous les Etats, régions et populations du monde. Il ne s'agit pas cependant d'un exercice formel. Règles et institutions multilatérales n'ont un sens que si elles sont capables de résoudre les problèmes réels de ce monde en voie de globalisation. Le multilatéralisme « efficace », pour reprendre la terminologie de la Stratégie européenne de Sécurité adoptée en 2003, devra donc prendre en compte à la fois l'adaptation des règles et du droit international aux nouvelles réalités internationales, la représentativité et la légitimité des instances multilatérales, les procédures d'évaluation, de suivi et de décision, ainsi que les moyens diplomatiques, économiques et militaires nécessaires pour assurer le respect du droit international.

Aussi n'est-il pas possible, dans le dialogue bilatéral, de s'en tenir simplement à l'un ou l'autre des ces éléments. Chacun des grands thèmes de l'agenda commun devra s'efforcer de prendre en compte l'ensemble de ces dimensions. Il n'est pas rationnel, par exemple, d'aborder l'élargissement du Conseil de sécurité de

l'ONU à de nouveaux membres permanents sans s'interroger sur l'adéquation de la Charte des Nations unies aux nouveaux défis, sur les formes d'engagement exigées des Etats et sur les moyens de l'Organisation internationale. Par ailleurs, l'établissement d'un partenariat stratégique ne pourra pas faire l'économie d'un dialogue sur la position de chaque partenaire vis-à-vis des autres principaux acteurs internationaux.

Questions politiques, sécurité et gouvernance

La réforme des Nations unies

Le fondement du multilatéralisme onusien est le maintien de la paix et de la sécurité dans le monde et cette mission demeure essentielle pour le nouveau multilatéralisme du XXI^{ème} siècle. A la fin de la Seconde Guerre mondiale et pendant la guerre froide, l'objectif était de prévenir et, si possible, d'empêcher le conflit entre Etats souverains. Aujourd'hui, il faudra adapter la Charte et le fonctionnement de l'institution internationale aux défis posés par des acteurs non gouvernementaux ayant des capacités d'action aux effets stratégiques, par l'accélération de la prolifération d'armes de destruction massive et par les menaces à la paix mondiale que peuvent représenter certains conflits régionaux ou intra-étatiques, voire des catastrophes humanitaires et sanitaires.

La construction d'un partenariat stratégique devrait donc se concentrer sur l'actualisation de la Charte de l'ONU, y compris la réforme du Conseil de sécurité, reformulant le rôle du CSNU pour l'adapter aux nouveaux défis et élargir sa représentativité :

- adaptation des articles, notamment VI et VII, de la Charte aux nouveaux défis, essentiellement ceux posés par de nouveaux acteurs non étatiques ;
- redéfinition de l'intérêt commun ainsi que des menaces à la paix et des actes d'agression et de rupture de la paix ;
- redéfinition de la responsabilité des Etats membres concernant le maintien de la paix et les moyens de coercition et, partant, les conditions de l'usage légitime de la force.

Un forum non officiel, regroupant des juristes, des diplomates et des experts universitaires des deux côtés pour commencer à traiter de ces questions, pourrait être un premier pas dans cette direction.

Gestion des crises

- ▶ Renforcer les règles et instruments de maintien de la paix : renforcer les capacités multilatérales de gestion de crises, au niveau de l'ONU, des organismes régionaux et dans la relation bilatérale. Cela implique notamment de moderniser le cadre conceptuel des missions de paix en intégrant dans un même concept les différents aspects de la prévention, coercition et reconstruction, ainsi que de renforcer et d'élargir le rôle et les responsabilités de la *Peace Building Commission* de l'ONU.
- ▶ Développer un instrument bilatéral permanent de surveillance et évaluation des crises et menaces qui servirait également pour construire, en amont, des positions communes qui seraient défendues au sein des organismes multilatéraux. L'Afrique subsaharienne, en particulier l'Afrique australe, qui représente un intérêt stratégique pour les deux parties, pourrait être l'un des thèmes importants de cette démarche.
- ▶ Développer, à partir des expériences en Haïti et au Congo, une coopération bilatérale plus étroite dans le domaine des missions de paix : harmonisation de la philosophie et des règles d'engagement, formation conjointe de casques bleus, exercices communs, interopérabilité des matériels.
- ▶ Créer des mécanismes bilatéraux, agiles et efficaces, en vue d'une coopération en matière d'opérations humanitaires et d'interventions sur les lieux de catastrophes naturelles.

Non-prolifération et lutte contre le terrorisme

Le Brésil et l'UE devraient réactualiser le binôme désarmement-lutte contre la prolifération. Actualiser et renforcer le TNP et les autres traités similaires pour tenir compte des nouvelles menaces – et des nouveaux développements – en matière de prolifération des armes de destruction massive. Relancer les efforts vers le désarmement – en particulier, l'application du CTBT, la signature d'un traité sur les matières fissiles, la réduction et l'élimination future des armes nucléaires. En contrepartie, il faudrait mieux définir le cadre politique et légal pour l'utilisation pacifique de la technologie nucléaire, ainsi que les stratégies et les instruments de coercition pour lutter contre les proliférateurs, qu'il s'agisse d'Etats ou d'acteurs non étatiques. Le Brésil, qui a renoncé à développer des armements nucléaires, est signataire non seulement du TNP et du *Nuclear Suppliers Group*, mais aussi du Traité de Tlatelolco et du

Traité quadripartite avec l'Argentine. Mais il s'oppose également à de nouvelles mesures de lutte contre la prolifération si ces dernières devaient mettre en question ses capacités, déjà considérables, à contrôler le cycle technologique de l'énergie atomique.

Pour ce qui concerne la lutte contre le terrorisme, il faudrait étendre et renforcer les mécanismes de coopération bilatérale. Rapprocher les positions concernant la distinction entre missions militaires et policières dans ce domaine, ainsi que le degré d'« intrusivité » vis-à-vis du respect du droit à la vie privée des citoyens. Chercher des positions communes pour mieux définir à la fois les moyens plus efficaces pour ce combat et les règles multilatérales qui devraient les encadrer, particulièrement en matière de respect des droits de l'homme et des souverainetés nationales.

Justice internationale et droits de l'homme

Il n'y aura pas de multilatéralisme efficace sans une justice internationale efficace. L'un des thèmes centraux d'un partenariat UE-Brésil devra donc être le renforcement et l'extension des compétences du Tribunal pénal international. Une action coordonnée et systématique de ces deux parties, parmi les plus convaincues de la nécessité de faire respecter le droit international, pourrait avoir un effet d'entraînement sur d'autres pays émergents ou en développement, mais aussi sur la possibilité de faire évoluer la position des Etats-Unis.

En même temps, il n'y aura évidemment pas de justice internationale efficace sans une défense intransigeante des droits de l'homme. Le principe selon lequel le respect de ces droits doit primer sur celui des souverainetés nationales est essentiel pour le développement du multilatéralisme. L'Union comme le Brésil (qui est signataire de la Charte interaméricaine des droits humains et qui est soumis aux mécanismes de défense de la démocratie de l'OEA ainsi qu'à la « clause démocratique » du Mercosur) partagent cette idée. Plusieurs divergences n'en demeurent pas moins concernant l'application du principe lui-même. Un partenariat stratégique devra donc avoir, parmi ses tâches centrales, la définition des règles de conduite communes pour la défense des droits de l'homme et de la démocratie dans le monde, ainsi que l'établissement d'un mécanisme institutionnel bilatéral permettant un dialogue permanent et facilitant, le cas échéant, l'élaboration de positions communes dans ce domaine. Les deux parties

devront s'efforcer de mener une action conjointe pour asseoir la crédibilité et l'efficacité du nouveau Conseil des droits de l'homme de l'ONU et éviter le discrédit qui avait frappé l'ancienne Commission des droits de l'homme.

La réforme des institutions de Bretton Woods

Un partenariat stratégique UE-Brésil capable de produire des positions conjointes sur l'adaptation des missions et de la gouvernance des institutions de Bretton Woods aux nouvelles réalités aurait un impact certain sur le débat en cours au niveau mondial. Un multilatéralisme efficace passe forcément par une remise à plat des institutions de régulation économique internationales (Banque mondiale, Fond monétaire international – FMI et Organisation mondiale du commerce [OMC]). La Banque internationale pour la reconstruction et le développement devra adapter son activité et ses conditionnalités à un monde où les investissements étrangers et l'accès aux marchés financiers dépassent amplement l'aide et les prêts publics au développement. Le FMI évolue vers un organe de surveillance des équilibres financiers globaux et commence à être contesté par des initiatives régionales, en Asie et en Amérique du Sud. L'OMC, aux yeux des Brésiliens et des Européens, demeure le grand garant des règles du commerce international, en dépit des divergences majeures existant entre les deux parties concernant les négociations commerciales elles-mêmes. Mais son mode de fonctionnement interne et la complexité croissante des enjeux commerciaux provoquent une paralysie progressive de l'organisation. Les trois institutions souffrent également d'un déficit de représentativité et de légitimité face à la montée des nouvelles économies émergentes.

Intégration régionale

L'Union européenne et le Mercosur sont deux exemples de processus d'intégration régionale qui ont permis de passer d'une logique de compétition à celle d'une coopération institutionnalisée entre les Etats membres. La construction européenne reste un facteur de paix déterminant en Europe, alors que le Mercosur, qui garantit l'abandon de la rivalité militaire (y compris nucléaire) entre le Brésil et l'Argentine, est devenu la principale « ancre » de stabilité

démocratique en Amérique du Sud. L'idée d'une communauté sud-américaine, l'Unasur, promue par le Brésil, participe de cette même préoccupation. La construction d'un partenariat stratégique UE-Brésil devrait donc se concentrer sur les axes suivants :

- ▀ **Coopération pour l'intégration** : Echange d'expériences, particulièrement dans le domaine des politiques visant à combattre les asymétries internes. Evaluation des réussites et impasses des deux modèles d'intégration. Coopération financière et technique de l'UE en matière d'harmonisation de règles et standards, non seulement au sein du Mercosur, mais également dans les cadres bilatéral et multilatéral.
- ▀ **Rôle du Mercosur dans le partenariat stratégique** : Il faudra clarifier les liens entre partenariats stratégiques, d'un côté UE-Brésil, de l'autre UE-Mercosur. Les deux parties devront s'accorder sur la place que devront occuper les autres Etats membres du Mercosur dans leur dialogue bilatéral. L'initiative européenne vis-à-vis du Brésil a déjà provoqué des inquiétudes de la part de l'Argentine, même si Bruxelles affirme qu'il s'agit là d'une manière de renforcer le Mercosur. De fait, un partenariat stratégique Brésil-UE vient renforcer la perception que le Brésil est déjà un acteur international « différent » comparé à ses voisins et cela commence à avoir des effets négatifs sur le processus d'intégration régionale – et donc pour la stratégie européenne de renforcer le Mercosur. L'UE cependant, ne peut ignorer plus longtemps le rôle international spécifique du Brésil. La meilleure manière de tenter de résoudre cette quadrature du cercle serait, pour l'UE, d'avancer rapidement dans les négociations de l'Accord d'association UE-Mercosur.
- ▀ **L'accord d'association birégional est la pierre angulaire de la relation entre l'UE et le Cône Sud et il représente également l'un des éléments de cohésion importants pour le processus d'intégration en Amérique du Sud.** Un accord entre les deux régions constituerait le premier exemple d'une intégration interrégionale et représenterait un instrument puissant de promotion de la vision stratégique, commune aux deux parties, d'un monde où le multilatéralisme est renforcé par des groupements régionaux. Cet accord, qui lèverait l'un des grands obstacles au dialogue actuel entre le Brésil et l'UE, constitue, par ailleurs, l'une des conditions essentielles pour que le partenariat stratégique bilatéral puisse effectivement aller de l'avant.

Afrique sub-saharienne et coopération pour le développement

L'Afrique constitue un enjeu stratégique pour l'Europe. Le Brésil, avec une histoire et une culture liées au continent africain, l'expansion de ses intérêts économiques et politiques et sa participation à la Communauté des pays de langue portugaise (CPLP), considère également l'Afrique comme une priorité de sa politique extérieure⁵. Les deux parties ont ainsi intérêt à promouvoir, dans le cadre d'un dialogue permanent avec leurs interlocuteurs africains, la prospérité et la paix dans la région. Les expériences complémentaires de l'UE et du Mercosur pourraient être ainsi mises à profit pour coopérer et aider à l'intégration régionale de l'Afrique sub-saharienne. Dans ce domaine, tout reste à faire et les deux parties n'en sont, pour le moment, qu'au stade du lancement d'un premier dialogue institutionnel sur cette question.

Le Brésil, sous l'actuelle présidence de M. Lula da Silva, est l'un des grands promoteurs de la lutte contre la faim et la pauvreté dans le monde, qui a également été relayée en Europe par plusieurs chefs d'Etat européens. Cette action pourrait constituer un des éléments du partenariat stratégique bilatéral, notamment pour le développement d'actions conjointes en Afrique sub-saharienne.

Energie et environnement

La lutte contre le réchauffement climatique est une priorité pour l'UE et le Brésil. Les deux parties doivent renforcer leur coopération dans le cadre du Protocole de Kyoto et chercher à faire émerger des positions communes pour un accord post-Kyoto. A la différence de l'UE, le Brésil ne veut pas s'engager sur des objectifs quantifiés. Il s'agira donc d'explorer ensemble des voies complémentaires : nouvelles technologies, bioénergie, sophistication des « marchés carbone », etc.

Energie

Dans ce contexte, la diversification de la matrice énergétique jouera un rôle important. Le Brésil produit aujourd'hui plus du tiers de l'éthanol dans le monde, avec des conditions climatiques et une frontière agricole lui permettant d'augmenter sa production de

5. Luiz Inácio Lula Da Silva, Discurso do presidente da República por ocasião da audiência com embaixadores africanos - Palácio do Planalto, 25 de maio de 2007 : <http://www.imprensa.planalto.gov.br/download/Discursos/pr164-2@.doc>.

manière significative. Il est également en pointe dans la recherche sur les biocarburants et leur utilisation. Il devrait jouer donc un rôle central et stratégique dans la diversification de la matrice énergétique mondiale. Le dialogue bilatéral devra donc se centrer sur les conditions sociales, économiques et environnementales, ainsi que sur les standards techniques et les régulations environnementales ou sociales de cette production avec l'objectif d'en faire une « *commodity* » internationale. La coopération bilatérale pour la recherche de procédés de production plus efficaces et respectueux de l'environnement, ainsi que pour la diffusion des technologies de biocarburants à d'autres pays en développement devrait également être au cœur de ce dialogue. Par ailleurs, le Brésil développe avec succès son industrie pétrolière et gazière, tout en poussant à une intégration énergétique de l'Amérique du Sud. Le rôle que cette région aura dans les stratégies énergétiques mondiales au cours des prochaines décennies ne peut que s'accroître et constitue aussi l'un des thèmes du dialogue bilatéral.

Pour ce qui concerne la technologie nucléaire, le Brésil maîtrise pratiquement tout le cycle du nucléaire civil et possède de grandes réserves d'uranium. Il a par ailleurs décidé de relancer son programme de construction de centrales nucléaires pour la production d'énergie. Signataire du TNP, du Traité de Tlatelolco et du Traité quadripartite avec l'AIEA, l'Argentine et l'agence binationale de contrôle (ABACC), et bénéficiant d'une Constitution qui lui interdit la possession d'armes nucléaires, le Brésil a pu développer sa technologie d'enrichissement d'uranium sans susciter de craintes majeures de la communauté internationale. La coopération avec l'Europe est ancienne, particulièrement avec l'Allemagne, et un partenariat stratégique ne peut ignorer les possibilités de coopération scientifique et industrielle dans ce domaine (par exemple, sur des thèmes comme la participation brésilienne au programme ITER ou un accord avec l'EURATOM et la participation européenne au programme nucléaire civil brésilien). De plus, cette coopération serait un élément important pour amener le Brésil à jouer un rôle plus actif dans la lutte contre la prolifération nucléaire.

Environnement

L'eau est en passe de devenir un bien rare et cher. Le Brésil possède l'une des plus importantes réserves d'eau douce de la planète (20%

du total mondial). Un partenariat stratégique bilatéral devra promouvoir une coopération dans ce domaine, dont l'un des aspects pourrait être des formes de complémentarité de la production agricole européenne de manière à pouvoir utiliser les ressources en eau des deux côtés de manière plus efficace.

Le Brésil est une des plus grandes puissances agricoles de la planète, de même que l'Union européenne. Les deux parties jouent donc un rôle stratégique, surtout en cette époque de diversification vers les biocarburants, sur les prix et quantités disponibles sur le marché mondial des aliments. Ils sont également essentiels pour la définition des règles pour l'utilisation des OGM. Il est donc urgent qu'il puisse y avoir une coopération bilatérale dans ce domaine. Une coopération qui devrait s'étendre à d'autres partenaires internationaux.

La responsabilité brésilienne pour la préservation de la forêt amazonienne et les responsabilités européennes pour lutter contre le bio-piratage et le pillage des savoirs traditionnels peuvent servir de base au partenariat stratégique dans ce domaine. Les deux parties devraient pouvoir harmoniser leurs positions pour le développement et l'application de la Convention sur la Biodiversité de l'ONU.

Coopération scientifique et technologique

La coopération scientifique et technique entre l'UE et le Brésil est déjà bien développée, particulièrement d'Etat à Etat. Le Brésil possède plusieurs secteurs d'excellence dans ce domaine et cherche également à avoir accès à un certain nombre de technologies de pointe. Un partenariat stratégique UE-Brésil devrait définir les conditions et les règles concernant la sécurité et les droits de propriété intellectuelle, permettant la participation des chercheurs, laboratoires et industriels brésiliens aux programmes européens, particulièrement à l'agenda de Lisbonne, tout en promouvant la participation des Européens aux programmes brésiliens. Trois secteurs sont essentiels du point de vue stratégique :

- ▮ Recherche et technologie spatiale. L'UE a un intérêt stratégique à développer une coopération dans le domaine spatial avec le Brésil, dont la base de lancement d'Alcântara situé sur l'Equateur pourrait être un excellent complément pour le site de Kourou. Le Brésil cherche, quant à lui, à développer sa propre industrie spatiale, durement touchée par l'accident d'août 2004,

qui a décimé une partie de ses meilleurs techniciens. Il s'agira donc d'approfondir les relations dans ce domaine en fixant les conditions techniques et de sécurité d'une telle opération. La participation brésilienne au programme Galileo et une coopération européenne avec les programmes brésiliens de propulsion des fusées spatiales et de mise en valeur de la base d'Alcântara pourraient être des éléments pour renforcer la relation bilatérale.

- **Technologies et industries militaires.** Il est inévitable que le Brésil veuille relancer son industrie militaire – florissante dans les années 1980, mais aujourd'hui pratiquement réduite à l'excellence de la seule EMBRAER (Empresa Brasileira de Aeronáutica). Avec l'augmentation de ses intérêts et responsabilités internationaux, le Brésil devra envisager sérieusement de rééquiper ses forces armées, dont le matériel est en grande partie vétuste. Par ailleurs, les achats d'armements modernes par le Venezuela à la Russie – et peut-être à l'Iran – créent un déséquilibre et une tension qui pourrait favoriser une course aux armements en Amérique du Sud avec des effets extrêmement négatifs sur la stabilité de la région. Une coopération UE-Brésil en matière de technologies et d'industrie de l'armement contribuerait à un rééquilibrage non compétitif dans la région et, également, au renforcement du Brésil comme principal pôle de stabilité régionale. Par ailleurs, la coopération dans ce domaine renforcera les actions et les stratégies communes en matière de maintien de la paix en définissant, en amont, une politique d'équipement compatible avec ces objectifs. Un Forum des industriels de l'armement des deux parties devrait être un relais important pour nourrir cette coopération.
- **Développer la société de l'information.** Le Brésil commence à s'établir dans le domaine des industries de logiciel et a réalisé des programmes de pointe en matière d'e-gouvernement qui peuvent servir d'exemple en Europe. Il constitue également un immense marché pour les industries de l'information et des télécommunications. Une coopération dans les domaines de la réglementation et des standards, du commerce et du gouvernement électroniques, ainsi que dans les technologies les plus avancées dans ce domaine serait extrêmement profitable pour les deux parties.

Culture et questions sociales

Le Brésil a été, par le passé, assez réticent à s'engager dans un dialogue sur les standards sociaux réputés servir de paravent aux politiques commerciales protectionnistes. Cette attitude a beaucoup évolué récemment grâce au développement démocratique du pays lui-même, mais aussi à la prise de conscience qu'une économie de plus en plus ouverte et dépendante des marchés extérieurs ne pouvait ignorer les pressions sur cette question. Pour l'UE, la possibilité de convaincre un pays comme le Brésil de définir et appliquer des standards sociaux constituerait un important levier pour sa propre stratégie d'une globalisation « régulée ». Des standards agréés par les deux parties auraient certainement un grand poids dans le débat international sur cette question et pourraient servir de *benchmark* pour d'autres économies émergentes ou en développement.

En matière de santé, le Brésil est en pointe dans les programmes de lutte contre le sida et sur la question de l'utilisation et production de médicaments génériques en cas d'urgence sanitaire. L'Union européenne est le siège de certaines des plus puissantes industries pharmaceutiques de la planète. Le partenariat stratégique bilatéral devra tenter de produire des règles permettant de trouver un équilibre entre le respect du droit de propriété intellectuelle et les besoins des politiques de santé publique. Une avancée bilatérale serait, à coup sûr, une contribution majeure à la définition des règles universelles dans ce domaine sensible.

La gestion des flux migratoires est devenue une question stratégique pour les gouvernements européens. Le Brésil est devenu, très récemment un pays non seulement d'émigrants (près de deux millions de Brésiliens vivent à l'étranger – 1% de la population – dont 250 000 environ en Europe), mais il redevient également une terre d'immigration (venue des pays voisins et, depuis peu, d'Afrique sub-saharienne). La question migratoire est donc de plus en plus présente dans les préoccupations des autorités de Brasília. Un partenariat stratégique UE-Brésil devra donc aborder toute une gamme de questions telles que les conditions légales d'entrée sur le territoire, l'intégration des migrants, le marché du travail, les protections juridiques et sociales, les remises de fonds vers les pays d'origine, la lutte contre le trafic d'êtres humains, les relations avec les pays d'émigration, en particulier en Afrique.

Par ailleurs, un dialogue stratégique sur les manières de gérer des sociétés de plus en plus diverses est particulièrement approprié pour la relation UE-Brésil. L'Europe procède essentiellement de deux façons : un modèle « citoyen », qui refuse la différence dans la sphère publique pour la reléguer dans le privé, et un modèle « multiculturel » qui accepte l'expression des différences dans le domaine public, et organisé en communautés vivant côte à côte. Le Brésil procède par un « métissage » où les différences, sans être niées, parfois même vécues durement, sont constamment dissoutes dans le mélange de couleurs de peau ou de religions, dans une reconstruction culturelle permanente. Le débat sur les avantages et les inconvénients de ces « modèles », ainsi que sur les expériences concrètes d'intégration, pourrait être au cœur même du dialogue stratégique Europe-Brésil et avoir une répercussion importante sur le reste du monde⁶.

Dans le domaine universitaire, les programmes de coopération sont anciens et se développent. Un partenariat stratégique devrait créer plus de conditions concrètes (bourses, visas, logement, reconnaissance des cursus, stages, etc.) pour la participation d'étudiants brésiliens aux programmes comme Erasmus Mundus et Alban, et pour que les étudiants européens puissent effectuer des séjours dans les institutions d'enseignement brésiliennes. Les stages en entreprise des deux côtés devraient également être encouragés et rendus possibles. Quant à la coopération culturelle, il y a sans nul doute un domaine stratégique dans la relation UE-Brésil : l'audiovisuel – comprenant non seulement, le cinéma et les programmes de télévision, mais également la musique. Le Brésil et l'Europe sont tous les deux des puissances dans ce domaine. Un partenariat stratégique devrait permettre non seulement de développer les marchés de chaque côté et les productions communes, mais également servir de base au développement de règles bilatérales et globales permettant de trouver un équilibre entre les intérêts de l'industrie audiovisuelle de chaque partie, la place et le rôle des subventions publiques et la promotion de la diversité culturelle.

6. Alfredo Valladão, « Le métissage comme identité », *Projet*, revue hebdomadaire n. 248, Paris, hiver 1996-97.

Conclusion

Le développement du partenariat stratégique UE-Brésil est un exercice qui, forcément, prendra du temps. Si la défense du multilatéralisme et d'un monde qui promeut la règle de droit et le respect des droits de l'homme est une vision partagée par les deux interlocuteurs, des divergences persistent à quant à l'application de ces principes. Les Européens, pour leur part, pèchent par une sorte de rigidité autocentrée. Ils agissent comme s'ils étaient persuadés que les règles, les standards et la conception même des problèmes et défis, tels qu'ils sont édictés ou pensés en Europe, devraient nécessairement constituer un benchmark universel et la seule base légitime pour un dialogue avec leurs partenaires non européens. Les Brésiliens, quant à eux, conservent une attitude ambiguë. Ils exigent de pouvoir participer pleinement à la définition même des défis, règles et standards, ainsi qu'aux institutions chargées de les traiter ou de les appliquer, mais continuent de se méfier de tout régime supranational contraignant.

Cette difficulté inhérente à une situation où le « vieux » doit faire une place au « jeune » est renforcée par l'existence de réelles divergences concernant les relations commerciales, les critères d'une politique de défense de l'environnement, les instruments nécessaires pour le maintien de la paix et la sécurité internationales, le degré d'acceptation d'engagements impliquant des formes de supranationalité, la conception même des politiques sociales, etc. Par ailleurs, il faut y ajouter un autre niveau de complexité lié aux dynamiques d'intégration régionale. D'une part, l'intérêt des divers Etats membres de l'UE et les priorités de leurs relations bilatérales avec le Brésil, ne sont pas toujours convergents – ni entre eux ni avec ceux des instances de Bruxelles. D'autre part, la priorité accordée par Brasília à l'intégration sud-américaine et au Mercosur ne pourra que ralentir le dialogue avec l'Europe et son institutionnalisation. Il sera donc indispensable de multiplier les canaux de contacts et les instances où le partenariat stratégique puisse être discuté.

Pour une grande partie des thématiques énoncées, il conviendrait donc non seulement qu'elles fassent l'objet d'un dialogue intergouvernemental, mais aussi qu'elles puissent être nourries par des forums ou des réseaux de dialogue et de recherche ad hoc associant des représentants des gouvernements et de la Commission européenne, des entreprises, des institutions internationales compétentes, du milieu académique et experts, des centres d'étude, des ONG travaillant sur les domaines en question.

Ces forums ou réseaux sont indispensables, d'une part pour offrir un espace de dialogue non officiel où chacun peut avancer et écouter des arguments sans être dans l'obligation de défendre une position officielle pré-établie. D'autre part, pour créer des liens de confiance entre les membres les plus actifs et les plus intéressés par un thème donné, qu'ils aient ou non des responsabilités gouvernementales. Ces liens sont cruciaux pour l'harmonisation des positions, mais aussi pour fonder le partenariat stratégique sur des bases plus permanentes, larges et durables qu'un dialogue qui n'engagerait que les gouvernements.

The strategic partnership between Brazil and the European Union

Marco Aurélio Garcia

Partnerships for effective
multilateralism
EU relations with Brazil,
China, India and Russia

3

The institutionalisation of the partnership between Brazil and the European Union at the Lisbon Summit of July 2007 provided a new dimension of depth to this ‘natural’ relationship. Brazil’s diplomatic traditions throughout the twentieth century – and the place of honour always accorded to international law and multilateralism – have been politically significant in explaining the country’s far-reaching links with the EU. These extend beyond the economic sphere: equally relevant are, among others, the ethnic and cultural ties underpinning this proximity, which precede the establishment of the EU itself.

This partnership is a token of the European Union’s recognition of the place Brazil today occupies in the world. The alliance does face, however, significant obstacles on the way to realising its full potential. To this end, it is crucial to understand and respond appropriately to these challenges. One issue of paramount importance has to do with the asymmetry between the two partners. Its economic and political weight notwithstanding, Brazil is an emerging, individual global player, while the European Union has become the largest grouping of countries ever formed.

Brazil and South America

Brazil finds itself at the centre of numerous projects focusing on South American integration, such as Mercosul and, more recently, the Union of South American Nations (UNASUR). Both these initiatives have held up the European Union as a paradigm, even as they acknowledge the enormous differences between the integration processes on either side of the Atlantic. Mercosul is still an imperfect customs union, given the contrasting macro-economic policies adopted over the last few years particularly by its two principal members – Argentina and Brazil. The absence of countervailing measures to accommodate policy differences has only added to the difficulties.

These disparities have been somewhat narrowed by the convergent response of Southern Cone governments (all took office from 2002 onwards) to the economic crisis that shook the region from the mid 1990s. Yet tensions persist as a result of lingering asymmetries that are rooted in trade imbalances tending to favour the larger economies. It was the challenge of moving Mercosul beyond a simple commercial alliance that sparked the present debate on how to enlarge and enrich the bloc's policy agenda. As a result, issues such as integrating production chains and invigorating the region's physical and energy infrastructure have come to the fore. Discussions are under way on setting up a host of joint financing mechanisms, ranging from a regional development bank to encouraging regional trade in local currencies, as well as improving existing trade and financing schemes, such as the regional trade clearinghouse mechanism. Finally, progress has also been made in establishing the Fund for the Structural Convergence of Mercosul, modelled on the EU's structural funds.

This broadening of Mercosul's original scope has two major implications. Firstly, increased economic interdependence among member countries and, as a result, countries adopting policies geared to a common legal framework and regional goals. The slow pace at which this is being achieved – in Brazil as elsewhere – points to the critical importance of Mercosul's normative structure being quickly and comprehensively adopted by member countries. Secondly, a need to accelerate the setting up of a political framework able to effectively respond to the new dimensions taken on by the integration process. The Mercosul Parliament, while still in its infancy, is a significant step in this direction. As we strive to strengthen the political-administrative structures at the Montevideo headquarters, Brussels again offers inspiration.

This slow and hesitant rate of progress is explained by the fact that Mercosul must fuse outlooks and practices stemming from sovereign governments as well as supra-national institutions. Unlike Europe, South America has not undergone overwhelming catastrophes – such as the major wars that shook Europe during the first half of the twentieth century – that are a forceful incentive to overcoming obstacles to regional integration. That said, a dramatic history and a common threat perception are not enough in the absence of unshakeable confidence among Member States as to the merits of integration.

Much has been made of the crisis of Mercosul. Admittedly, its track record often compares unfavourably to the European Union, which, despite its own domestic difficulties, has successfully enlarged and deepened. However, Mercosul is gradually forging its own unique identity. It successfully sidestepped the original proposal for a Free Trade Area of the Americas (FTAA), which would have dashed all hope for truly symmetrical and balanced regional integration. Having been forced to abandon plans for a hemispheric-wide trade bloc, the United States reverted to signing Free Trade Agreements (FTA) with individual countries or sub-regions. Even this more modest strategy faces opposition – which may grow should the Democratic Party win next November – in the United States Congress.

Since 2003-2004 Mercosul has successfully attracted almost all South American economies into association agreements. This has been achieved despite the differing foreign trade models prevailing in the region – differences reinforced by FTA negotiations over the last two years between the United States and certain South American countries. The bloc that has coalesced around Mercosul paved the way for establishing the Community of South American Nations, later re-named UNASUR.

UNASUR seeks to foster trade within the sub-continent. The ultimate goal of setting up a continent-wide customs union is clearly unattainable in the short and medium term. Here the contrast between South American and European regionalisation is obvious. The original agreement among the founding European ‘Six’ successfully attracted neighbouring countries – which has not happened in South America. Clearly, the ‘US factor’ is perceived differently on either side of the Atlantic.

Brazil, regional integration and the European Union

This minor digression puts into perspective the growing importance of South American integration schemes for Brazilian foreign policy in recent years. Brazil’s heightened international profile, especially as concerns South America, is not born of a desire for self-promotion. It is rather a central pillar of Brazil’s drive for national development. Here again, European experience is illuminating, for building the European Union is more than simply jumbling

countries together – rather it is predicated on a fundamental redefinition of each Member State’s national self-image and goals.

Despite its size and scale, Brazil believes that forging a solid regional bloc is necessary for it to meaningfully engage in the multipolar world that is taking shape. Mercosul is presently negotiating – as is the Andean Community – a Free Trade Agreement with the European Union. The difficulties encountered are similar to those facing Brazil in its economic and trade relations with the European Union. Many will only be overcome when major global disputes, such as the current impasse over the Doha Trade Round, are overcome. European demands for greater concessions on industrial protection – which would harm efforts to rebuild the industrial foundations of many South American economies – are not matched by an equivalent willingness on the part of Europe and the United States to abandon protective agricultural subsidies.

Brazil and Europe and the reform of multilateral organisations

The reform of the Bretton Woods institutions is a common aspiration of Brazil and the European Union. Yet Europe’s resistance to reform the WTO casts a pall over hopes for greater collaboration on these issues. In contrast, there is room for optimism as concerns the World Bank and, above all, the International Monetary Fund (IMF). With Dominique Strauss-Kahn at the helm, the IMF has shown greater openness to the grievances of emerging economies. Following the disastrous failures of its prescriptions for South America (and for Argentina, in particular), there is now greater flexibility not just in the Fund’s general outlook, but also on the issue of how the organisation is run. Brazil, like other emerging countries, seeks a greater role in the IMF’s decision-making (i.e. increased quotas), in proportion to the country’s present weight in the world economy.

On other multilateral questions – most particularly issues of global governance – there is significant room for cooperation between Brazil and the European Union. First and foremost, the reform of the United Nations, so as to enhance that organisation’s authority as well as the chances for meaningful evolution towards a truly multilateral world. Of special relevance in this context is the

question of collective security and, more particularly, of the enlargement of the Security Council. Brazil is a candidate for a permanent seat on an enlarged Council that is better suited to the realities of the post-Cold War era, which are radically distinct to those of 1945. While reform has the support of the likes of the United Kingdom, France, Germany and Portugal, it will be difficult to achieve unanimity within the European Union, given the reluctance of countries such as Italy and Spain to accept new permanent members.

While these difficulties will not be easily overcome, there remains scope for joint action on other collective security issues. Brazil's and South America's successful involvement in Haiti offers a new paradigm for multilateral political, diplomatic and military intervention in flash points where Brazil enjoys special ties, such as Africa. The same goes for dealing with the Middle East stalemate. Brazil joined European countries in taking a front seat during the recent Lebanese crisis and, just a few months ago, at the Annapolis Summit.

As long as a new global governance and its attendant multipolar order are not ushered in, *ad hoc* groupings, such as the G8, will continue to prosper. Since President Chirac's Evian initiative, in 2003, the G8 has regularly met with other emerging countries. The G8+5 formula (Brazil, China, India, South Africa and Mexico) that has been taking shape in recent years may still offer room for improvement, but it does open the way for new groupings. No matter how transitory and imperfect, they help bring fresh ideas to the debate on how the global community should deal with major economic, political and social threats. Brazil has partnered with Europe on major initiatives with meaningful results, such as the fight against hunger and poverty. Yet there remains room for an even more ambitious partnership equal to the scale of the challenges ahead.

Brazil, Europe and Africa

Trilateral cooperation with African countries is one worthy option. There is no denying that Europe's longstanding ties with Africa are often tinged with ill-resolved colonial overtones. Brazil for its part has engaged in a major way with the African continent. Since 2003, President Lula has visited over twenty countries and expects to

travel to many more over the coming years. Brazil has 32 embassies in Africa, while African countries have doubled the number of diplomatic missions in Brasilia, which has hosted over 20 heads of state and government from that continent since President Lula took office.

The growing number of agreements signed between Brazil and African nations helps explain the mushrooming of Brazilian investments and financing schemes in Africa, as well as the five-fold jump in trade over the last three years. President Lula is a firm believer that biofuels offer an exceptional platform for cooperation with Africa. Much of the continent boasts ample sunlight, and abundant demographic, land and water resources to sustain biofuel production, be it sugarcane-based ethanol or biodiesel from oilseeds native to Africa.

The production of biofuels can become a major boon to oil- and gas-poor countries, but their use should also be encouraged in oil-rich regions. As long as adequate measures are taken to ensure local food security, biofuels can offer innovative solutions to the energy crisis affecting many countries. Alternative fuels can also help redress trade imbalances by both reducing the need for fossil fuel imports and generating foreign currency from the export of green fuels. By creating new job opportunities, biofuels help stem perverse mass migration – rural exodus and the ensuing bloating of African capitals – as well as the international migrant flows that so worry Europe. Beyond its positive impact on global warming, biofuels open new industrial opportunities for recycling used plastics, medicines, fertilisers and other materials. By uniting European financial resources and Brazilian technology, we can further encourage the renaissance already underway in Africa's economy.

Defence cooperation

Defence is yet another important field for Brazil-European Union cooperation. The end of the Cold War, together with Brazil's democratisation during the 1980s and its new South American neighbourhood policy, especially towards Argentina, has seen the demise of old and obsolete conceptions of security. Only of late has Brazil set about developing a new defence doctrine, one that is

relevant to the multipolar world in the making, to continental integration and to the constitutionally-mandated tasks allotted to the Armed Forces. This conceptual evolution, together with the major fiscal crunch that hit the Brazilian Armed Forces – as has happened throughout the region – has led to deep cuts in the defence budget over the years.

The doctrinal debate on defence policy is inseparable from the question of arms procurement. Brazil has no intention of going on a ‘shopping binge’ for weapons. It is more interested in cooperation programmes ensuring technology transfers that will help rebuild the Brazilian defence industry in partnership with that of other South American countries. President Lula favours the setting up of a South American Defence Council to underscore the continent’s commitment to remaining a peace zone and to fostering local defence initiatives that are mutually compatible, including on procurement policy. A well-balanced and non-asymmetrical relationship between Brazil and the European Union in this field could go a long way in advancing Brazil’s regional defence agenda.

Science, technology and culture

Promoting cooperation in science and technology should take a front seat in Brazil-European Union relations. The economic development surge Brazil underwent in the 1950s and 60s was largely fuelled by obsolete imported industrial equipment. In contrast, the present-day international division of labour is such that Brazil has strongly benefited from imported cutting-edge technology. Yet, as mentioned in relation to military cooperation, the challenge is not simply to import the most up-to-date hardware through turnkey packages. Rather the goal should be to enhance technological partnerships that foster prosperity on both sides of the Atlantic.

This requires improved exchange programmes between tertiary-level scientific institutions, but equally closer cooperation in technical training, a field that has been undergoing an extraordinary revival in Brazil over the last five years. University cooperation at the undergraduate, graduate and post-graduate level was until recently mostly one-way (from Brazil to Europe) and centred on a few European countries. A wider range of European countries

should be open to Brazilians and the flow of students, teachers and researchers between Brazil and Europe should also be more balanced in both directions: Brazil-Europe and Europe-Brazil.

Cultural relations offer a major challenge, especially in the light of the relative decline in the influence of European culture in Brazil and South America. What is required is that, on the one hand, European culture recovers the privileged place it enjoyed in the past. On the other hand, the partial – even distorted – perception of Europeans toward Brazilian culture must be corrected. Recent developments disclose new potential, such is the case of the exceptional growth of the Instituto Cervantes in Brazil, as well as the British Council and the Goethe Institute's strong presence there, together with a somewhat reinvigorated *Alliance Française*. The *Année du Brésil* in France, in 2005, was judged the most successful 'saison' of this type. Over ten million European visitors were exposed to Brazilian culture. Its outstanding success led to the decision to organise, in 2009, the Year of France in Brazil. This is an initiative worthy of replication in other European countries, in particular those with strong historical ties to Brazil, even though these have often weakened over recent decades.

Making cultural goods widely available and fostering an enhanced appreciation for local production should be at the centre of any cultural cooperation effort. This is why the audio-visual field, including cinema, television and the new communications technologies, deserve closer attention. Given its strategic character, this is a highly disputed field, be it openly – in the case of commercial negotiations, especially on intellectual property rights – or mutedly, which highlights the issues of cultural hegemony at stake today. Multilateralism is not limited to purely economic or political considerations. Its cultural dimension is all the more important given its impact on concrete economic and political issues. A more effective and direct dialogue between Brazil, South America and Europe, one that does away with intermediaries, will help overcome common stereotypes that infest European analyses of South America and South American perceptions of Europe.

Perspectives

Relations between Brazil and the European Union must not ignore the dialectic that has overtaken international relations in recent decades. Positive (and negative) experiences associated with integration processes are closely linked to the ability of Government and civil society to cooperate constructively. This can be a trying relationship, but one that remains indispensable. It is trying because of the often conflicting perspectives that each brings to the table. Yet it also is indispensable, in so far as society – and the public spaces that mould it – play a critical role in setting limits on government, above and beyond those controls already enshrined in formal state institutions.

Yet as in any relationship, the strategic partnership between Brazil and the European Union requires agile and efficient mechanisms. The inevitable formalities associated with any meaningful alliance must not be allowed to stifle it. Otherwise, bureaucracy's empty rhetoric is simply a mask for passivity and lack of true commitment.

The specificity of the integration processes taking place on either side of the Atlantic mirror differing realities, both historical and material. To bring the European Union and Brazil closer means more than simply binding together a continent and a country. A continent that has collectively undertaken an extraordinary economic and political adventure over the last fifty years; and an emerging country that seems to have rekindled its faith in the promise of the future.

Brazil also offers a conduit for Europe to reinvigorate its ties with Mercosul and other countries wishing to make UNASUR a reality. From this partnership, more than mutual material gain can be expected; rather we can hope for an important contribution to building the multipolar, democratic and peace-loving world to which we all aspire.

The EU and China: a necessary partnership

François Godement

Partnerships for effective
multilateralism
EU relations with Brazil,
China, India and Russia

4

Introduction

China is the largest emerging economic power, and exerts a growing influence on the European economy. It is now becoming the EU's first source of imports for goods, and also its first source of foreign trade deficit: worth 131 billion euro in 2006, this is projected to grow to 170 billion euro in 2007, a level equivalent to the well-known US trade deficit with China. While a downturn in the US economy and a lower dollar have slowed down the growth of Chinese exports to the United States, in January they were still increasing towards Europe at a 30 % year-on-year rate. No other major economy in world history has reached an external trade surplus amounting to 11 % of GDP.

China is also the first recipient of foreign direct investment (FDI) among emerging economies, at levels which have consistently exceeded 50 billion US dollars since 1997, reaching 83 billion US dollars in 2007. The European Union's contribution to this flow is only around 5%, although much of it is allocated to comparatively high-technology industries. China's monetary reserves are the highest in the world, reaching 1,530 trillion US dollars in January 2008; any sign of a coming shift of these reserves out of the dollar could bring about a further rise in the value of the euro. China's foreign trade has been largely liberalised as a consequence of its entry into the WTO. The same is not true of services, where China still maintains significant barriers, while the European Union, a significant exporter of services worldwide, maintains a 7 billion euro surplus in this area with China. China also claims trade protection for some of its national industries, while it complains about the anti-dumping or temporary measures that affect roughly 10% of its exports to Europe. Europe is now a major tourist destination for the Chinese, and also a major centre of higher education for students from China. China's own foreign direct investment into Europe is now growing, with cases of

acquisitions of small to medium-sized enterprises multiplying. Given the level of China's currency reserves, the well-publicised creation of an investment fund has triggered a debate in Europe, alongside the trade issues, on the acceptability of Chinese investment in strategic industries. Globally, the outward flow of Chinese direct investment – both industrial and financial – may have exceeded 50 billion US dollars in 2007, although precise figures are hard to assess.

China is also important because of its progressive integration in the international system and its multilateral-based rules. All policy areas are affected, most notably intellectual property rights, the above-mentioned economic issues, emission control and global warming, international access to energy and raw materials, non-proliferation, official development assistance (ODA) and governance criteria, and human rights. In fact, this list can grow indefinitely, as China's present or potential influence is felt across almost all fields of international exchanges.¹

China has different demands for the European Union. Some of them, as set out in China's sole policy document regarding the European Union (October 2003),² are negative: China insists that the European Union refrain from intervention in its internal affairs in the name of human rights, and does not want it to receive visitors representing the Tibet cause and Taiwan. Other demands are positive: China wants the European Union to rescind its arms embargo, and to grant China market economy status.

China is an incontrovertible partner. The international debate has progressed beyond the issue of 'engagement' or 'containment'. Europe has issued no less than five policy communications since 1995 regarding China. The overall framework of the relationship, however, is still defined by the 1985 Trade and Economic Cooperation Agreement (TECA), which is being renegotiated into a Partnership and Cooperation Agreement since January 2007, with a goal to conclude talks by April 2009. China and the EU have already signed more than 30 major agreements or high-level exchanges. These include an annual EU-China summit since 1998, several high-level government meetings and a yearly strategic dialogue at vice-foreign ministerial level since December 2005.

A strategic dialogue, however, is not the 'strategic partnership' that was set as an official goal in 2004. Among major agreements and dialogues, the human rights dialogue, established since 1996, has proven the thorniest as the Europeans question the practical

1. For a review of China-EU relations, see David Shambaugh, Eberhard Sandschneider and Zhou Hong (eds.), *China-Europe Relations: Perceptions, Policies & Prospects* (London: Routledge, 2007).

2. English version found at: http://test.fmprc.gov.cn/eng/to_pics/ceupp/t27708.htm.

follow-through of these meetings. On the other hand, several successive science and technology agreements have led to substantial cooperation. China and the EU cooperate on illegal migration flows, and have at the same time signed a memorandum making Europe an 'approved destination' for Chinese tourists. Some of these dialogues are *ad hoc* creations following the advent of a major bilateral problem, such as the textile trades dialogue set up in 2004. They signal, however, that China is ready to commit important resources in order to enhance its relations with the European Union. In October 2003, China's Ministry of Foreign Affairs issued its own policy paper towards the EU, recognising European integration as an irreversible process and designating the Union as an influential global partner. In December 2007, China and the European Union decided to set up a High Level Economic and Trade Mechanism.

Three caveats

Three cautionary remarks, however, should moderate expectations about these developments.

- China is not alone in Asia. In spite of more than 15 years of slow growth, Japan remains the world's second economy (4.3 trillion US dollars in 2006 versus 2.7 trillion US dollars for China) and a more important partner of the European Union, if one factors in cross-investment and technology exchanges and the obvious compatibility of democratic values and market practices. India's population will overtake China's in the next twenty years, its economic growth is accelerating, and its foreign trade is tilted towards Europe. Other Asian countries or groupings (ASEAN) are also vibrant, and represent important markets. All these countries, in spite of persistent geopolitical reservations and local conflicts, have a policy to engage China. But they are also important partners for the European Union. What the European Union says and does with China must be consistent with its relations with other Asian countries, so as to preserve a political balance among different EU partners. To paraphrase the slogan for the 2008 Beijing Olympics ('one world, one dream'), there must be 'one EU, one voice'. The EU's recently published foreign policy and security guidelines towards East Asia recommend that Europe should enhance a strategic dialogue with China, but also with Japan and the United States regarding East

Asia in general.³ The regional dimension of bilateral strategies must be pursued at all times, including by having Europe serve as a catalyst to establish new areas of regional cooperation.

- ▶ Excessive expectations placed on the relationship have damaged it in the recent past. Europe's immediate declaration of a strategic partnership floundered on the issue of the arms embargo in force since 1989. The lack of explicit criteria on Europe's part may have encouraged China to think an upgraded relationship with the EU could be obtained virtually without any concession on its part. Talk of the 'honeymoon' in 2004 was therefore replaced by disappointment in 2005. We should not repeat this cycle of optimism followed by disappointment. Coordination among Europeans must come first.
- ▶ Conversely, excessive and simultaneous demands in too many areas have no chance of being met by China, given its emphasis on sovereignty and the capacity to resist demands, its strengthened government, but also the immense requirements it faces domestically. The October 2006 European Commission China policy paper is the most comprehensive and cogent list of prescriptions since these documents have started appearing.⁴ The Council, however, saw clearly that such a wide array of policy goals could not be implemented realistically. It has only endorsed the conclusions of the Commission paper 'in general'. China is likely to wait until it perceives what the true negotiating priorities of the European Union are. It will also be on the lookout for any signs of wavering and cracks among Member States. This is not because of a devious purpose, but because it is a realist power, not a neo-institutional construction, and also because its own persisting sense of weakness still requires the power-balancing policy of 'dividing Barbarians'.

An agenda for strategic partnership will therefore build on the legacy of past agreements, on the experience of recent setbacks and difficulties, on the ongoing negotiation of a Partnership and Cooperation Agreement that would go beyond the original terms of 1985, and of course on the political will by both parties to intensify relations. The US will remain a defining factor in shaping the EU-China partnership. China will look carefully at its own relations with the United States, the balance of which will prove an important factor in determining policy shifts towards the European Union. For example, the United States holds the key to

3. Full text at: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/en/misc/97842.pdf.

4. Full text at: http://ec.europa.eu/external_relations/china/docs/06-10-24_final_com.pdf.

restrictions in international technology transfer in military-related sectors, and is also considered by China as the arbiter of the oil market and the gatekeeper of access to many energy resources. US Congress action, whether motivated by broader political concerns or by dissatisfaction over trade, has the potential to derail China's export-led growth. At the same time, China is carefully watching the overload of the US foreign policy agenda, and is also increasingly anxious about the possible consequences of international financial imbalances and turbulence, what the Chinese call the 'new complexity' of the international situation.

A case could be made that the bipolar relationship emerging between China and the United States, while leading to strategic stability, has also increased economic imbalances, and that it is in China's interest to develop an economic partnership with other major economic poles. The European Union, for its part, will feel the need to avoid statements and decisions that contradict its principal ally or that antagonise other important Asian partner states. Finally, public opinion – and the ups and downs of the public opinion cycle regarding China – should also be taken into consideration. In this respect, an unexpected downward cycle started in 2007, with Chinese social and environmental issues, concerns about the 'plundering' of Africa, food and toy safety, and cyberattacks featuring among the main issues in daily press coverage. This cycle should not distract us from the main perspective, however: China is undergoing a fast process of growth and internal reform; China's stability and the stability of Asia are essential concerns for Europeans as well as for Asians

The political and security dimension

In the balance between multilateralism and multipolarity, the notion of a Chinese-European convergence of views is underpinned by much ambiguity. Europe is not a major strategic actor in East Asia because it does not share military responsibilities in the region's hot spots. This sometimes leads to the notion of a European policy that would be complementary to US policy, and focused on 'soft power' and multilateral action. While Europe is a significant aid giver to China, in the belief of an engagement-induced transition over social and domestic political issues, this does not provide significant leverage. The two sides give

prominence to multilateralism and to the UN system. But most European member countries are also allies of the United States, while China officially rejects hegemony, unilateralism and power politics. Europe and China have the mutual advantage of not sharing borders or neighbourhood problems, but Europe has to take into consideration the concerns of other partners in the Asia-Pacific, while China's increasingly global reach implies that there are now concerns about China's foreign policy in regions much closer to the European Union. The China-Iran relationship and the strength of China's actions to counter proliferation, Africa, energy deals with Russia, and the effectiveness of United Nations resolutions (and of the potential sanctions that they include) have all become areas of potential cooperation or friction between China and the European Union.

UN reform, peacekeeping and regional integration

The issues of UN reform and effectiveness top the agenda. Both of the EU Member States which are permanent members of the UN Security Council have endorsed the enlargement of the permanent membership of this body to Brazil, Germany, India and Japan, while Germany has entered a mutual pledge with those three other candidates. China's negative attitude towards its key neighbour in Asia, Japan, and its lukewarm attitude towards the third Asian regional power, India, have effectively halted the reform. The recent thaw in relations between China and Japan should encourage Europe to raise the issue again.

Cooperation should be sought with China with regard to its participation in peacekeeping operations, whether they are decided under UN auspices, or whether they are increasingly framed in a framework of regional international organisations. Training of peacekeepers is one area of cooperation, where China now has established an international centre of its own. Efforts to train Chinese peacekeepers and to communicate on the mandates and experiences of peacekeeping would be a step forward for both sides, and also a way to deflect potential controversy over the issue of the arms embargo.

Perhaps the most important development, however, would be the setting-up of joint Asian peacekeeping operations. While China declares itself against alliances and international manoeuvres, it has encouraged joint military exercises with Russia and

other Central Asian states participating in the Shanghai Cooperation Organization. By contrast, international peacekeeping is almost absent from the Asia-Pacific at the regional level. Because of concerns about the underlying balance of power, Asian regional institutions have not developed regional crisis management, peacekeeping and preventive diplomacy. However, many Asian states, including China, provide peacekeeping contingents globally. The European experience of comprehensive peacekeeping and peacebuilding could be addressed in the dialogue with ASEAN, China and Japan, as a model for better relations within the region.

Regional and interregional cooperation in East Asia are growing. China is now engaged in practically all Asian regional institutions and in the second-track dialogues of the ASEAN Regional Forum. These also include sub-regional dialogues such as the Six Party Talks on the Korean Peninsula, where China plays a key diplomatic role. Chinese diplomats are present in all meetings and study groups of the Council for Security Cooperation in the Asia-Pacific, which covers topics such as North-East Asian peace and stability, weapons of mass destruction, maritime security, energy security and transnational crime. A major limitation to China's participation, however, lies in its insistence on keeping the Taiwan issue, and participants from Taiwan, off the agenda and the roster list of meetings that deal with international relations or military issues. China also remains cautious about entering into commitments in the area of confidence-building measures, preventive diplomacy and cooperative security. China by far prefers state-to-state bilateral agreements, or interstate cooperation within the Shanghai Cooperation Organization, where counterterrorism, joint military manoeuvres and anti-hegemonic pledges are the main points of the agenda. It is also using economic diplomacy, as well as cultural and educational exchanges, as tools of 'soft power': the concept appeared in President Hu Jintao's speech to the 17th CCP Congress in November 2007.⁵

Non-proliferation

After a long stalemate, the international process to prevent the nuclearisation of North Korea has suddenly made headway, leading to a revival of the Six Party Talks sponsored by China in February and October 2007. There is no question that, at this stage,

5. Full English text of Hu Jintao's speech available at: <http://english.sina.com/china/1/2007/1025/129308.html>.

the engine of progress on the Korean peninsula is the bilateral US-North Korea relationship, as Chinese diplomats have correctly assessed in the past. It is important, however, to keep these talks in a multilateral perspective, especially from the point of view of non-proliferation.

China's role with regard to the Iranian nuclear issue is also a matter of important concern to Europe. The China-Iran relationship is driven by Iran as much as, or more than, by China. Chinese business interests in trade and investment relations, and the prospect of important natural gas resources, for which China is in competition with India and even (until October 2006) Japan, are important factors. China needs to strike a balance between its immediate interests and the need to be regarded as a 'responsible stakeholder',⁶ particularly when the UN Security Council concerns itself with Iran.

An important linkage has emerged between the Iranian and North Korean situation. While withdrawing from the Non-Proliferation Treaty (NPT), North Korea has declared itself a nuclear military power and has conducted what is officially described as a nuclear test. Because of this historical record, it is undesirable that the ongoing negotiations on the disabling and dismantling of North Korea's uranium reprocessing facilities result in allowing what would be best described as a 'recessed' nuclear power status for that country. This example would be cited by any country wishing to withdraw from the NPT while developing a military nuclear capacity.

It is in the interest of the European Union to ensure that China does not suspend its diplomatic efforts and cooperation before North Korea's existing nuclear weapons are accounted for and included in a denuclearisation agreement. The European Union, which threw its weight in at an awkward time (November 2002) with the diplomatic recognition of North Korea by most of its Member States and initial pledges for aid, should now stand ready to be part of a multilateral package designed to reintegrate North Korea into the international community, provided North Korea abides by its recent commitments.

Military issues and the arms embargo

The EU has been insisting on more transparency in China's military spending. The importance of this issue is highlighted by China's anti-satellite space test of January 2007. China is, in

6. This expression was coined by Robert Zoellick in December 2005. Full text of his speech available at: <http://www.state.gov/r/pa/prs/ps/2005/57822.htm>.

principle, committed to peaceful use of outer space, and is also engaged in a limited partnership with the European Union on the Galileo GPS project. It is important to put the testing of anti-satellite weapons to an end, both to avoid the risk of environmental damage and to limit danger to other users of outer space, and because China's use of anti-satellite weapons might trigger similar programmes elsewhere, especially in the Middle East. A further clarification is also needed in view of a recent statement by President Hu Jintao, made at the APEC summit in September 2007, regarding the 'dangerous phase' into which Taiwan has entered.⁷ President Hu has recently, in his address to the 17th Communist Party Congress, corrected this perspective by holding forth the possibility of a 'peace agreement' with Taiwan, on the basis of the One China principle.

The European Union has endorsed the One China principle and criticised the risk factor inherent in declarations alluding to independent statehood made by some of Taiwan's leaders. The EU is therefore entitled to query China about its own contribution to a peaceful resolution of the cross-straits issue. It would be wise for the EU to build on this stand in order to obtain from Chinese interlocutors a pledge not to use force, and to maintain positive proposals on the issue of reunification.

Military relations and arms exports remain out of the bounds of the partnership, since the European Council decreed in June 1989 an 'interruption by the member states of the community of military cooperation and an embargo on trade in arms with China.' The Council affirmed in December 2004 'the political will to continue to work towards lifting the arms embargo', without any increase in arms sales, however. There are reasons to believe that this decision of principle should be followed through by plans for an orderly normalisation of the situation. China's soldiers participate in many peacekeeping operations, where they routinely cooperate with other contingents, including from the European Union: such is the case for example in Southern Lebanon. Military-to-military exchanges in training and education exist with several European countries. Naval visits and even joint exercises, if not military manoeuvres, have taken place with France, Italy, Spain and the United Kingdom. The United States has also started a strategic dialogue with China on important foreign policy and security issues. In this context, the European arms embargo appears as a barrier of principle.

7. Hu Jintao's remarks can be found at: <http://hr.china-embassy.org/eng/zxxx/t360601.htm>.

The European Union needs to make a decision on the mechanisms for restricting arms exports to sensitive countries, and on the commitments it requires from China in exchange for a lifting of the arms embargo. Not to set these conditions, and not to be able to deliver in a dialogue, downgrades the negotiating potential of the European Union with China. This negotiating process is a test for Europe's future foreign policy and security institutions and for their ability to coordinate positions with Member States.

Human rights

Europe is torn between the necessity of positive, multi-level engagement with China, and frustration over the lack of progress in the realm of human rights, judicial and legal cooperation. There is no perfect answer to this dilemma, but Europe should prominently raise specific human right cases with China. Moreover, the issue of the ratification of the UN International Covenant on Civil and Political Rights is of primary importance, particularly in the context of a possible lifting of the sanctions which include the 1989 arms embargo. This requirement should not prevent Europe from engaging in a longer-term cooperation designed to favour a transition. Training, overseas education in humanities, social sciences and the legal professions, as well as the media, should be presented as part of the overall package of scientific and educational cooperation with China.

China and Africa

Because of its growing presence and investment in the continent, China carries a serious responsibility for stability, security and development in Africa, and especially over the Darfur issue.⁸ Overall, two-way trade has increased from 5 to 55 billion US dollars between 2001 and 2006, with a slight surplus for Africa due to its energy and raw material resources. This should not obscure the fact that Africa's exports to China are still only a small fraction of its exports to the European Union. While very impressive figures are often cited today for China's aid to Africa, these data often group together actual aid with loans tied to exports or projects involving Chinese firms. China's Official Development Assistance (ODA) has in fact declined relative to its trade volume with Africa. China's aid is project-driven, often in synergy with commercial

8. Christopher Alden, Daniel Large & Ricardo de Oliveira (eds.), *China returns to Africa: a Superpower and a Continent Embrace* (London: C. Hurst, 2008).

credit and the involvement of private firms. Furthermore, China's high profile also triggers, by way of competition, a further influx of aid from other Asian countries, such as Japan and Korea. Trading networks of immigrant Chinese entrepreneurs and labour force migration from China to Africa are also creating a mixed picture: they stimulate competition, from consumer goods to infrastructure projects, but also create social tensions.

International aid and cooperation programmes are necessarily affected by China's very swift rise as a commercial partner and an aid-giver. The European Union and other multilateral aid-givers will have to change their strategy in response to China's activities. Engaging China to participate in regional and multilateral projects and programmes, raising awareness of aid and governance criteria but also showing a readiness to re-examine them in the light of Chinese participation, are important goals. In this context, a trilateral dialogue with African regional organisations, helping to strengthen the hand of African governments in dealing with outside partners, is also desirable.

Calls for observing governance criteria and for refraining from restarting a public debt spiral, however, are likely to go unheeded by China. China does not lend much for current government expenditure or towards social programmes. It mainly finances projects which have a clear profit horizon, or the infrastructures that are needed to transport major energy and natural resources. The European Union does not have much direct leverage over China's Africa policy, and should instead focus on the emerging commercial competition that is, in many ways, welcome to Africans. There are nevertheless two areas of leverage: one is the protection of foreign nationals and investment, where China is every bit as vulnerable as any other outside actor. Regional safety mechanisms and cooperation should be enhanced, and used to bring in Chinese cooperation. The other concerns the issue of the European Union's aid to China itself.

External aid programmes

Both the EU and Member States maintain large ODA programmes towards China. The situation is paradoxical, since China is Europe's principal source of trade deficit. Aid programmes since 1989 have been justified by the persistence of poverty-stricken areas and sectors of China's population. In practice, European aid programmes

often target infrastructure and light industry projects that have been vetted by local Chinese authorities, and could well be financed by China's public budget. The amounts spent on ODA could well be reallocated towards joint project financing, with particular attention on areas which constitute joint priorities: energy efficiency, environmental protection, urbanisation and transport, public education and health services. At any rate, grants towards China should increasingly be matched by Chinese cooperation with European aid-givers in other regions of the world, such as Africa.

Economic and trade issues

Economic and trade issues dominate the relationship between China and the European Union. Patent and intellectual property issues, the bank distribution system and insurance market, dumping subsidies and price-fixing are all questions of growing importance. Non-tariff barriers are estimated by the Commission to cost Europe more than 21 billion euro annually. Strategically, three overarching issues permeate these debates.

First, the issue of protectionism and 'economic nationalism', which is embodied in two recent debates. In China, the drafting of the new monopoly law designating key strategic sectors where outside investment may be forbidden on an increased scale. In the European Union, a mounting pressure to protect key industries and firms from acquisition by China: the 'golden share' concept, or outright regulation. Europe faces a genuine dilemma in this respect: much of the capital outflow resulting from its trade deficit with China is not recycled to Europe, but towards the US monetary and debt market. Europe therefore blatantly needs an influx of Chinese FDI and financial capital to balance the trade relationship (unless one believes that a more balanced trade relation is within reach – an unlikely scenario in the coming years). Some of these issues are also divisive within Europe.

It is urgent that the EU, just as it achieved unity on its negotiation objectives for China's entry into the WTO in 1999-2001, works towards the same unified strategy in the financial area. Europe's trade deficit and the international context in fact provide some leverage, while it is clear that Chinese surplus capital can be put to some use in key sectors of the European economy. Why not seek a partnership for infrastructure financing in Europe itself?

This partnership has been highlighted by Chinese participation in the Galileo global positioning system. But there are many other areas for joint infrastructure investment, such as transport, energy, and communications. Why not balance the ‘golden share’ concept with a degree of Chinese participation in some key sectors and industries? It is desirable to recycle some of the Chinese trade surplus into the European economy, without increasing the level of public debt and without a further rise in the European currency. Infrastructure investment is an area that provides both a solution to some of the imbalance, and rates of return for Chinese investment without risk. Why not seek a joint code of investment towards this goal?

Second, the issue of monetary policy. The fact is that Europe itself is a surplus capital exporter, and its monetary policies have not been conducive to recycling of capital from China. China has in fact missed the opportunity afforded by the rise of the euro since its introduction in 2002, repeating the Japanese mistakes of the 1980s by buying into a depreciating dollar for political reasons. Europe would not benefit today from a sudden and high-profile shift of China’s forex reserves towards the euro – as this would cause further appreciation of the euro. Yet China is today anxious to hold more diversified currency reserves. New debt instruments might be explored such as Eurobonds for public and private issuers. In the short term, however, the question of the re-evaluation of the yuan has become a key issue of contention between China and the European Union. Further liberalisation of China’s capital controls is necessary. Europe should also seek more transparency on China’s external capital flows, often originating in offshore capital markets. Europeans should realise, however, that reevaluation of the yuan and better governance for China’s capital markets will actually lead to a rise in Chinese investment abroad. Europe must have a positive outlook to receive and put to good use this flow of Chinese capital.

Third, the issue of opening up China’s service sector to more outside competition. This is an area where Europe has an international advantage, yet the service sector remains severely restricted in China. This is by no means limited to financial services. Construction, telecoms, and distribution services are also cases in point. The opening should also be extended to government procurement and to public goods, given the magnitude of China’s domestic investments linked to rapid urbanisation.

Energy and the environment

This is a very strong case for partnership between the European Union and China in these crucial policy areas. Even counting the sometimes uncoordinated strategies of Chinese energy firms abroad to secure long-term access to energy resources, China's overall energy picture and situation increasingly resemble that of a large consumer society with increasing external dependency and much societal autonomy – or anarchy – in energy consumption. China's government, a few months before the Olympics, is also stung by criticism, inside and outside China, regarding the rising level of pollution and emissions.

In the energy domain, an important EU partnership with China is already in place. The energy dialogue has existed since 1994. An Energy Development Programme, started in 2004, has resulted in two Action Plans on, respectively, clean coal, energy efficiency and renewable resources. Europe has further committed itself to a zero-emission generation project with China. The Joint Declaration on Climate Change⁹ and the resulting EU-China Strategic Partnership are a key element of joint multilateral cooperation between China and the European Union. Member States add other resources and projects to this agenda. For its part, China has increasingly emphasised the pursuit of energy efficiency (with a plan to reduce energy consumption per unit of GDP by 18% in 5 years) and the need to protect its own environment over the mere pursuit of energy security in geopolitical terms.¹⁰ There is still a huge gap, however, between these pilot projects and declarations on the one hand, and concrete achievements on the other. Future cooperation between China and the European Union should include the following issues and sectors:

- Access to market and reciprocal rights (including acquisition of firms and distribution rights). While Chinese consumers would benefit greatly from more competition in the energy distribution sector, there should be no basic fear of Chinese ownership in European primary energy production and distribution firms, since both Europe and China are energy consumers and energy importers, rather than energy producers with a potential monopoly or cartel position. It would be in the interest of both China and the European Union to open up the capital of their infrastructure, production and distribution entities. It is also in

9. Full text available at: <http://www.eu2006.gv.at/de/News/information/3003ChinaClimateJD.html>.

10. Michal Meidan (ed.), *Shaping China's energy security: the inside perspective* (Paris: Asia Centre, 2007).

the interest of Europe not to let Russia alone have the deciding hand in an emerging triangle between European and East Asian consumers. The EU-China partnership on energy should break new ground.

- ▶ Cooperation over alternative energy sources (nuclear, wind, solar, coal gasification and liquefaction) as well as on emission control. Large-scale and low-cost production – China's trademark in all consumer goods sectors – is not very developed in the area of alternative energy sources. Industrial cooperation, however, could lead to vastly reduced costs in products ranging from solar panels, high-efficiency batteries, hydro-turbines and electric motors for wind electricity. In this domain, as well as in others, moreover, it is very important that the European Union move from an aid-giving and protocol partnership to commercial partnership. At present, there is insufficient visibility of the end-results of European aid and actions. It is important to strengthen intellectual property rights and in particular to ensure that cutting edge European technologies in the area of energy efficiency are not recycled free of charge by Chinese firms. In practice, this is yet another reason to promote joint financial investment in environmental industries.
- ▶ A Europe-China initiative should be launched, preferably in a Europe-Asia setting, on the post-Kyoto criteria for 2012 and, before that, for the new round of application to the Clean Development Mechanism after 2008. China benefits from the carbon trading system as an emerging economy, and some of its firms with very high emission levels take advantage of this to seek financing. Europe risks its credibility on the issue of emission reduction, where it has taken a forward-looking stand but must now look for alliances. A more ambitious plan for the reduction of emissions in China should be sought with joint financing and technical cooperation. A three-way partnership with Japan would bring new leverage in this area. In this context, there have been conflicting reports on China's concrete plans for a pilot clean coal generation plant by 2015, in spite of an agreement for co-financing with Europe. China may be developing, with a longer time horizon, its own industrial processes. Ensuring co-development in a shorter timeframe is indeed a symbolic goal for EU-China cooperation.

Social issues

Social issues are a weak link in China's fast development path. This is acknowledged by authorities who have attached growing importance to building a 'harmonious society' as a way to address these issues. While China today is a middle-income country, its Gini coefficient of inequality has steadily worsened – above 0.45 for the last five years, it is the highest in Asia. The speed of the transition from collective planning to the market has left behind whole sectors of social protection such as retirement pensions, health care, education in rural areas, water and waste management. Some issues of public management are of a social more than of an economic nature: public procurement and competition, anti-monopoly law and its enforcement, urban planning. There are theoretical debates inside the think-tanks of the Communist Party on social models. Some advocate social-democratic or 'Northern European' style reforms, while others lean more heavily towards economic liberalism with safety nets. In regulation, financial incentives, and across many sectors, Europe has considerable experience to offer and should place its firms as providers of services and know-how in China.

However, it is inconceivable that Europe should continue the financing of domestic social adjustments in China, while the competitive sectors of China's economy become the first source of external trade deficit for Europe. Cooperation should therefore be viewed as a mutually profitable, contractual process, and not as part of Europe's external aid. With this reservation, there are many areas where it is in Europe's best interest to help China overcome its remaining deficiencies.

- ▶ AIDS and other epidemics. European expertise would be helpful in designing information and prevention programmes. Exchange of information and cooperation among the pharmaceutical industries should be encouraged.
- ▶ Urban planning, public transportation and regional planning. These are sectors where Europe plays a leading role in conceiving, producing and distributing social goods. They are also three sectors where China is in need of progress, in spite of the heavily financed but piecemeal projects it has launched ahead of the Olympic Games.

- Social protection and legislation. This is a very delicate area, because it involves not only international norms and the definition of individual rights, but also the debate on fair commercial competition and what constitutes social dumping. High-handed European requests are likely to backfire and remain unpopular in China, even if it would be in the interest of the working population to be protected by higher – and better enforced – norms. European firms themselves should be encouraged to enforce standards set by common deliberation, although the sectors where European presence is the strongest are not the most problematic in terms of social practices.

Conclusion

What does it take to upgrade China-EU relations to the level of a strategic partnership? First, there needs to be reciprocity in mutual pledges and commitments. The European Union's outlays in China are often not represented for their true value. China must also learn not only to make concessions – it already makes adjustment efforts – but to accept that these concessions are publicised. While this goes against the traditional culture of face-saving, it is now essential in order to persuade European public opinion of the acceptability of EU-China cooperation.

In other words, China needs to showcase some results of its cooperation with the European Union, and to produce some benchmarking regarding the effectiveness of signed programmes. Examples of benchmarking could be sought in the number and size of joint ventures in key areas of cooperation, in the publications resulting from training and educational exchange programmes, and in legislative or regulative changes introduced as a result of consultation with the European Union. Conversely, a track record of Chinese investment and partnership programmes in Europe should be kept.

Second, and more fundamentally, it is necessary that the European Union does not deviate from principle on some key issues, such as human rights, non-proliferation and reciprocal treatment. A coming test for China-Europe cooperation – and for multilateralism, promoted by both parties – is in the area of third party

cooperation and governance. Europe must welcome China's rising profile in regions, such as the Middle East, Africa and Latin America, where its economic dynamism creates new opportunities. China should strive to maintain and reinforce the international institutions and norms that are upheld by Europe.

Third, priorities need to be clearly selected and fleshed out. China's well-experienced negotiators have consideration for unity of purpose and action, and react in a realistic fashion to external requests when these requests are properly prioritised.

A Chinese perspective on China-European relations

Feng Zhongping

Partnerships for effective
multilateralism
EU relations with Brazil,
China, India and Russia

5

What China wants from Europe

China's foreign policy includes three main dimensions, which are interlinked, namely relations with its neighbouring countries, relations with the developing world, and relations with major powers. In China's official and academic discourse, great powers normally include the US, Russia, Japan and Europe.

However, unlike the US, Russia and Japan, which are either China's most important neighbours or the dominant powers at the global or regional level, the EU matters to China mainly because of its economic influence. Ever since China's opening up and reform in the late 1970s, Europe has been one of China's most important trade and economic partners. As the biggest developing country in the world, China during the early years of economic construction needed European countries' investment, high technology and experience of modernisation most. Today, thirty years later, the European Union with 27 Member States has become China's number one trade partner. In 2007, the EU replaced the US and became the biggest market for Chinese products. In other words, China now needs not just Europe's money and technology but also its markets. According to the Chinese Ministry of Commerce, bilateral trade between China and the EU from January to November 2007 reached about 322 billion US dollars. Although Japan has invested the most in China, it is the European Union Member States that have been China's most important supplier of high technology over the past three decades.

With trade volumes expanding, trade friction grows. China's exports (a substantial amount of which is from European companies operating in China) to Europe have increased at a fast pace. The EU has also significantly increased its exports to China over the past few years. The main problem, however, has been the increasing trade deficit on the European side. So far, the EU has not demanded China to reduce its exports to Europe. Instead, it is

asking China to open further its service sectors to European companies. Thus the real problem, to a certain extent, is not the trade deficit but market access. China, however, concerned with its own weak competitive position, has been reluctant to accept the Europeans' demand and would only agree to a gradual opening up of its service sector.

The Europeans have also been complaining about two other issues which they believe have affected European exports to China. One is China's ineffective protection of intellectual property rights, and the other is the depreciation of RMB, the Chinese yuan. The trade issue has become the major focus of the recent Sino-European talks during European leaders' visits to China and at the tenth China-EU summit held in Beijing on 28 November 2007. It has also become a main source of dissatisfaction and anger between the two sides. To redress the renminbi (RMB) issue, the 'big three' of the Euro group, namely the President of the Eurogroup, also prime minister of Luxembourg, the Head of the European Central Bank and the European Commissioner for Economic and Monetary Affairs, made an unprecedented trip to China in November 2007, urging the People's Bank of China, China's central bank, to reevaluate the RMB.

The Europeans, especially the European Commission, have been voicing the European concerns over trade issues since 2005 and Peter Mandelson, the Trade Commissioner, has been a frequent visitor to China. In October 2006, the Commission unveiled its first ever working paper on trade relations with China, together with its general policy communication on China entitled 'Closer partners and growing responsibilities'. On the whole, Europe has adopted a firm stance on trade matters.

China, for its part, has been asking the EU to recognise its full market economy status (MES). With MES, Chinese companies cannot easily become the victim of anti-dumping investigations by European authorities. Since China will automatically become a full market economy in 2016, 15 years after entering the WTO, the Europeans seem to have two choices. Either granting China MES as early as possible, because its value decreases each day, or to delay such recognition as long as possible. It is possible that the two sides could come to an agreement on the MES issue during their negotiations on the Partnership and Cooperation Agreement (PCA), which started in early 2006. The purpose of negotiating the

PCA is partly to update the trade and economic agreement between China and the EEC signed 22 years ago.

China has only gradually realised the importance of trade issues in its overall relations with Europe. The recent series of high-level meetings held in Beijing, especially, have had some impact on the top leaders of China. During the tenth EU-China leaders' meeting China's premier, Wen Jiabao, proposed setting up a vice-premier level economic and trade talk mechanism between China and the EU. The first such set of talks was due to take place in April 2008. It was also agreed that the People's Bank of China and its counterparts in Europe would hold regular meetings on issues which concern both sides. So far, China has had similar talks with both the US and Japan. The agreement to hold high-level talks with the European Union on trade issues is a clear indication that China attaches great importance to its biggest trade partner.

Of course, partnership is about much more than just trade and economic cooperation. China has been requesting the EU Member States to lift the arms embargo against China. France under President Jacques Chirac and Germany under Chancellor Gerhard Schroeder had pushed for this to be lifted. The chances of successfully removing the embargo were actually good until the US made its opposition clear and China passed the Anti-Secession Law early in 2005. The situation became further complicated when Germany elected its new leader in November 2005. Chancellor Angela Merkel is involved in consultations with the Americans on the issue. On the other hand, the French position has not changed since the new President Nicolas Sarkozy came into office.

China also wants the European countries to support its unification, and to oppose Taiwan's independence and other independence movements in China. From China's point of view, although the European countries do not have as much leverage as the US does on Taiwan, the Europeans' position would still have a certain impact. By comparison to the French position on Taiwan, publicised during President Sarkozy's trip to Beijing in November 2007, the Chinese have good reason to be disappointed with the EU position expressed in the joint statement following the tenth Sino-EU leaders' meeting in Beijing. In that document, the European Union just expressed concern over the Taipei authorities' intentions regarding the future status of the island.

How China views Europe

As mentioned above, China has regarded Europe as one of the world's leading powers or, to be more accurate, as the world's leading economic power. This view, however, has been changing over the past few years.

First, more and more people in China think that the European Union is a power which has different views from the United States over the world order of the twenty-first century. Although both the US and Europe have the same values and share many interests, they hold different opinions on how to address the new challenges facing today's world. The gap between the Europeans and the Americans was real over the Iraq crisis. The majority of the population in Europe has opposed the Iraq war, even in the UK where the Blair government participated in the war with the US. The Europeans on the whole do not believe that military means can be effective in fighting international terrorism. The Europeans do not see eye to eye with the Americans on the issue of climate change either. While the EU has been playing the leading role in coping with global warming, the US, which refused to sign the Kyoto Treaty, is reluctant to make any commitment on the issue. Although the new leaders of France and Germany are regarded as more pro-American and transatlantic relations have greatly improved, key differences between the two sides have remained. The Iranian nuclear issue will be the litmus test for the newly recovered transatlantic ties. If the US attacked Iran, many European countries would have great difficulties in providing their support.

Second, the European Union should not be considered just a civilian power, as its military capability has quietly developed over the recent years following the Kosovo crisis. While many if not all Europeans still want the US troops to remain in Europe, the role of NATO has undergone considerable change since the end of the Cold War. The security situation in Europe today is completely different from that prevailing during the Cold War. According to the EU's first ever security paper, 'A Secure Europe in a Better World', agreed by all the Member States in 2003, the key threats facing the Europeans are international terrorism, the proliferation of WMD, regional conflicts, state failure and organised crime.

It has been suggested that this document should be updated, yet whatever changes may be introduced, the fact remains that Europe is facing new and also much more complex security challenges. Europe itself has shown a willingness to play a more active role and become the US's partner in dealing with the 'new threats'. Since the Kosovo crisis in the late 1990s, the EU has steadily made progress in the area of European Security and Defence Policy (ESDP). The EU is no longer just a trade bloc, playing the leading role in the WTO and other global economic institutions, but also an actor able to play a vital role in peacekeeping and crisis management with its so-called Battlegroups and other crisis management tools.

Third, most Chinese observers of Europe have an optimistic view of the future of European integration. Chinese observers have been more influenced by German and French approaches than by the British one. Most Chinese Centres for European Studies (thanks to the EU-China higher education programme, the number of Centres for European Studies in Chinese Universities and think tanks has grown rapidly in recent years) host German experts, French experts and British experts. The phenomenon of enlargement fatigue and the constitutional crisis have made Chinese officials and researchers cautious about the prospects for European integration. Yet the overall feeling in China about Europe's future integration has been quite positive. One has to accept that the European integration process has never been a straightforward one. The signing of the Lisbon Treaty in December 2007 (of course, it will not take effect until it is ratified by all 27 Member States), has sent a strong signal that the EU wants to move forward. Furthermore, although the common foreign policy will, at least for the foreseeable future, remain an inter-governmental exercise (i.e. the final say will remain in the hands of each Member State), it is believed that with the new common foreign policy mechanisms, including the permanent President of the European Council, and a double-hatted High Representative, the EU will become more visible and its voice louder on the world stage. Perhaps most important is that the public in Europe has been supporting the EU Member States to work further together in dealing with climate change, terrorism and other global challenges.

What can China and Europe do together in the world?

China is of course very different from Europe. China's GDP is already bigger than that of most European countries, but it has a population of 1.3 billion and the level of per capita GDP is very low. Since China is still a poor country, development has always been the priority for the Chinese leadership. For a long time, China has been an inward-looking country and its approach to the outside world has been reactive. Since it entered into the global system, becoming a member of the WTO, for example, China has been a rule taker, not a rule maker. Moreover, China's political system is different from that of the European countries. It therefore has generally been sensitive about western-style democracy and the so-called colour revolutions taking place in recent years. On foreign policy issues, the biggest difference between China and the European countries is that China does not think that one country has the right to intervene in another's internal affairs. For example, China has been playing an active role in helping solve the North Korean nuclear issue, but it has refused to impose sanctions or to consider military options. On both Burma/Myanmar and the Sudan-Darfur issues, China has retained this position.

However, with its economy growing at a fast pace and the integration with the world deepening, China has recognised that common interests with European countries far outweigh divergences. Indeed, China's perception of its national interests has changed greatly over the past three decades since it opened up to the outside world. China has increasingly realised that its own stability and prosperity is closely linked to the rest of the world. Furthermore, China has gradually come to understand that it has the responsibility to play a bigger role in maintaining global peace and stability. A few years ago, the Chinese leadership adopted the notion of 'peaceful rise' to illustrate China's intentions. Today, the key concept is the 'harmonious world'. This should not be regarded as just a slogan. In fact, it shows that China is willing to make a greater contribution to the world's stability and prosperity and testifies to Beijing's growing sense of responsibility.

China has more in common with Europe than with the US in reshaping the new world order, or building up a harmonious world. The Europeans, drawing from their own post-Second World War experience, have developed a strong belief that 'effective multilateralism' should be the key principle for dealing with

the new challenges and maintain peace and stability in an increasingly globalised world. China, for its part, has been pushing for a multipolar world ever since the end of the Cold War. It is true that a multipolar world is different from a multilateral world. Yet it is China's view that a multipolar world would be the basis of a multilateral world. Without a balanced power structure in the world, any multilateralism will not be reliable. Now, like many in the world, the Chinese government thinks that a multipolar world has already emerged, with the rise of new economic powers, including not just China but also Russia and India. A survey of Chinese official papers on foreign policy shows that the government talks less of multipolarity and more of multilateralism. To have a similar view about how the world should be governed is important. This has become the basis, indeed, for China and Europe to further develop strategic dialogues and cooperation on key global issues.

Climate change

Global warming has become a great concern for the world and especially for the Europeans. China has also started to worry about its own environmental problems and has been reflecting on its economic growth model. As far as its international responsibility is concerned, China is committed to the United Nations Framework Convention on Climate Change and the Kyoto Protocol. At the same time, it insists that the European countries and other developed countries must continue to take the lead in reducing greenhouse gas (GHG) emissions beyond 2012 and assist developing countries in enhancing their contributions to addressing climate change. For the time being, the central government is making considerable efforts to induce the provincial governments to accept the so-called 'scientific development approach', i.e. green and sustainable development.

If China and the European Union can form a Partnership on Climate Change, they can become a model for the world – a model on how developed countries could help developing countries to ensure energy efficiency and environmental protection. Such a partnership should include the development of concrete cooperation on province-level climate change programmes in China, as well as cooperation on technology development and transfer. In the coming years, there will be a great potential for both sides to cooperate in this area. The Europeans should work closely with

the Chinese on transferring European energy technology to China. For its part, China must make sure that European intellectual property is well protected.

Africa's stability and development

China and Europe can also work for Africa's stability and development. The Europeans, for various reasons, have maintained strong links with Africa. The EU has been the most important trade partner and the biggest investor for African countries. China has traditionally had good relations with Africa. China supported the African independence movement and the Africans have in turn offered their support to Beijing in international organisations. During recent years, Africa has become more important to Beijing as China's demand for resources and especially energy has steadily increased. African countries have also become an important market for Chinese products. The Europeans should not consider China's growing influence in Africa as an unhealthy development.

The EU and China should build on their respective advantages and work together to reduce poverty and promote peace and stability in the continent. China's strength lies in its infrastructure building. In the future, there are two areas where China and the European countries could deepen their cooperation. One is strengthening the medium and small-sized enterprises and the other is agriculture. Both areas are crucial for Africa's development. The number of Chinese in Africa has been increasing in recent years. China could provide African enterprises with the know-how to produce low-price goods, while the Europeans could deliver funding.

China held a very successful summit meeting with African leaders in 2006. Most countries in Africa have taken the view that China's involvement in Africa now represents an important opportunity for them. China, however, is not the only country to have hosted such an important summit with African leaders. The first EU-Africa summit took place in Cairo as early as in 2000 and the second summit was held just last December in Lisbon. China has indicated its willingness to have more coordination with the European Union on Africa. At the tenth China-EU Summit held in Beijing on 28 November 2007, leaders of both sides agreed, according to the joint statement, to continue their dialogue on African issues. The EU invited China to attend the EU-Africa Summit as

an observer. China invited the EU Commissioner for Development to visit China, in order to explore ways and channels of cooperation among China, the EU and Africa in appropriate areas. Clearly, if China and the European countries work together on Africa, the chances of making a real change will be much higher.

Non-proliferation

Cooperation on nuclear proliferation, illegal immigration and other non-traditional security issues should be further strengthened between China and Europe. Iran, for example, remains a critical challenge for the world. China's position has been consistently that the Iranian question could only be solved through political means within a multilateral framework. China therefore hopes to be able to work together with the Europeans on this issue. The Chinese government has been an active participant in talks and discussions on how to address the broader question of nuclear power for civilian purposes. China tends to believe that the Global Nuclear Energy Partnership (GNEP) proposed by the US is a sound initiative but also thinks that this policy initiative faces serious technological challenges. China and the European countries could certainly intensify their dialogue about this. China still believes that the NPT is a cornerstone of the international non-proliferation regime and sees some positive signs emanating from the US recently, i.e. President Bush's announcement of further nuclear disarmament in December 2007.

Conclusion

China needs Europe more than Europe needs China. When people in China think about Europe and its importance, trade, investment, science & technology, and higher education would certainly come up to their minds. For many, Europe is also a model from which China could learn. They are not overly worried about the existing differences. They would think this is inevitable because the two actors have a different history, culture, political system and above all are at different stages of economic development. Anyway, differences should not become obstacles to cooperation.

From China's standpoint, what is really needed to enhance China-EU relations is strengthening mutual trust. Any policies

and actions which would increase mutual confidence should therefore be encouraged. The current strategic dialogue mechanism between China and some EU countries, such as France, the UK, and Germany, should be maintained. The second-track dialogues between Chinese and European think-tanks have proven to be quite effective for both sides to acquire a better understanding of each other and should be increased. European experts should pay more visits to Chinese research institutions.

As its relations with Europe have expanded rapidly and become more complex, China has to gain a better understanding of how the EU works. Although important foreign policy and defence issues have remained in the hands of individual EU Member States, China has come to realise that on most other issues it is necessary to work with both individual capitals and with Brussels.

The EU and India: a deepening partnership

Christian Wagner

Partnerships for effective
multilateralism
EU relations with Brazil,
China, India and Russia

6

Introduction

India and the European Union (EU) share a range of cultural and economic relations that have developed over many decades. India was one of the first countries that established diplomatic relations with the European Economic Community (EEC) in 1963. In 1973 a Commercial Cooperation Agreement was signed. Since the 1990s economic and political relations between India and the EU have intensified considerably. The Joint Political Statement of 1993 formally launched a political dialogue with annual ministerial meetings. The Cooperation Agreement of 1994 extended the bilateral relationship to broader economic and political affairs. With the first bilateral summit in Lisbon in 2000, the EU acknowledged India's economic achievements and its aspirations for a global role in the international system of the twenty-first century.

The European Security Strategy (ESS) of 2003, based on the concept of comprehensive security, has emphasised the need for strategic partnerships. The landmark Strategic Partnership Agreement between the EU and India was launched at the fifth EU-India summit in the Hague in 2004.¹ At the sixth summit in New Delhi in 2005 the Joint Action Plan (JAP) was adopted to implement the Strategic Partnership.² The Strategic Partnership and the Joint Action Plan underline the special importance of this relationship because India is one of the few countries with which the EU has signed such an agreement. The main points of the JAP are: Strengthening Dialogue and Consultation Mechanisms; Political Dialogue and Cooperation; Bringing Together People and Cultures; Economic Policy Dialogue and Cooperation; and Developing Trade and Investment.

The strategy set out in the EU Country Strategy Paper for India (2007-2013) consists of two pillars.³ The first forms the basis for the EU's future development cooperation so that India is able to achieve the Millennium Development Goals (MDG) by 2015. The

1. European Commission, 'An EU-India Strategic Partnership', Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee, Brussels, 16 June 2004.

2. Council of the European Union, 'The India-EU Strategic Partnership Joint Action Plan', Brussels, 7 September 2005.

3. European Commission, 'India: Country Strategy Paper 2007-2013'.

second pillar concerns the implementation of the JAP. In the context of an intensified political dialogue since the first summit in 2000, annual summits, as well as regular ministerial and senior official meetings, take place on a regular basis. Sectoral dialogue groups have been established as well as working groups on consular affairs and terrorism. Besides the official level, the EU-India Round Table includes the civil societies of both sides in the institutional network. These various agreements and multifaceted activities show that EU-India relations are already embedded in a dense institutional web compared to other newly emerging countries.

Bilateral relations are still dominated by economic and trade issues. The EU remains India's most important trading partner and accounted for 21.6% of India's total trade in 2004. India is an attractive market for EU exports. Annual growth of EU goods exports to India averaged 5.7% between 2000 and 2004 against an average annual increase of EU goods exports to the world of only 3%. Bilateral trade in services has nearly doubled since 1995 and reached 5.4 billion euro in 2003. India is at present the EU's twelfth most important trading partner, accounting for 1.8% of the EU's total exports and 1.7% of its total imports. India's new economic attractiveness is also visible in the increase in foreign direct investment (FDI) since 1991. Investment approvals rose from 78 million euro in 1991 to 2.3 billion euro ten years' later.

Improving economic relations have been accompanied by growing consensus on security issues. Both India and the EU share a mutual commitment to democracy, human rights, a pluralistic society and peaceful conflict resolution. Both sides have underlined their responsibility to promote a just international order which rests on multilateral institutions, thereby strengthening the principles of cooperation rather than confrontation. In order to cope with the new security challenges like terrorism, the proliferation of weapons of mass destruction (WMD), drug and human trafficking, and organised crime, India and the EU are natural partners.

Despite the many areas of convergence, however, it should not be overlooked that Indian foreign policy elites have a traditional understanding of their country being a great power. Indian foreign policy is therefore characterised by ideas of self-reliance and independence and India has used a mixture of hard and soft

power strategies to pursue its interests. Since independence in 1947, India has been a strong promoter of regional cooperation and multilateral institutions in the Asian and global arena. India was active in settling regional disputes, such as in Indochina in the 1950s, and Nehru was one of the founding fathers of the Non-Aligned Movement (NAM) in 1961. During the 1960s India became a representative of the developing countries in the context of the United Nations (UN) and advocated a New International Economic Order (NIEO) in the 1970s. It was only after the military defeat in the border conflict against China and the first Chinese nuclear test in 1964 that India put a stronger emphasis on hard power strategies that were followed by conventional and nuclear armament.

The collapse of the Soviet Union, which was India's most important trading partner at that time, was followed by the severe financial crisis which broke up India's 'mixed economy'. Although this paved the way for economic liberalisation, India was initially regarded as a 'loser' in the new international environment. Today the picture has changed radically. The economic reforms introduced after 1991 made of India one of the world's most dynamic economies. The conclusion of strategic partnership agreements with the US, China, Russia, Japan, France, the UK and the EU indicates that India is one of the main beneficiaries of the international system that has developed since the early 1990s.

India holds a special position in the international system because it has always been regarded as a representative of the developing countries in international organisations such as the World Trade Organisation (WTO). Furthermore, India is active in establishing new alliances like the IBSA-Initiative with Brazil and South Africa and has intensified the trilateral dialogue with China and Russia. India has therefore a special position and acts as a gateway towards the countries of the 'South' with regard to future negotiations in multilateral institutions.

That said, Indian foreign policy is still guided by a strong sense of strategic autonomy that puts the degree of engagement with other great powers in perspective. The recent domestic debate about the Indo-US nuclear deal and the future dependence or independence of India's foreign policy has highlighted the continuing importance of these concerns.

Its economic and human resources make India one of the most attractive partners for the EU in the twenty-first century. India and the EU have already established a strong institutional framework to support their cooperation. But although the EU is one of India's most important partners in terms of global trade and financial institutions, India's new middle class and its foreign policy elites remain much more focussed on the US and Asia rather than on Europe. There are at least two main challenges for the EU. First, to expand EU-India relations from the current economic focus to political and security issues of common concern. Second, to broaden political, civil society and also academic networks to make Europe a more attractive partner, especially when compared to the US.

Political, security and governance issues

The reform of multilateral institutions

India and the EU share a number of political goals, security concerns and priorities for global governance. Both sides stress the need to reform the United Nations (UN) in order to make the world organisation a central institution for global governance issues. India and Europe should intensify their bilateral consultations before the meetings of the UN General Assembly and extend their collaboration on major international issues on security, trade, environment and development.

India and the EU have also emphasised their commitment to effective multilateralism. Although both have a long tradition of involvement in multilateral institutions, they have a different understanding of effective multilateralism. The EU regards 'effective multilateralism' as a synonym for strengthening international institutions in order to establish a rule-based international order in the long-term perspective. India has a more traditional understanding of the concept which derives from its great power approach and the strong emphasis on national sovereignty. India regards multilateral institutions as a means to pursue its national interests. The use of 'effective multilateralism' can therefore be understood as a strategy to achieve these goals via cooperation in global institutions. Looking at the foreign policy discourse in India it is difficult to imagine that Indian governments will agree

to international agreements that may constrain national sovereignty.

As a consequence of its foreign policy approach and its great power ambitions, India has a keen interest in the reform of global institutions that will enhance the country's international standing. This opens new avenues for cooperation with the EU but also includes some constraints. These are evident, for instance, in the different approaches towards the International Criminal Court (ICC). The EU wants to strengthen this new institution while the ICC is not supported by India, which fears potential interference in its internal affairs. India has also been very vocal with regard to the reform of the Bretton Woods institutions like the International Monetary Fund (IMF). India wants such reforms to increase its global influence. It has demanded that the GDP should be computed on Purchasing Power Parity (PPP) terms, which would boost India's share to 5.2 %.

Peacekeeping, crisis management and regional conflicts

The EU and India have a long tradition in UN peacekeeping operations and post-conflict reconstruction. Since the 1960s India has participated in most UN peacekeeping missions and has supported international crisis management in regional conflicts as long as its own national interests have not been affected. For many years India has belonged to the top three troop contributors to UN missions and no other country has lost as many soldiers in international missions as India.

Regional conflicts and failed states pose security threats for both India and the EU as these states may provide safe havens for terrorist groups. The Indian Prime Minister, Manmohan Singh, has clearly stated that India cannot afford to see states fail in its neighbourhood. India is also trying to cooperate with its neighbours in order to tackle the terrorist threats. Although not part of the International Security Assistance Force (ISAF) in Afghanistan, India has increased its cooperation with the Afghan government and is actively involved in the reconstruction of infrastructure like roads and schools. It is also beginning to train the Afghan army. India has agreed on a consultative mechanism with Pakistan to stop the infiltration of terrorists into Kashmir, has operated joint military actions with Bhutan and Burma/Myanmar to fight

insurgent groups in India's northeast and is negotiating with Bangladesh for a joint approach. India's efforts, however, are hampered by the fact that it is perceived negatively in the neighbouring countries. Because of its experiences with the Kashmir issue India was reluctant to support multilateral initiatives for conflict resolution in South Asia for a long time. Moreover, Indian foreign policy still puts a stronger emphasis on pursuing national interest than on the promotion of democracy and human rights.

The EU has slowly expanded its engagement in regional conflict resolution in Asia in recent years. In 2002, the EU participated in the Sri Lanka Monitoring Mission (SLMM) to monitor the ceasefire agreement between the Sri Lankan government and the Liberation Tigers of Tamil Eelam (LTTE) and, in 2003, the EU became one of the Co-Chairs for the peace process in Sri Lanka. The Aceh Monitoring Mission (AMM) was the first ESDP operation in which the EU cooperated with a regional organisation (ASEAN) and became actively engaged in conflict resolution in South East Asia.

India and the EU have already initiated back-channel communication on the political developments in Sri Lanka and Nepal, where India has successfully mediated to reach an agreement between the conflicting parties. In order to cope with the challenge of failing states India and the EU need to strengthen their consultation mechanism further, for instance on countries like Burma/Myanmar.

Both sides should intensify their collaboration and should promote joint training for security and police forces in international peacekeeping missions, and share experiences in post-conflict management. In the context of the JAP, conferences and seminars on common experiences and lessons learned have been established like the EU-India Dialogue on 'Asian, European and African Policies, Practices and Lessons Learned in Peace Operations in Africa: DR Congo, Sudan and the Darfur Conflict' which took place in June 2007 in Delhi.

India has been actively involved with the US in post-disaster management after the tsunami in December 2004, for instance in Sri Lanka and Indonesia. India is only beginning to build up its own capabilities for post-disaster management and civil protection. This is an area for closer collaboration with the EU, which is not yet covered by the JAP.

Armaments and non-proliferation

The fight against terrorism and the non-proliferation of weapons of mass destruction (WMD) feature prominently among the security concerns shared by the EU and India. India has suffered for many years from the threat of terrorism, mostly from militant Islamist groups which use terrorist attacks for their struggle in Kashmir. Recent bombings in Delhi, Mumbai, and Varanasi were attributed to these groups and aimed to undermine the *rapprochement* between India and Pakistan that started in 2003. The bombings in London in 2005 showed that militant Islamist groups have a global network whose support base can be traced back to South Asia. Both sides have already agreed in the JAP to establish contacts between the Indian and EU Counter Terrorism Coordinators and to cooperate in the UN context to ensure universal respect and implementation of relevant UN Security Council resolutions, UN conventions on terrorism and related protocols.

Although India and the EU have a common commitment to the non-proliferation of WMD, the issue is more complex than that. With its nuclear tests of 1974 and 1998, India became a *de facto* nuclear power which refuses to sign up to the Non-Proliferation Treaty (NPT). The US-India nuclear deal of March 2006 is an important watershed in the history of the NPT because the US for the first time agreed to share civilian nuclear technology with a country outside the NPT. The timing of the deal in 2006 caused concern because of the negotiations with Iran and North Korea on their nuclear programmes. The US-India deal focuses on civilian nuclear cooperation in order to deal with India's energy shortages which impede economic growth. Neo-conservative security analysts in the US argue that the deal also includes a strategic component which is part of the US strategy of containing or hedging the rise of China. India perceives itself as a nuclear power on a par with China but has never pursued nuclear proliferation – in contrast to the nuclear powers of the NPT or countries like Pakistan. Despite all the criticism in the US Congress, the 'Hyde Act' was passed with a large majority in December 2006.

Despite their different approach to the NPT, India and the EU could agree on a common position against non-proliferation of WMD as laid down in the JAP. India demonstrated its commitment to non-proliferation by supporting the international community against the Iranian nuclear programme, notwithstanding

India's own interest in Iranian energy supplies. Following the agreement between India and the US on the final amendments to the deal in summer 2007, the Indian government has been confronted with domestic opposition, coming mainly from the Communist parties. They argue that the deal will make of India a 'junior partner' of the US and that it will damage India's independent foreign policy.

If the deal does come into force, however, it will pose a challenge to the EU as well. On the one hand, EU members like the UK and France have already welcomed the deal which will bring India closer to the non-proliferation regime. If the agreement is implemented following the consent of the Nuclear Suppliers Group (NSG) and negotiations for safeguards with the International Atomic Energy Agency (IAEA), 60% of India's nuclear programme will be under the safeguard mechanism of the IAEA – a major increase compared to current arrangements. Moreover, India will further strengthen its export control mechanisms and may become a member of the Proliferation Security Initiative (PSI). The deal may also open new investment opportunities for state and private companies in the Indian energy market. On the other hand, various EU members have voiced their concern that the deal may further weaken the nuclear non-proliferation regime. They fear that the privileges given to India may act as an incentive for other countries to follow India's path, for instance by leaving the NPT regime. Despite the criticism of the deal, it should not be overlooked that all nuclear powers under the NPT have accepted it. Russia, France and the UK have openly endorsed the deal. China, which is seen as India's main rival in Asia, has not yet voiced any major concern against it and even Mohammed al Baradei, the Director of the IAEA, has welcomed the deal.

Human rights, democratisation and development assistance

India and the EU share a similar understanding of human rights and have a long tradition of democratic governance. The implementation of human rights in India is still in need of improvement and has led to various controversies with the EU especially over the human rights situation in Kashmir. At the global level, the creation of the Human Rights Council was a major achievement of recent UN reforms. India was elected to the Human Rights Council in 2006 but has not always followed European approaches. The JAP

includes provisions to engage India in a human rights dialogue with the EU, although India's sensitivities regarding external interventions in domestic affairs need to be taken into account.

Closer cooperation between India and the EU on human rights issues in third countries like Sudan and Burma/Myanmar would strengthen international mechanisms. However, although India is the biggest democracy in the world and has a longer democratic tradition than some EU Member States, it has not developed a policy of democratisation or promotion of democracy in its foreign policy. Indian interventions in neighbouring countries have been mainly guided by requirements of national security rather than by the aim of democracy promotion.

Since 1964 India has also developed its own programme of development assistance, i.e. the India Technical and Economic Cooperation (ITEC). ITEC is a mainly bilateral programme, largely focussing on training activities both for civilians and the military abroad. The extent of India's development assistance is difficult to evaluate because it often includes export promotion schemes for Indian industry. The majority of India's development activities are focussed on neighbouring countries in South Asia, especially Bhutan and Nepal. After 2001, Afghanistan became another focus of Indian development activities. It can be expected that India may extend and concentrate these programmes on energy-rich countries in Africa and Latin America.

Involvement and cooperation in Africa

Following the example of China, the Indian state and private energy companies have intensified their activities in Africa in recent years although, compared to China, India has far fewer resources at its disposal. If India increases its activities in Africa and Latin America, India and the EU will 'meet' more often in the future in third countries. This raises the question of how far both sides will seek to promote common norms like democracy and human rights or rather pursue national interests like energy security. African countries contribute 25% of India's energy imports. Of these countries, Nigeria is the most important supplier with a share of 15% of India's total oil imports. India's energy companies are also active in Sudan where they cooperate with Chinese firms in the exploration of the Greater Nile Oil Project.

India has launched various initiatives to become more actively involved in African institutions. It has intensified its relations with the East African Community (EAC), created a common forum with the Southern African Development Community (SADC) in 2005 and supported NEPAD with 200 million US dollars. In 2005 India and the African Union (AU) signed a memorandum of understanding (MoU) establishing that the Indian space organisation will link the 53 African states by satellite. South Africa is a strategic partner of India and both have established the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC). To enhance cooperation with Africa, India has developed the Special Commonwealth African Assistance Programme (SCAAP). Present figures from the ITEC and SCAAP show that there is no clear correlation between resource-rich countries and Indian development activities. Because of energy interests and its close relations with African countries through the Indian diaspora, however, India's role in dealing with regional conflicts in Africa can be expected to grow.

Regional integration and inter-regional cooperation

Europe has always been regarded as a model for regional collaboration and integration in other parts of the world. Because of the bilateral problems between India and its neighbours, in the past regional cooperation could not gain momentum in South Asia. It was only in 1985 that the South Asian Association for Regional Cooperation (SAARC) was established. After the beginning of its economic reforms in 1991, India became more involved in the promotion of regional organisations in South Asia. India was among the founding members of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and of the IOR-ARC, which were established in 1997.

India has also been actively seeking to become a member of other regional institutions across Asia. Its involvement in the institutional network of the Association of Southeast Asian Nations (ASEAN) has been growing since the early 1990s. In 1992 India became a sectoral dialogue partner of ASEAN, and in 1995 a full one. In 1993 it was invited to participate in the ASEAN Regional Forum that dealt with security issues and included extra-regional powers like China, the EU and the US. In 2003 India and

ASEAN signed an agreement to build a free trade area by 2011 and India acceded to the Treaty of Amity and Cooperation. In 2004 the ASEAN-India Partnership for Peace, Progress and Shared Prosperity pact was signed. In addition to its participation in the two summit meetings of the East Asian Summit, India has also been eager to join the inter-regional dialogue between Europe and Asia that started with the Asia-Europe Meetings (ASEM) in 1996. India was first left out of ASEM because of China's resistance and has participated in ASEM only since 2007.

India's growing engagement in the network of regional institutions in Asia stem from the fact that the importance of Asian countries as India's economic partners is growing steadily. In this context, India has launched new initiatives to enhance SAARC. The implementation of the SAARC Free Trade Agreement (SAFTA) in 2006 has given intra-regional trade a new stimulus. With the inclusion of Afghanistan as a new member in 2007, SAARC was extended for the first time.

At the SAARC summit in Delhi in April 2007 Indian Prime Minister Manmohan Singh promoted the concept of 'connectivity' in order to increase both regional trade and people-to-people contacts. He also emphasised India's 'asymmetrical responsibilities' in South Asia, thereby accepting India's leading role in SAARC. With the introduction of unilateral trade concessions for the least developed SAARC members, India has tried again to stimulate the process of regional cooperation.

SAARC's new momentum has also attracted a growing number of observers including the EU, China, Japan, the United States and South Korea. Although South Asian regionalism follows a different trajectory than Europe's, SAARC can benefit from EU cooperation in the field of civil society and people-to-people contacts. The decision was taken at the last SAARC summit in Delhi in 2007 to set up a South Asia university which should have its first campus in India. Given Europe's experiences in student mobility this is an excellent opportunity to promote EU-SAARC cooperation be it through the development of a common syllabus, the creation of other campuses in neighbouring countries, or the creation of exchange networks between students and academics. Another area where the EU can bring its expertise to bear is the concept of town twinning or partnership programmes between bordering state capitals or provinces.

Despite these new initiatives, it should not be overlooked that the overall record of SAARC is still modest. While increasing in recent years, intraregional trade accounts for only around 5% of total trade. In 2005 the SAARC Development Fund (SDF) was created with three focal points, namely the Social Window Project, the Infrastructure Window Project, and the Economic Window Project. Since it still lacks an effective mechanism to allocate funds for common projects, SAARC could usefully draw from the EU's experience to devise how regional projects could be managed.

India's new emphasis on increased economic interaction has also helped to improve relations with Pakistan. Relations between the two countries have for a long time been held hostage by the Kashmir conflict. With the *rapprochement* in 2003 and the beginning of the composite dialogue in 2004, both sides have developed a mechanism to address their major concerns like Kashmir (Pakistan) and terrorism (India). These developments further underline that regionalism can be regarded as an important tool in helping to overcome hostile relations between neighbours. The international community should continue to support this bilateral process in the future and there should be no new initiative for third party intervention or an internationalisation of the Kashmir issue. This may damage the positive results that India and Pakistan have achieved so far.

Economic and trade issues

India's rapid economic growth and its expanding middle class offer a solid basis for future economic cooperation with the EU. Despite its economic liberalisation since 1991, India still counts for less than 1% of world trade in goods and just over 2% of world trade in services. The EU, on the other hand, is the world's largest exporter and importer of goods and services. In order to further intensify their economic relations, both sides have agreed on an EU-India Free Trade Agreement (FTA), for which negotiations started in June 2007. India has lowered its tariffs considerably since 1991 although they are still high compared to EU tariffs. Moreover, India's unilateral liberalisation policy contrasts with the country's reluctance towards multilateral liberalisation, for instance in the agricultural sector within the Doha Development Round.

Major Indian business firms have intensified their investments in Europe in recent years. Both sides share an interest in greater market access for services and FDI. This common interest may help to strengthen the mutual commitment to the protection of intellectual property rights. Another element of convergence lies in the fact that neither the EU nor India seem to be pressing for liberalisation in agricultural trade.

The main hurdles for an FTA with India will be domestic. India may resent the inclusion of binding clauses on environmental, social and human rights, which are regarded as interference in internal affairs. The recent debate about the implications of the Indo-US nuclear deal has illustrated again that the Indian public has a very critical attitude to external influences. Nevertheless, it should be possible to overcome these obstacles because the Indian Parliament does not have treaty-making powers and the Indian government joined the WTO in 1995 despite massive internal dissent.

Because of its rapid economic growth India – together with China – has become one of the growth engines of the world economy. Besides already existing platforms of communication, India and the EU should intensify their dialogue on WTO issues to achieve an effective multilateral framework in the field of trade and investment. India is an important partner in the global trade system as it is regarded as a representative of the developing countries in the context of trade negotiations. Apart from that, India has built new alliances like the IBSA (India-Brazil-South Africa) initiative in order to increase its diplomatic leverage in international trade regimes. It remains to be seen how far IBSA will evolve into a durable alliance and whether it will represent the interests of the South rather than those of the member countries. Nevertheless, IBSA is an example of India acting as a broker for other players in the South.

Energy and the environment

India's economic achievements since the 1990s have made energy security a major issue of its foreign policy. At present India's main domestic energy resources for power generation are coal (68.3%), hydro (11.9%), gas (11.5%), oil (4.6%) and nuclear power (2.8%).⁴ The fact that biomass is still the most important energy source

4. See Stein Tonnesson and Ashild Kolas, 'Energy Security in Asia: China, India, Oil and Peace', Report to the Norwegian Ministry of Foreign Affairs, Oslo 2006, p. 39.

(214 Mtoe of a total of 573 Mtoe) illustrates that the vast majority of the population is still living in rural areas.⁵

All forecasts predict that India's hunger for energy will increase as a result of a growing population and rapid industrialisation. At present India is the sixth-largest consumer of energy in the world and the third-largest consumer of oil and gas in Asia after Japan and China. In 2010 India will be the fourth-largest consumer of energy after the United States, China and Japan. India's energy dependency will increase with regard to all fossil fuels. India is already importing 70% of its oil supplies and this share will rise to 90% by 2030. The situation is only slightly better in the gas sector. India recently made some large discoveries of gas but all estimates indicate that India's import dependency on gas will be around 40% in 2030. Although India's coal reserves are among the biggest in the world, the gap between supply and demand will also make it necessary to import more coal in the years to come. India's import dependence is most obvious in the nuclear field. After its nuclear tests in 1974 and 1998, international sanctions have restricted India's nuclear programme so that the share of nuclear power today is only 2.8% of total energy production.

India's energy scenario offers many opportunities to intensify cooperation with the EU and its Member States, at both the bilateral and the multilateral level. First, cooperation should address the technological upgrading of India's energy sector, for example improving the quality of Indian coal. Second, since power generation is a competence of the Indian states, key states could be targeted to invest in the modernisation of their electricity sector. A third area of cooperation may include improving the efficiency of the energy sector. Many Indian states do not have, for instance, effective power tariff systems and power theft is widespread both among the affluent and poorer layers of society. A fourth priority is to enhance the use of renewable energies. Hydropower is still more important than nuclear energy and biomass is still the most important source of energy for the majority of the population. These areas offer huge opportunities for European companies and especially for small and medium-sized enterprises to intensify their cooperation with India. Besides the area of infrastructure, where India and the EU have already agreed on the India-EC Civil Aviation Project, the energy sector can thus become another area for Public Private Partnership (PPP) cooperation, in which European energy firms will find attractive investment opportunities in the field of conventional and renewable energy.

5. See International Energy Agency, 'World Energy Outlook 2006', Paris 2006, p. 518.

Internationally, India will also be one of the key countries to achieve the reduction of greenhouse gas emissions. India's CO₂ emissions will rise sharply until 2030 although its level of CO₂ emissions in 2030 will still be less than 50% of European OECD countries. Indian governments have consistently emphasised that the per capita emissions of the developing world are only a small percentage of those of the developed countries. Increasing technological cooperation with India will be an important task in order to reduce the emissions. In 2002 India signed the Kyoto Protocol but it is exempted from the framework of the treaty. India is expected to gain from the transfer of technology envisaged under the Protocol. New international mechanisms against global warming and designed to foster CO₂ reduction, to be agreed in the negotiations on a post-Kyoto mechanism, can only be successful if emerging economies like India can be actively integrated. Against this background, the energy dialogue should also aim at India's membership of the Energy Charter Treaty (ECT) in which the country only holds an observer status at the moment. Once again, cooperation with India will prove even more important given the country's role as representative of the developing world in many international institutions.

Science and Technology, education, health, social standards

India's membership in ITER (International Thermonuclear Experimental Reactor) and its participation in the GALILEO project do underline the importance of science and technology in EU-India relations. Every year about 250,000 engineers graduate from Indian universities. Even if not all graduates are qualified according to Western standards, India's human resources offer a huge source of intellectual capacity for European firms. The Indian Institutes of Technology (IIT) have achieved a global reputation and are indispensable for sustaining development and poverty reduction. India and the EU have already established a dialogue on information and communication technologies. The next step should be to broaden the dialogue to new key industries like nanotechnology and biotechnology.

In the context of technological cooperation, Europe must intensify its academic linkages with India. At present India's

educated youth is oriented towards the United States which for many years now has opened its labour market to attract Indian professionals. The Non-Resident Indian (NRI) community in the United States is now about 2.5 million people. Their average household income is about double the size of the average household income in the US. Recent figures show that apart from the United Kingdom, European countries are not regarded as attractive destinations for Indian students. Figures on student mobility show that 85% of Indian students prefer to go to the US or Australia for their studies. In Europe, the UK is the most attractive destination with 7% whereas Germany can only attract 2.5% and other European countries even less. It is therefore of the utmost importance to strengthen academic exchanges that will help to establish new societal networks.

Some steps have already been taken and national European scientific organisations have established offices in India. Bureaucratic obstacles in Europe should be removed in order to make the EU a more attractive destination for Indian students. India, on the other hand, should ease its restrictive policy regarding research visas for EU scholars. Increasing respective visibility and enhancing mutual knowledge in both societies at large is yet another priority. The JAP and the EU Country Strategy Paper address the cultural and education dimension. It is envisaged to establish 'European Studies Centres' in India and 'Centres of Contemporary Indian Studies' in Europe. This should be seen as a first step, to be followed by more dialogue and exchange at the civil society level.

The global fight against poverty will only be successful if countries like India achieve sustainable results. The latest EU Country Strategy Paper allocates around 60% of available funds to meeting the MDGs, which signals the strong commitment of the EU to India overcoming the challenge of poverty. The latest report on the MDG showed that most South Asian countries including India are still lagging behind despite a number of achievements. India is either 'slow' or 'regressing' in 9 out of the 21 sub-goals of the MDG.⁷ The top priorities will be education and health in order to overcome the deficits in both sectors, especially in the rural areas. Strengthening primary health and education are also indispensable preconditions to fight epidemics and HIV/AIDS. India lacks the capabilities to implement these policies, especially at the state level. India and the EU should target some states in order to concentrate their activities on them.

7. See United Nations (ESCAP), 'The Millennium Development Goals: Progress in Asia and the Pacific 2007', October 2007.

India's organised sector encompasses not more than 9% of the country's working population whereas India's large informal sector encompasses around 90% of its working population. The European welfare state has developed a variety of social security networks which are today recognised all over the world. India is only beginning to look for new approaches to achieve a form of inclusive social development in which the benefits of its rapid economic growth will be more equally distributed among the people. Given Europe's experience in these fields, a new dialogue mechanism should be established in which various approaches, social security systems and best practices can be discussed. Exchanges should not be limited to the state level but should be broadened to include the business community and the trade unions as well.

Conclusion: deepening EU-India relations

Relations between India and the EU have evolved in a positive direction since the 1990s. India's liberalisation policy made an important contribution to open new avenues for cooperation with Europe and the rest of the world. In contrast to other emerging economies, moreover, India offers the biggest soft power capacities given its democratic traditions and its experience as a pluralist society. Both India and the EU share the commitment to common values like democracy and human rights. The EU and India can thus be regarded as natural partners.

At the global level, both India and the EU prefer multilateral institutions to unilateral actions in order to cope with global challenges. The EU-India Joint Action Plan offers a roadmap for future bilateral relations. The main challenge will be to broaden the existing economic collaboration to new areas. Establishing academic networks and increasing student exchanges will create new advocacy groups that will form the basis for deepening the bilateral relationship. The EU has a strong interest in engaging India as a viable global partner to cope with security challenges and shape a more just global order. For this reason, Europe and India should launch a dialogue on global governance in which foreign policy is not only guided by national interest but also by common values like democracy and human rights.

The EU and India: challenges to a strategic partnership

Ummu Salma Bava

Partnerships for effective
multilateralism
EU relations with Brazil,
China, India and Russia

7

The relationship between India and the EU dates back to the establishment of diplomatic ties with the European Economic Community (EEC) in 1963. While the EU is one of the largest trade partners of India, however, it is only recently that a new, more political dimension was added to the relationship. In 2004, the Fifth India-EU Summit meeting at The Hague endorsed the proposal to upgrade the India-EU relationship to the level of a 'Strategic Partnership' and a Joint Action Plan (JAP) was adopted at the Sixth India-EU Summit meeting held in New Delhi in 2005. An analysis of the JAP, however, fails to capture the shift of the geopolitical centre of gravity to Asia and India's growing significance in world politics. This chapter analyses EU-India relations in the context of the changing global strategic landscape and of India's strategic partnership with the US, which has assumed critical importance.

The changing global context and the EU's Asia strategy

With the end of the Cold War, the familiar patterns and structures of the international order have given way to uncertainty, challenges and opportunities for all states. The EU's enhanced engagement with Asia was first highlighted through the Asia Strategy paper in 1994 called 'Towards a New Asia Strategy'. This was an effort to take an integrated and balanced view of the relations between the EU and its Asian partners. The changing economic balance of power was the pre-eminent reason for the EU to focus its attention on Asia as a region and accord it a high priority, although it had bilateral relations with many Asian countries.¹

The strategy highlighted the EU's contribution to regional security dialogues and its role on issues such as arms control and non-proliferation, regional disputes and the security of sea-lanes, as well as matters relating to good governance and human rights. On the economic front, the EU expressed the desire to achieve

1. European Commission, 'Towards a New Asia Strategy', Communication from the Commission to the Council, COM(94)314 final, Brussels, 13 July 1994.

‘market-opening for both goods and services and to overcome obstacles to European trade and investment’. The main thrust of the document was thus on economic matters. Politically, the strategy focussed on the Asia-Pacific region and in particular on China. It called for the protection of human rights and the spreading of democracy, good governance and the rule of law. India found mention in the context of poverty alleviation and transition to market economy. Arguably, in 1994, the EU did not consider India to be a strategically important regional player.

The EU’s engagement with China was and is primarily driven by the latter’s thriving economic growth that has fuelled more European FDI and fostered trade flows. China’s growing economic prowess and increased political assertiveness made it a critical partner for the EU, despite it not being a democracy and its dismal track record on human rights. In other words, economic interests and not so much normative values were primordial in the development and upgrading of the EU’s relations with China.

India – an emerging power

As Asia redefines its identity and security after the end of Cold War, India is redefining its position within Asia and at a global level, exploring the foreign policy options that have opened up in a changing world. The end of the Cold War and India’s remarkable economic performance in the 1990s disclosed new perspectives for India’s strategic ambitions.

India’s large population (surpassing the one billion mark), an expanding middle class (the size of the US population), a strong defence establishment under civilian control, its functional democracy and its leadership in the global ICT (Information and Communication Technology) sector, along with strong economic growth, are shaping India as a rising political, economic and military power. India’s economic growth has been achieved at a lower level of FDI as compared to China and, unlike the latter, it is not mainly export-driven but caters to a huge domestic market.

Posting a 9% growth in the last few years and investing in defence modernisation, India is embracing a growing ‘hard power’ projection along with the normative values it has always endorsed since its independence in 1947. India is ringed by conflict at its periphery and thus the major imperative of Indian foreign and security policy has been to preserve its strategic autonomy.²

2. Ummu Salma Bava, ‘New Powers for Global Change? India’s Role in the Emerging World Order’ in *Dialogue on Globalization*, Friedrich Ebert Stiftung (FES) Briefing Paper 4, New Delhi, March 2007.

The India-EU strategic partnership

Clearly, the EU now places new value on its relationship with India, but this has come only after India's economic growth captured global attention and especially after the nuclear tests of 1998, which signalled India's growing aspirations.

Until 2002, the EU Country Strategy Paper on India was emphasising development and economic co-operation as the focal points of engagement with India. Thus, India's potential and growing political profile had still not registered with Brussels, which continued to view India within a development paradigm as an aid recipient country. However, with the advent of the 2003 EU Security Strategy, a major shift could be detected in the way in which the EU was defining its relations with the world in general and in particular with India. The Security Strategy identified six countries, including India, for a strategic partnership, given their importance in contemporary international politics and their future role as well. From 2004 onwards, the India-EU strategic partnership has evolved with the adoption of the landmark Joint Action Plan, which can be seen as the definitive blueprint detailing the areas of cooperation. In what follows, scope for cooperation is examined under three broad headings, namely: Political Dialogue and Cooperation; Economic Cooperation, Trade and the Environment; and Social and Civil Society Cooperation.

Political Dialogue and Cooperation

The steady institutionalisation of India-EU relations, with periodic summit-level talks, offers a yearly platform to review progress and set new goals and targets. However, the interaction between a post-modern Europe of 27 members and a modern India – an individual country – brings into stark relief the difference in their political organisation. While the EU collectively represents the interests of 27 member countries and is a very effective economic actor, India represents its own national interests. While both India and the EU endorse a multilateral world order, building 'effective multilateralism' requires greater accommodation of interests and coordination of policies, and endorsing the changing power configurations.

Many EU Member States are supportive of India's position on the UNSC reform, but there is no common EU position. Making the UNSC more representative of the current geopolitical balance

is critical to building effective global multilateralism and institutions of global governance. The EU endorsement of India for a UNSC seat would pave the way for the future evolution of multilateralism. While India has long participated in UN-led peace keeping activities, there is scope for greater synergy between India and the EU in joint action in conflict areas. The pooling of ideas, resources and strategy between India and the EU would provide a very effective conflict management toolkit to the international community.

On matters of non-proliferation and WMD, the EU needs to recognise that India has been a responsible nuclear actor. The EU does not have a common position on the Indian nuclear dossier, whereas EU Member States like Britain and France, which have nuclear weapons, have endorsed India's decision, and are supportive of the exemption within the Nuclear Suppliers Group. The lack of a cohesive EU approach is compounded by the fact that it is individual states, and not the EU, which are signatories to the NPT regime and in the position to acknowledge the need for a differentiated approach.

In a major political shift, on the contrary, the US has recognised the valid claims of India's national interest and has acted to enhance and strengthen India's military, economic, and technological capabilities, while endorsing common values. R. Nicholas Burns, the US Under Secretary for Political Affairs, recently wrote about the India-US strategic partnership as follows: 'The rise of a democratic and increasingly powerful India is a positive development for US interests. Rarely has the United States shared so many interests and values with a growing power as we do today with India. By reaching out to India, we have made the bet that the future lies in pluralism, democracy, and market economics'.³

Clearly, when it comes to security matters, the US is the critical norm setter and, as such, it has taken the initiative to benefit India through a civilian nuclear energy cooperation framework. While the US is willing to rewrite the rules and accommodate India, the EU appears to take a more status-quoist approach. In the wake of the India-US civil nuclear cooperation, the EU endorsed India's participation in the ITER project. Significantly, Member States like France are eager to have a nuclear arrangement with India along the lines of the India-US civilian nuclear energy cooperation, because of the huge commercial benefits involved. Although the EU has stated that it is also considering civilian nuclear ties with India, it has not taken a firm decision and is awaiting the out-

3. R. Nicholas Burns, 'America's Strategic Opportunity with India', *Foreign Affairs*, November/December 2007.

come of Delhi's negotiations with the IAEA and the NSG. Considering that all the EU 27 Member States are members of the NSG, the EU can take the lead in endorsing India's position.

The EU will have to go beyond a 'soft power' approach to engage Indian security concerns given that the sub-continent is troubled by many conflicts. The Europeans are enjoying a security dividend due to the transatlantic partnership. India provides for its own security, as there is no security provider or guarantor in the region. Simultaneously, India will have to actively engage the EU Member States not only to highlight its track record as a non-proliferator but also to demonstrate that its intentions are verifiable, as the recent Indian votes against Iran in the IAEA prove.

Although some of India's strategic interests converge with those of the EU, both have varied global aspirations. While India is the only non-western democracy in South Asia and normatively the closest to western democratic values, its actual democratic practice did not gain the recognition of the West for a long time. In the past, the EU also showed a tendency to lecture India on its human rights record. However, the EU's proactive engagement of China, although the latter is not a democracy, reinforces the sense that, despite the emphasis on normative values, the EU is also driven by realist considerations based on trade.

India does not support democracy promotion in the manner currently endorsed by the government in Washington, a point that also divided the EU on American action in Iraq. Therefore, moving on from a prescriptive approach to action mode, India and the EU could collaborate on offering economic and political assistance through institutional support and training to countries in transition and reconstruction such as Afghanistan.

In this context, the India-EU Security Dialogue since 2006 is a step forward in strengthening cooperation, provided that it goes beyond just being a platform for sharing views. For example, joint mechanisms could be developed and applied to conflicts in different regions such as Africa, where India and the EU are already participating in peacekeeping activities. Turning to India's long-standing concerns on terrorism, the EU was traditionally not seen as being supportive of India's security concerns. However, the creation of an EU Counter-Terrorism Co-ordinator in the wake of the Madrid bombings signals the earnestness of the EU effort and opens up opportunities for both sharing information and enhancing cooperation.

Economic cooperation, trade and the environment

A major challenge lies in translating government exchanges and agreements into a substantial partnership, enhancing trade and investment flows. After China, India leads the restructuring of global economic relations. The EU, which is India's biggest trade partner, is seeking to expand the bilateral trade volumes. India has become a major hub for the IT and service sector, thereby transforming the image of India itself. The country offers a very attractive investment market for different sectors, given its viable legal structures and trained workforce. India, however, suffers from excessive bureaucratic rigidity, and more needs to be done to exploit its full business potential.

When it comes to trade, the case could be made for applying the principle of reciprocity between the EU and India. Despite its economic growth and potential, however, the fact cannot be overlooked that India faces numerous domestic development challenges and reciprocity could have detrimental effects on its agricultural sector. Although India has brought down its tariffs, it has increasingly had to contend with non-tariff barriers such as sanitary and phytosanitary conditions and extensive procedures for securing export certification to the EU. The EU asserts that India's high tariff barriers are not transparent enough and thus not conducive to creating a trade-enabling structure. A major challenge on both sides is to expand the traditional trade items to include sectors such as services, bio and nano-technology and genomics, where collaboration would deliver greater benefits to both. Synergies could be enhanced between India's large scientific base and the EU supporting joint R&D projects.

On the recommendations of a High-Level Trade Group to the Summit in Helsinki 2006, a trade and investment agreement was envisaged. The first steps towards an India-EU Free Trade Agreement have been initiated and independent studies on both sides have concluded that major benefits will accrue to both parties. However, the successful conclusion of the Doha Development Round wherein the EU and the US accommodate the concerns of developing countries will be critical to all trade agreements.

While India emerges as a global service producer, it also offers a huge market for a varied range of goods and services. India is notably undertaking defence modernisation and has diversified its weapons purchasing, which opens up opportunities for further

cooperation between India and the EU. In this context, the European Aeronautical Defence and Space Company (EADS) is pursuing joint ventures with India and other defence manufacturers from the UK, France and Sweden are competing to secure major defence contracts.

The fields of energy, climate change and the environment provide another area of far-reaching cooperation. The EU and India are major energy importers and therefore securing safe, affordable and sustainable energy supplies is crucial to both. Developing a civil nuclear partnership with India along the lines of the India-US relationship will create greater mutuality of interest. However, this is likely to take the shape of bilateral agreements, as only a few EU countries possess the relevant technology.

On the issue of climate change, while the EU and India have common interests and endorse global protocols, the challenges they confront are different. The President of the European Commission, José Manuel Barroso, said in November 2007: 'Climate change is the greatest challenge of our generation'. India faces a difficult task in adopting the required standards, given that its main priority is providing development and growth for its expanding population. Assistance by EU Member States in filling the technology gap that India faces can lead to a joint effort to address environmental and development concerns. However, financing the required technological investment will be the biggest challenge, as this very much involves the private sector.

Social issues and civil society cooperation

The scope for cooperation on social issues is immense since India is at the crossroads of the developed and developing world. As India fosters its economic growth, it is also faced with meeting the Millennium Development Goals. In this context, the EU has committed to increase development cooperation to supplement Indian programmes, namely the Sarva Shiksha Abhiyan (SSA) or universal education programme and the National Rural Health Mission (NRHM).

The EU, however, has a low profile in India. It is perceived largely as a trading bloc and not as a significant political actor. There is a need to increase mutual visibility and to build up civil society networks through enhanced education and academic

cooperation as well. Part of the problem lies in the strong emphasis on bilateral relations between India and many of the EU Member States. There should be a collective approach in showcasing the EU in India. At the civil society level, the EU presence can be enhanced by greater participation and outreach among academia, think tanks and the media. The number of scholarships afforded to Indian students should be increased so as to lead to a greater synergy of talent between India and the EU.

Despite its strong external image as a *civilian* and *normative* power, the EU has been unable to attract Indian scientific talent. The US takes a more flexible approach to allocating visas and this has enabled a large number of Indian students and hi-tech workers to go to the US. The Indian diaspora is one of the most affluent groups in the US and this has also facilitated a greater diffusion and absorption of American values back in India. The US has been successful in projecting itself through its soft power and in presenting the ‘American dream’ as an achievable target. Despite 9/11, the US has continued to absorb a large number of immigrants and this has contributed to social mobility – a vital factor in enriching the American economy with the infusion of ideas and a highly skilled workforce.

By comparison, troubled by internal dissensions, the EU struggles to integrate its immigrant communities and lacks a collective image to project abroad. Demographic decline is leading to an ageing society that is also lagging behind in R&D. India’s long-standing experience of social integration, given its cultural diversity as a pluralistic democracy, may offer a good example of integration to Europe. Although the Indian constitution establishes a secular state, it guarantees not only religious freedom but also the cultural identity of all citizens.

Conclusion: blending norms with realism

Europe the ‘norm entrepreneur’ is a satiated power, whereas India is trying to become a norm setter, seeking to change the *status quo* in matters of global governance. Undoubtedly, the US remains the main superpower as far as economics, technology, politics and most importantly, military might is concerned. When the US upgrades its relations with India, it gives a global signal that is difficult to overlook.

The US and the EU engage a rising Asia in different ways, which underscores who shapes what aspect of global politics. The US has discovered the power potential of India, critical to the Asian strategic calculus, and has sought to overcome the Cold War legacy of mutual estrangement. If, however, the real intention of the US is to counterbalance the rise of China via a strategy of democratic encirclement, it should be stressed that India does not see itself as a counterweight to China. India's foreign policy does not contemplate becoming part of a military alliance. In this context, India-EU relations assume more importance. The EU seeks to create a multipolar world in which it identifies India and China as the emerging Asian power centres, and seeks to engage India because of its economic growth. However, there is a deficit in the India-EU relationship because the EU is not a strategic security actor and its ability to bring security deliverables to the partnership is extremely limited.

What is critical to the discussion on strategic partnerships and norm diffusion is to ask what templates emerging powers use to model their behaviour. India is an emerging power with a strong national consciousness and an identity rooted in territoriality and sovereignty. It aims to enhance its soft power with hard power, thereby borrowing certain aspects of the US approach. In contrast, the EU, as a post-modern actor, seeks to construct a new collective identity based on soft power.

The progress of EU integration has raised expectations regarding the Union's performance and visibility globally. However, Europe's lack of political cohesion and military prowess has diluted its political effectiveness. At global level, the EU is the most successful example of regional integration and durable peace between countries and yet 'the idea of Europe' resonates differently in different regions of the world. The biggest challenge in assessing the EU as a global economic, political and security actor lies in the fact that it is constantly evolving.

India and the EU should enter a strategic dialogue that goes beyond the articulation of normative principles and leads to concrete action. Translating the potential for cooperation into reality will require strategic vision and political sagacity. In this context, the EU will need to respect India's strategic autonomy and its freedom to set its security priorities: India cannot surrender its strategic interests. In effect, the challenge for the India-EU strategic partnership is to balance norms and realism.

The EU and Russia: a contested partnership

Sabine Fischer

Partnerships for effective
multilateralism
EU relations with Brazil,
China, India and Russia

8

Introduction

The label 'strategic partnership' has been used extensively in EU-Russia relations since the second half of the 1990s. However, the viability of a strategic partnership between the European Union and Russia is being questioned nowadays by policymakers and observers on both sides. Disagreements over domestic developments in Russia, human rights and democracy, the so-called common neighbourhood, and numerous global questions currently paralyse EU-Russia relations.

These issues will play a role during the negotiations on the new agreement between the EU and Russia, scheduled to be launched at the next EU-Russia summit in Khanty-Mansiisk by the end of June 2008. For almost two years, political relations between the EU and Russia have been in a deadlock after the former Polish government issued a veto against the opening of negotiations in autumn 2006. EU-Russia summits during the Finnish, German and Portuguese Presidencies took place without tangible results, and the most pressing issues in bilateral relations remained untouched. Now both sides face the challenging task of agreeing on a treaty which corresponds to the complex reality of their relationship.

The EU and Russia have developed strong economic and political ties since 1991. The EU very quickly became Russia's most important trading partner and the biggest source of external aid and technical support. While the EU's share of Russia's foreign trade exceeds 50%, EU trade with Russia has almost doubled between 2000 and 2006, making up for about 6% of EU exports and 10% of EU imports.¹ Over 60% of Russian exports to the EU consist of energy and raw materials. Although trade in manufactured goods and services has shown a constant increase in recent years, its significance in the overall trade balance remains marginal, thus ultimately ascribing to Russia the role of an energy supplier – albeit the most important energy supplier to the EU.

1. European Commission, 'The European Union and Russia, Close Neighbours, Global Players, Strategic Partners', Brussels, October 2007.

Growing interdependence between Russia and the EU has been accompanied by extensive political dialogue. The legal foundation of the relationship is formed by a Partnership and Cooperation Agreement (1997), which came into force in 1997 and expired by the end of November 2007.² However, the PCA will be extended every year for one year, unless one of the sides rescinds its participation in the agreement six months in advance. In 2005, the PCA was flanked by the concept of Four Common Spaces (Common Economic Space, Common Space of Freedom, Security and Justice; Common Space of External Security; Common Space of Research, Education and Culture). Roadmaps outlining measures for the accomplishment of these spaces were signed in May 2005.³ Russia is the only third country with which the EU holds two summits per year. In between the summits, communication continues in the framework of numerous dialogues (on energy, intellectual property rights, public procurement, industrial products, enterprise and industrial policy, human rights etc.). Each dialogue encompasses a number of working groups dealing with detailed questions and involving officials, diplomats and experts from both sides.

In recent years, the EU's assistance to political and economic reforms in Russia has decreased, since Russia experienced an unprecedented growth in its financial reserves thanks to capital inflows from energy trade and growing foreign direct investment. Therefore, Russia has become independent of external donors, ranging from the EU's TACIS programmes to national programmes of technical assistance and to IMF and World Bank loans. Today's political elite in Russia rejects external assistance linked to democratic conditionality. As conditionality has been a core element of the EU's external assistance programmes for Eastern Europe for the last 15 years, the EU's approach is greeted with growing scepticism in Russia.

EU-Russia relations are not limited to the bilateral level. EU Member States and Russia meet in multilateral fora, like the UN, the OSCE and the Council of Europe. As will be discussed below, the approaches of the EU and Russia to multilateralism in these fora tend to vary significantly, which has a negative impact on their capacity to act. This is especially the case with the OSCE, which is hampered regularly by disputes between Russia and 'the West' (meaning EU Member States, non-EU states, and the US) over the structure and scope of activities of the organisation. The

2. 'Agreement on Partnership and Cooperation', *Official Journal* L 327, 28 November 1997, pp. 0003-0069.

3. 'Roadmap for the Common Economic Space; Roadmap for the Common Space of Freedom, Security and Justice; Roadmap for the Common Space of External Relations; Roadmap for the Common Space of Research and Education, including Cultural Aspects'. Available at: http://ec.europa.eu/external_relations/russia/russia_docs/road_map_ces.pdf.

Council of Europe, under Russian chairmanship for the first time during the first half of 2007, experiences constraints as well, resulting from the divergent understandings of human rights between Russia (and some other members) and EU states.

This short overview demonstrates the complexity of Russia-EU relations today. Their development has also been shaped by domestic changes in the EU and Russia. The EU has undergone profound changes internally (through enlargement) and as an actor in the common neighbourhood with Russia. The accession of the Central European and the Baltic states to the EU has brought new actors to the negotiating tables in Brussels, who have very specific views on Russia. Three years after enlargement the EU is deeply divided and faces great difficulties in finding common positions on any issue regarding relations with Russia. Member States' preferences swing between pragmatic engagement and containing Russia's influence in the EU and its eastern neighbourhood.

Russia has changed its approach to the outside world in general, and to the EU in particular. Its renewed self-perception as a global player translates into a much more assertive stance on many questions which used to be consensual or secondary throughout the 1990s, and which were subordinated to the primacy of good relations with the West. The early Putin administration seemed to continue this pro-Western policy (or rather: returned to it after the discord over NATO's war in Kosovo in 1999), focusing especially on close relations with the EU as Russia's most important trading and modernisation partner. At the same time (about 2000-2003/2004) the EU acquired a stronger profile as a political actor, thus increasing its influence in the 'common neighbourhood'. This development culminated when Brussels and Moscow found themselves clearly on opposite sides of the political fence during the Orange Revolution in Ukraine. While Russia had openly supported Yanukovich's candidacy in the presidential elections and tried to influence domestic events in Kyiv in this direction, the EU lent full political support to the opposition movement and its demand that new elections be held. Since then, Moscow's initially positive attitude towards the EU as a partner for trade and modernisation has been overshadowed by growing suspicion regarding the EU's role in what Russia still perceives as its 'natural' zone of influence.

The EU and Russia apply very different understandings of the term 'strategic partnership'. From a Russian point of view,

strategic partners cooperate on the international level where their interests converge. Such an understanding excludes involvement in domestic affairs and lacks strong reference to common values, which are crucial for the EU's approach. Russia has also changed its attitude towards the EU as a potential partner. Today, Russian elites do not only draw attention to different understandings of strategic partnership. They also question the purpose of a strategic partnership with a counterpart which is perceived as as weak as the EU. Moscow openly returned to bilateralism in its relations with EU Member States recently, putting much less focus on deepening relations with the EU as a whole.

Relations between Russia and the EU have a long history and stretch across many policy fields. Over the last couple of years, they have come under increasing strain. The delineation of possibilities for partnership, therefore, needs to be based on a careful analysis of current problems and obstacles to the further deepening of cooperation. It remains questionable whether the EU and Russia are currently able to build up a 'strategic partnership'. However, there is space for pragmatic cooperation on concrete issues, which should be used to pave the way for a broader common understanding of major political challenges.

The global dimension: security and multilateralism

The United Nations

The UN Security Council (UNSC) is by far the most important among the few institutions in which Russia, EU members and the US meet each other on an equal footing. Permanent membership in the UNSC is a cornerstone of Russia's foreign policy. For the EU, the UN provides an opportunity to get involved in multilateral dialogue and decision-making with Russia. Security questions of global and regional importance, such as Iran's nuclear programme or Kosovo independence, as well as peacekeeping operations, are discussed in the UNSC, thus offering the opportunity to search for convergence and common positions.

After a period of constructive cooperation between Russia and the West in the UNSC, severe disagreements over NATO's war in Yugoslavia in 1999 led to a shift in Russia's attitude towards multilateralism in the UN. The UN was increasingly perceived as an

instrument of US foreign policy. Moscow started to use its veto power and to block mainly US/Western initiatives, which it perceived as detrimental to its own interests.

Russia has remained rather inactive in the debates about UN reform in recent years. It has shown cautious support for Germany's claim for permanent membership of the UNSC without, however, taking sides openly. It remains to be seen how the current Russian leadership will treat the same claim, now put forward by Chancellor Angela Merkel. Russia seems to be more inclined to use its position on the UNSC enlargement issue as an asset in negotiations on other topics than to come up with a clear position on UN and UNSC reforms. This demonstrates that Russia has not yet moved from negative to positive power in the UN framework.

On the other hand, there have been signs of growing Russian interest in a stronger involvement in UN activities. In its 'Review of the Russian Federation's Foreign Policy', published in March 2007, the Russian Ministry of Foreign Affairs is critical of the fact that Russia ranks only 40th among the contributors to UN peacekeeping missions, and demands that its share be raised in accordance with its international position.⁴ Furthermore, the Review suggests that Russia should become more involved in the UN's humanitarian activities. Instead of its selective engagement it should not only develop a more systematic approach with respect to peacekeeping and humanitarian operations on the ground, but also enhance its involvement in the global donors' community.

However, constellations in the UN Security Council seem to offer little scope for multilateral cooperation, since Russia's approach is focused mainly on strengthening its national interests and position as a global player. It is also unlikely that Russia will take a clear position on the enlargement and reform of the UNSC in the near future. Both issues clearly demonstrate that Moscow's preparedness to become involved in (and indeed its commitment to) multilateral decision-making is rather limited. On their part, the EU and the European members of the UNSC should highlight common positions (which regularly occur on a variety of topics, like Iran, North Korea and the Israeli-Palestinian conflict) and in so doing keep Russia involved in multilateral debates in the framework of the UN. A concrete step in this direction could be regular preliminary consultations between the EU's and the Russian delegations to the UN.

4. *Obzor vneshney politiki Rossiyskoy Federatsii* [Review of the Foreign Policy of the Russian Federation], March 2007. Available at: www.mid.ru.

The EU/EU members should take up Russia's verbal commitments concerning its involvement in UN peacekeeping activities and humanitarian aid. Since Russia is slowly stepping up its engagement in development aid, this could become another field of intensified interaction and cooperation. However, the EU will have to face the fact that the Russian approach is diverging significantly from its own in many aspects. Moscow is campaigning for the recognition of organisations like the CIS, the Organisation of the Collective Security Treaty or the Shanghai Cooperation Organisation as regional peacekeeping bodies by the UN – which would certainly create controversies among EU members. Russian technical support for developing countries is not tied to political conditionality, while the EU claims that good governance and democracy are cornerstones of its concept of development aid. Thus, attempts to coordinate activities in these fields have to be accompanied by an open dialogue about underlying principles as well as goals.

Arms control, disarmament and non-proliferation

Russia has managed to strengthen its position in the international arms market in recent years. With the conclusion of comprehensive packages with Algeria and Venezuela in 2006, Russian arms trade has also expanded geographically, going beyond China and India as the main importers of Russian military industrial products (while Russia delivers weapons to 82 countries, China and India account for 70% of Russia's overall arms exports). The Russian defence budget has also steadily increased over the last few years, without, however, exceeding 2.8% of GDP. Some Russian observers claim that Russia should follow a 'national strategy' on armaments, which is less oriented towards external cooperation.⁵ They argue that economic growth in Russia has enabled the state to invest more in the defence sector, and increased the internal demand for Russian products. Western reservations about deepening cooperation with Russian enterprises (for example in the framework of EADS) have provoked Russian criticism and strengthened the argument for a 'national strategy'.

At the same time, multilateral arms control and non-proliferation regimes are in deep crisis. Already existing tensions between the US and Russia have culminated in fierce debates about American plans to deploy parts of a global Ballistic Missile Defence

5. Konstantin Makienko, 'The Russian Aviation Industry: From European Option to National Strategy', *Moscow Defense Brief*, no. 2, August 2007.

System in Poland and the Czech Republic. Moscow did not show strong resistance against the US withdrawal from the Anti-Ballistic Missile (ABM) Treaty in 2002. Five years later, however, Russia-US relations have deteriorated and Russia, in accordance with its new self-perception as a global player, shows increasing readiness to confront Washington. High-ranking members of the Russian military even called for Russia's withdrawal from the Intermediate Range Nuclear Forces Treaty (INF) and officials in Moscow announced that Russian nuclear weapons might be retargeted at Europe, should the US, Poland and the Czech Republic implement their plans. Ultimately, the Russian reaction was twofold: in July 2007, Moscow announced its withdrawal from the Treaty on Conventional Forces in Europe (CFE), and suggested to Washington the joint use of the Russian Gabala radar station in Azerbaijan as a substitute for deployments in Poland and the Czech Republic. The American reaction to this suggestion has been cautious, emphasising that joint use of the infrastructure in Gabala would not be excluded, but could only serve as an addition to the deployments in Poland and the Czech Republic.

As a party to the negotiations on the Iranian (and North Korean) nuclear programmes Russia has often pursued ambivalent policies. Moscow has sided with the West in its desire to prevent Teheran from acquiring nuclear weapons, while at the same time trying to avoid strict economic sanctions in order to protect arms trade with Iran and the Russian-Iranian contract on the construction of the nuclear power plant in Bushehr. However, Russian-Iranian relations have become uneasy in recent years, since Teheran has constantly violated obligations imposed by the UN and the IAEA. As a result, Moscow took a tougher stance, eventually supporting a UN resolution on sanctions against Iran in December 2006 and cutting off deliveries to Bushehr at the beginning of 2007. Furthermore, Russia put forward the suggestion to create an international consortium for the enrichment of uranium on Russian soil, which would provide Iran with the possibility for civilian use of nuclear power, but prevent it from running a military nuclear programme.

The EU's room for manoeuvre in addressing the crisis of multilateral arms control and non-proliferation regimes is very limited, since further developments largely depend on the attitudes of the US and Russia. The EU lacks a common position regarding American ABM plans, as well as Russian reactions to it. The only sphere

where Russia and the EU currently share interests is the prevention of an Iranian nuclear programme. Therefore the EU should consider the Russian suggestion on the international consortium for uranium enrichment and try to convince all parties concerned to enter into serious negotiations about it. The same holds true for Russia's offer regarding the radar station in Gabala. There is little hope that either Russia or the US will accept the other side's conditions as they have been formulated during the first half of 2007 – but negotiations would keep multilateral processes going and increase the chance that compromise solutions can be found. By all means the EU should emphasise the importance of multilateral arms control and non-proliferation *vis-à-vis* both Russia and the US.

Regional security and peacekeeping

Regional tensions between Russia and the EU have been on the rise in recent years. While the EU has increased in stature, Russia is trying to re-establish tighter economic and political control over the region of the former USSR. Thus, the 'common neighbourhood' has become the subject of a competition for influence between Russia and the EU. Again, underlying principles and strategies as well as goals differ. At the same time, Russia and the EU face a number of common security threats, which emanate from political and economic instabilities in the 'common neighbourhood'.

In principle, both Russia and the EU share similar interests regarding the stabilisation of their neighbourhood. This manifests itself in cooperation that functions relatively well in areas like drugs trafficking and organised crime. This cooperation takes place in the framework of the Roadmaps for the Four Common Spaces, namely the Roadmap to the Common Space on Freedom, Security and Justice. However, in other crucial areas Russia and the EU follow very different agendas. While the EU claims that its policy is oriented towards a long-term stabilisation of the region through socio-economic development and multilateral regional cooperation, Russia's policy is based on a zero-sum perception of regional relations, which undermines the prospect of cooperation. Moscow, for its part, accuses the EU of pursuing an economic zero-sum approach, forcing Ukraine and other states of the common neighbourhood to make a choice between Brussels and Moscow.

Unresolved conflicts

The resolution of the unresolved conflicts in Moldova, Georgia and Azerbaijan is possibly the single most urgent issue in regional relations in the former Soviet Union, and could provide a key to the solution of many other problems. Russia's policy has been oriented towards maintaining the *status quo* situation, because it provides Moscow with strong political, economic and military leverage over the states affected by the conflicts. At the same time, Moscow does not dispose of a forward-looking vision of how to treat the break-away regions, which increases its reluctance regarding any changes to the *status quo*.

The EU has a vital interest in the resolution of the conflicts, because they are a major impediment to regional development and stability. However, Member States are split over the issue, which weakens the position of the EU in the region. Brussels has tried to gain a higher profile by appointing two EU Special Representatives for, respectively, the South Caucasus and Moldova, and has deployed the EUBAM mission on the Ukrainian-Moldovan border as well as a small rule-of-law mission, EUJUST *Themis*, and a border support team under the guidance of the EUSR in Georgia. However, these measures have remained isolated. Mostly, they were not the expression of the EU's forward-looking approach, but the result of pressure coming from regional actors.

The EU should insist more firmly on a bigger role in conflict resolution, not only in Transnistria, but also in the other conflicts. The fact that Moscow, after initial reluctance, has ultimately accepted EUBAM, should encourage the EU to engage more deeply on different levels, including confidence building, border monitoring and mediation.

The greatest potential for cooperation regarding the unresolved conflicts probably lies in Russia-EU peacekeeping activities. Since its creation, Russia has displayed interest in closer security cooperation with the EU in the framework of ESDP. Here, the EU could offer Moscow cooperation. Kosovo independence has an impact on the conflicts in the Commonwealth of Independent States (CIS), especially in Abkhazia. The deterioration of the already strained relations between Georgia and Abkhazia could lead to the destabilisation of Northern Caucasus, which is not in the EU's interest and even less so in Russia's. The EU should, therefore, take more decisive steps to prevent such a crisis. Cooperation in the unresolved conflicts, possibly even leading to joint peace-

keeping sometime in the future, would be a big step forward in the development of the Common Space on External Security. From an EU perspective such missions must of course be linked with peace agreements.

One of the main stumbling blocks in the way of all this remains the discrepancy between both sides' approaches to the build-up and command structures of joint peacekeeping forces. Russia demands cooperation 'on an equal footing', i.e. its equal participation in the command of joint ESDP and Russian forces. The EU, on the other hand, insists on decision-making autonomy, which precludes equal participation of the Russian side. To kick off the process, both sides should be prepared to enter an open dialogue about these opposing positions.

Regional cooperation

During Vladimir Putin's first term in office, Russia stepped up its efforts to foster integration in the former Soviet Union through the creation of a number of new regional organisations in the realms of economic, political and security cooperation. All of them were characterised by strong Russian domination, which diminished the commitment of some of the partner states, like Ukraine, from the very beginning. Nevertheless, Russian cooperation initiatives were interpreted as an attempt to develop a soft-power approach in the region. The colour revolutions brought a radical change in Russia's attitude. After the Orange Revolution in Ukraine in December 2004, Moscow reverted to a more assertive posture in its relations with the other former Soviet republics, using a mixture of economic and political pressure to prevent them from moving closer towards the EU, and also to NATO. At the same time, Moscow is binding more tightly into its regional cooperation initiatives those countries which are more interested in or dependent on closer relations with Russia, namely Belarus, Armenia, and some of the Central Asian states.

The EU, for its part, is divided over which priorities it should set in its policy towards the 'common neighbourhood'. The divide runs between those Member States who claim that at least Ukraine, Moldova and Georgia should enjoy active support for their efforts to move closer to the EU (including a membership perspective for Ukraine), and those who favour a Russia-first approach and try to avoid taking political steps which could alienate Russia.

The EU's main interest in the Eastern neighbourhood and relations with Russia consists in increasing regional stability. Regarding regional cooperation, Brussels should stick to the principles of the European Neighbourhood Policy and strengthen its regional dimension. The Black Sea Synergy, although still in its early stages, could be a step in the right direction.⁶ However, the regional and sub-regional organisations created by the region's states (including Russia) should not be ignored altogether. The Central Asian Strategy published during the German presidency in the first half of 2007 emphasises that 'the EU is prepared to enter into an open and constructive dialogue with regional organisations in Central Asia and establish regular *ad hoc* contacts, *inter alia* with EURASEC, the Shanghai Cooperation Organisation (SCO), CICA, CSTO, CAREC and CARICC.'⁷ The Black Sea Synergy mentions only BSEC and the Black Sea Forum initiated by Romania as organisations with which the EU would be interested in entering into a dialogue. It could be an important symbolic step forward to make similar offers to organisations like the Single Economic Space, GUAM or the Collective Security Treaty Organisation and to reflect on possibilities of cooperation with them. An invitation to Moscow to engage in closer cooperation on this level could invalidate Russian accusations that the EU itself pursues a zero-sum approach in economic relations with its Eastern neighbours.

Energy and the environment

Energy relations between Russia and the EU have a bilateral as well as regional dimension. Energy trade has existed since the 1970s. Conditions, however, have changed significantly since then. After the breakdown of the Soviet Union, the former Soviet Republics including Russia remained entangled in a complex network of energy interdependence. Russia holds a monopoly of pipeline routes for Central Asian gas to Western Europe. The Western former Soviet Republics are almost 100% dependent on Russian energy deliveries. On the other hand, they control the transport routes for Russian exports to the EU, while Russia is becoming increasingly dependent on Central Asian gas to supply its own domestic market.

6. Commission of the European Communities, 'Black Sea Synergy – A New Regional Cooperation Initiative', COM(2007) 160 final, Brussels, 11 April 2007.

7. European Council, 'The EU and Central Asia: Strategy for a New Partnership', Doc. 10113/07, Brussels, 31 May 2007. Available at: www.eu2007.de.

The pipeline system and the production facilities as they stand today are inherited from the Soviet era. Therefore, heavy investment and the diversification of the internal market (by increasing the number of independent companies) are necessary preconditions for an increase of production, but are precluded by subsidised energy prices and state control. Energy inefficiency is another pressing problem, which is closely intertwined with low prices and upward pressures in energy consumption both in domestic households and industry. In other words, short of urgent intervention, Russia will face serious problems in supplying its domestic market as well as guaranteeing export commitments in the medium term. As indicated below, the Russian Energy Strategy until 2020 envisages plans to meet these challenges. Among other measures, the increased use of fossil energy sources other than gas is envisaged. It remains questionable, however, whether such steps can ensure the sustainability of both domestic supply and exports. Considering the political implications of a sharp increase in domestic prices, the urgent reforms that need to be undertaken in the gas sector are not very likely under the current domestic conditions.

The EU's dependency especially on gas imports from Russia has been on the rise ever since the beginning of the 1990s. At the same time, both sides have found themselves increasingly at odds regarding the conditions of energy trade. The EU expects the liberalisation of the Russian energy (essentially gas) market so that EU companies can enter it. Moscow's refusal to ratify the transport protocol to the European Energy Charter in order to protect its transport monopoly over energy deliveries has been a major point of contention for over 10 years now. The Russian side has produced a number of arguments against the ratification of the Charter and the transport protocol, which have not met much consideration on the European side. Russia also responds to the EU's accusations by pointing out that the EU tries to limit the activities of Russian companies in its own markets, thus denying equal conditions for all sides.

Throughout the last few years, and against the background of growing political tensions, Russia has used energy dependency time and again as an instrument to put political pressure on Russian neighbours pursuing domestic and foreign policy goals disliked in Moscow. This is not to say that the Russian state exerts complete control over the energy sector and can use it deliberately

as a tool when needed. However, where interests overlap, political will and economic tools merge into an unholy alliance, as can be observed in relations between Russia, Ukraine, Belarus and Georgia. This alliance is enforced through the existence of informal networks of rent seekers on all sides, who benefit from the opaque and uncompetitive conditions of energy trade. The repeated rows between Gazprom and Ukraine since the Ukrainian Parliamentary elections in September 2007 over gas prices and the role of intermediators in the Russian-Ukrainian gas trade illustrate the negative impact of these networks as well as their resilience.

In energy matters, the EU and Russia are interdependent. The EU will not be able to quickly diversify its gas imports (which would also mean switching to potentially less stable trade partners). On the other hand, the fast diversification of exports to other world regions requires huge investments, which Russia will not be able to make in the foreseeable future. Thus, while the first steps to increase energy trade with China and other importers are being taken, Russia cannot abandon the EU as its main energy customer any time soon. Therefore, functioning and stable energy relations are at the core of both sides' interests.

The crucial precondition for more cooperation in the field of energy is liberalisation on both sides, based on reciprocity. Russia has to modernise its energy market if it wants to remain capable of guaranteeing domestic as well as export supply. Considering its relative backwardness in technological development, Moscow should be interested in a controlled opening of the Russian energy market and closer cooperation with energy companies from the EU and other industrialised countries. This concerns not only production and transportation, but also – and in particular – energy efficiency, which will remain a crucial issue on the Russian agenda.

If the EU wants Russia to soften its stance on energy market liberalisation, it has to demonstrate that Moscow's accusation of protectionism is invalid. The Commission's recent initiative in unbundling energy production and distribution might be a useful step towards the liberalisation of the European energy market. From the EU's point of view it makes total sense to protect its energy markets from the penetration of state-regulated external actors. The fact that a provision to limit the ability of non-EU companies to buy power-distribution networks within the EU has been branded as the 'Gazprom clause' in the public debate shows the

strong politicisation of the energy issue in relations with Russia. However, the creation of a common energy market in the EU should be flanked by constructive moves along the lines of the European Energy Charter provisions. The Energy Charter includes rules for investment and non-discriminatory trade as well as a mediation mechanism. Therefore it provides important tools for the regulation not only of bilateral energy relations between the EU and Russia, but also of relations with the transit countries. In order to restart the Energy Charter process, the EU should seriously consider Russian concerns concerning the transport protocol, open up negotiations on them and be prepared to partially adapt the Charter in order to get Russia on board. This could be done with direct reference to the Energy Charter, or through the integration of crucial parts of it in the negotiations of the follow-up agreement to the PCA, due to start later this year.

That said, the EU does not yet have a common energy market, and Member States' positions and interests concerning the Europeanisation of energy policy as well as energy relations with Russia diverge. Therefore, the EU remains a rather weak collective actor in regional energy relations. Transit consortia (whether trilateral or multilateral), binding together companies in EU Member States, the transit countries, and Russia and functioning according to transparent rules would be a possibility to regulate and stabilise energy transit from Russia to the advantage of all actors involved. The consortium projected by German, Ukrainian and Russian companies before the Orange Revolution was in principle a good idea. However, such constellations should not be dominated by special relations between single EU Member States and Russia. Other EU members should be involved (including in consultation upstream in decision-making) and given the opportunity to benefit through participation or interconnectors.

The issue of energy saving and modernisation of the Russian energy sector is closely linked with the question of environmental protection and climate change. Recent studies have pointed out the severe consequences of global warming for Russia's climate, agriculture, economy and living standards (there are positive effects, too, like considerably decreasing heating costs, but the damage by far outweighs such advantages).⁸ From a long-term perspective, Russia should therefore be keenly interested in successfully fighting climate change. Energy saving, for which the

8. Alexey O. Kokoring and Inna G. Gritsevich, 'The Danger of Climate Change for Russia - Expected Losses and Recommendations', *Russian Analytical Digest*, no. 23, 19 June 2007.

mechanisms under the Kyoto Protocol provide strong incentives, could also help solve challenges Russia is facing in its energy sector.

Moscow ratified the Kyoto Protocol after lengthy negotiations in 2004, thus allowing it to enter into force. This decision was reached in a swap deal with the EU, which in turn awarded Russia market economy status, thus paving the way for its WTO accession. However, incentives for practical implementation of the provisions of the Kyoto Protocol remain limited. Since Russia will not face any problems in meeting its emission obligations in the foreseeable future (in 2004 Russian emissions remained at 33% of its commitment), no additional domestic measures are needed. As mentioned above, energy saving does not figure high on the Russian political agenda. Saving energy on the domestic market could free additional amounts of gas for export. However, with export contracts (especially for gas) fixed over several years, companies like Gazprom have no immediate need for additional gas.

The Russian Energy Strategy until 2020 projects a change in the Russian domestic energy market in favour of an increased share of coal, so that gas export commitments can be met. Thus, the Russian government's strategy to avoid internal shortages and to guarantee the sustainability of its gas exports is not targeted at energy saving and the modernisation of its energy sector, but merely envisages switching to another fossil energy source. This would increase CO₂ emissions and run counter to the declared goals of the Kyoto Protocol (albeit still being in line with Russia's obligations).

In other words, Russian political thinking does not link energy trade and climate change/environmental protection/energy saving, and remains limited to short-term tactics to increase revenues from energy imports rather than medium- and long-term strategies for sustainable development. On the other hand, Russian companies are interested in the Joint Implementation (JI) mechanism under the Kyoto Protocol, which would allow co-financed joint ventures, and facilitate foreign investment and the transfer of technology and know-how in this area. The Russian government issued a decree on the national JI procedures in May 2007, which now allows for implementing the JI in Russia.

The EU should take this as a starting point for enhanced cooperation with Russia in the fields of energy efficiency/environmental

protection. Companies in EU Member States should be encouraged to enter joint ventures with Russian companies. A special emphasis should be put not only on reducing CO₂ emissions, but especially on energy efficiency. The success of such a strategy certainly depends on the extent to which energy efficiency technologies become a driver of economic growth. Were this to be the case, intensified cooperation in this area could help the Russian government realise its goal of diversifying the Russian economy and make it less dependent on energy exports.

Other issues for bilateral cooperation

Divergence on a number of important questions of regional or global relevance directly affects the bilateral relations between Russia and the EU. Negotiations about the follow-up to the Partnership and Cooperation Agreement, which were due to start in autumn 2006, have been delayed three times because of insurmountable disagreements. With parliamentary and presidential elections looming, the Russian leadership preferred to use harsh rhetoric in relations with the EU instead of demonstrating the will to compromise. This might change now that the elections are over, but there are no radical changes to be expected from the new Russian President Dmitri Medvedev.

At the same time, Russia and the EU remain in close contact in quite a number of fields. Where there are common interests, communication works well, as is the case in some of the areas covered by the Common Economic Space (regulatory dialogues on trade etc.), the Common Space of Freedom, Security and Justice, and the Common Space of Research, Education and Culture. In the current phase of political estrangement it is very important to preserve these spaces of communication and exchange.

The EU should continue supporting Russia's WTO membership. Russia's accession to the WTO would render 80% of the current PCA obsolete and pave the way for the conclusion of a free trade agreement. However, both sides have to do homework before the accession can happen. Commitments pending for years now, like the Siberian overflight rights, have to be fulfilled quickly. Furthermore, Moscow has to sort out its trade relations with some EU Member States, and to do so in a constructive manner instead of exerting political pressure through trade embargos. For the EU,

the main task consists – again – in finding a common position and urging those Member States who take a particularly intransigent attitude towards Russia to compromise.

Russia faces numerous socio-economic and societal problems which will become more severe in the medium term. The Russian government has recognised these challenges and since 2006 addresses them in so-called National Projects on Education, Health, Affordable Housing, and Agricultural Development. Although these national projects are confined to the period of Putin's presidency, it is very likely that they will be continued in one way or the other after the presidential elections. In some of the areas concerned, for instance demography, the EU faces similar problems. In others, like the spread of AIDS and other epidemic diseases, it disposes of better-developed instruments. Deepened exchange of information and strategies and mutual assistance would be a promising field of cooperation, also allowing for closer contacts between societal actors from both sides.

Cooperation in the fields of science and education has already made considerable strides over the last few years. Russia is one of the few third countries participating in the EU's research programmes. Since 2003, Russia is also a member of the Bologna Process, and aims at making its higher education system internationally compatible. Numerous cooperation programmes between Russian and EU/European universities have been created. With the support of the European Commission, the Moscow State Institute for International Relations has set up a so-called European College, which is supposed to become a main training facility for those parts of Russia's political elite dealing with the EU. These activities should be developed further and extended not only to Russia's bigger cities, but also to universities in more rural areas. The exchange of students and teachers should be intensified to increase the knowledge and understanding of cultural similarities and differences on both sides, and multiply networks among people at all levels.

Conclusion

Depending on the definition applied to strategic partnerships, it does seem onerous to call Russia a strategic partner of the EU. In early 2008, it has become difficult to speak of common values as a

basis for Russia-EU relations. Pragmatic economic cooperation is overshadowed by numerous tensions and disagreements on the regional and international level. The current Russian leadership is preparing a transfer of power which will bypass democratic rules and will most likely not bring about change in Russian domestic politics and foreign policies. Hence, the prospects for the build-up of a strategic partnership based on democratic rules and norms and aiming at multilateral cooperation for the sake of international stability and peace are rather narrow in the short term. However, as has been outlined in this contribution, due to the many interdependencies which have developed since the breakdown of the Soviet Union, the EU and Russia have considerable potential for fruitful cooperation on all levels of their relationship. If both sides make use of this potential, there is a realistic chance that a substantial strategic partnership might develop in the future.

Russia and the European Union: redefining strategic partnership

Dmitri Trenin

Partnerships for effective
multilateralism
EU relations with Brazil,
China, India and Russia

9

Strategic partnership between Russia and the European Union¹ requires redefinition. The Union's original premise that Russia would not only progressively move towards liberal democracy and the market economy, but in so doing would increasingly accept European norms and regulations codified in the *acquis communautaire*, has not been borne out by the actual trends. Russia's road to modernisation has turned out to be more twisted and tortuous, and this modernisation does not equal Europeanisation. After a series of unsuccessful attempts to integrate on special terms into the Western institutions, Russia has reasserted itself as a stand-alone great power.

On the other hand, Russian expectations that Europe would become progressively more open toward Russian investments, Russian visitors and Russian views on the world have not been fully realised. The 2004 'Big Bang' enlargement of the EU has resulted in a substantial rise in scepticism and suspicion towards Russia. Since Europe's current mode of engagement is not only about external policies, but also about internal conditions in partner countries as well, Europeans have been pressing Moscow on the issue of values, only to provoke Russian counter-accusations of self-serving hypocrisy. Thus, even as Europe on the whole has grown more apprehensive towards Russia, many Russians have become disillusioned about Europe.

This mutual frustration is the paradoxical result of the growing intimacy of Russo-European contacts. Expanding European business activities in Russia turn the general notions of business climate, the rule of law and property rights into very practical issues. The steep rise in Russia's financial power has turned the heretofore theoretical possibility of Russian companies acquiring stakes in European enterprises into a reality. Europe's growing dependence on Russian gas and oil supplies and the rise of resource nationalism in Russia are at the root of different approaches to energy security. The enlargement of the European

1. Throughout this chapter, the author uses the shorthand of *Russia-Europe* to describe the relationship between the Russian Federation and the European Union and its Member States. Geographically, of course, Russia west of the Urals is part of Europe, and culturally, Russia is European all the way, from the Baltic to the Pacific. Politically, however, *Europe* at the beginning of the twenty-first century denotes the EU and what may be called the *Eurosphere*, i.e. countries of the European Economic Area, the Union's candidate members and close associates. Russia is clearly outside of that 'sphere'. Finally, the word 'Europe' is used as a generic term to refer to the Union, its Members States, and pan-European organisations, such as the Council of Europe and the OSCE.

Union has not only physically brought Europe closer to Russian borders, but has created an area of intense competition between the EU and Russia in what the Russians used to call their near abroad, and Europe now calls a common neighborhood.

Long accustomed to dealing with individual nation states, Russians find it difficult to deal with the hybrid construction *sui generis* which is the European Union. The internal workings of the EU are light years away from the practices of a Byzantine court, but can be just as arcane. No wonder that Moscow's preferred partners are the EU capitals, an approach which many in the Union see as reflecting divisive tactics. For its part, the European Union finds it challenging to deal with a country such as Russia, which evokes vastly different feelings and very diverse interests among the Union's 27 Member States. Both Russians and Europeans are grappling with striking the right balance between bilateralism and multilateralism in their dealings with each other. Russia certainly does not have the reputation of being an easy international partner, but neither does the EU, albeit for entirely different reasons. Even within individual European states, various vested interests have sharply contrasting views on Russia and argue in favour of sometimes diametrically opposite approaches and policies.

Finally, Russia-EU relations are closely linked with and affected by a range of other factors, including Russia's attitudes toward such pan-European organisations as the Council of Europe and the OSCE; Russia's relations with NATO, which unites most of EU Member States; the developments in those parts of Europe which lie outside of the EU territory, such as the Balkans, new Eastern Europe (Ukraine, Belarus, Moldova) and the South Caucasus; and Russia's relations with the United States, especially over democracy promotion, alliance enlargement and military deployments within geographical Europe.

The above reference to growing mutual frustration does not mean that the idea of the Russia-EU strategic partnership is either wrong or impossible. There is no alienation, and only limited estrangement. Europe is, and is likely to remain for decades to come, Russia's leading trading partner by far. The EU countries are the principal source of foreign investment in Russia, which also means the transfer of advanced technologies and business practices. In civilisational terms, ever since embracing Christianity in the tenth century, Russians have always been European,

representing Europe's ancient eastern (Orthodox) tradition. Culturally, Russians feel more at home in Europe than anywhere else in the world. They now go to Europe to visit or on vacation, but also to study and to stay, buying property and investing. The geographical proximity and good communications make Europe an excellent travel destination from Russia's metropolitan centres west of the Urals. However, currently Russia is not desperate to make its relationship with the EU an absolute foreign policy priority. Moscow has decided on an independent global strategy and is playing with a range of options.

For Europe, long accustomed to Russia's physical presence in its midst, Russia is now more of a periphery than before. It is essentially a major energy supplier, indispensable and disturbing at the same time. Europe fears dependence on Russia in that sphere, mainly because it sees Russia as 'the other', an authoritarian entity antithetical to Europe's core values. For Europe, which has been able to manage its immediate neighbourhood by means of conditionalities attached to prospects of membership, Russia is a tough partner precisely because conditionality without membership does not work. So, Russia stays out of what Europe regards as the mainstream tendencies in the region and, alone among Europe's partners, seeks to present an alternative to that mainstream. Still, despite all this, Europe, which shares a continent with Russia and regards it as a cousin of sorts, feels the need to find a permanent accommodation with Russia. Having finally solved the German question in the very heart of the continent, it needs to solve the Russian one in the east. Long-term, wide-ranging and close (i.e., strategic) partnership is probably the only realistic way of achieving that. How to achieve that, given the complexities, some of which have been mentioned in the preceding paragraphs?

Before one is able to seriously address that question, one needs to review the recent experience and the current trends and prospects in a number of key areas of the Russia-EU interaction. It makes sense to start with the most dynamic element of Russo-European ties, i.e. their economic relationship, including energy. A logical follow-up is the more contentious and fragile political relationship, which also encompasses security issues. Finally, one has to come to grips with the main area of discord, as seen from the EU side: values.

Economics, energy and the environment

In the energy sector, interdependence, rather than Europe's one-sided dependence on Russia, is the reality. In percentage terms, the Russian federal budget is much more dependent on the proceeds from oil and gas shipments to Europe than the EU countries are dependent on Russian deliveries. Europe certainly overreacted to the 2005-6 gas crisis between Russia and Ukraine, but its quest for alternative sources of energy supply is a sound long-term policy. Russia for its part needs to access the global energy market, which means becoming a supplier to Asia and America as well as Europe. What is unhelpful are Gazprom's threats to switch exports from Europe to China and calls in Europe and the US for an 'energy NATO' are equally unhelpful. Punishment will not work, either way.

The real problem is not Russia's use of its energy supplies as a weapon to achieve political dominance, which is an oversimplified reading of the Kremlin's clumsily executed, but essentially rational policies, but rather the risk that Gazprom may not be physically able to satisfy Europe's needs and honour its contracts. As energy demand is rising in Russia itself, Gazprom needs to develop new gas fields in some very difficult areas, and to be able to lay pipelines to deliver gas to consumers in Europe. Development of deposits in the Arctic such as Shtokman, and building new pipelines such as the North and South streams, call for Russo-European cooperation. Pipeline competition is not a zero-sum game: energy security essentially means redundancy. Tripartite Russo-Western-Chinese competition in the Caspian and in Central Asia also enables the countries in the region to cut the best possible economic deals and to better balance their foreign and security policies.

Similarly, liberalisation of the energy sector would leave both Russia and Europe better off. Russia's transit monopoly on gas supplies from Central Asia is not sustainable over the long term, and Moscow would have to ratify the Energy Charter including the Transit Protocol. In a trade-off, the EU needs to liberalise its own energy market, making it accessible to companies such as Gazprom. A much wider opening of the Russian energy market to outsiders would serve to modernise the energy industry and thus raise the Russian companies' international competitiveness. An opening of the EU market would serve the interests of European

consumers. 'Energy' in this context is not limited to fossil fuels and includes the nuclear materials market, which Rosatom has been trying to accede.

Russia acceded to the Kyoto protocol chiefly in order to close WTO negotiations with the EU. Through 2012, Russian CO₂ emissions are likely to stay below the Kyoto limits, but after that the growth of the Russian economy and the national energy strategy which calls for expanded use of coal as an energy source could put Russia above its obligations under the Kyoto agreement. Moscow needs to start developing its own environmental strategy, which is still lacking, based on the realities and trends of climate change, Russia's interests and its international obligations. Given Russia's geographical position, ongoing dialogue on environmental issues linked to the problem of energy efficiency is a major area of practical cooperation between the EU and Russia.

Economic relations between Russia and Europe are not limited to energy ties. By 2007, Russia has fully recovered from the collapse of the Soviet economic system in the 1990s. Russia's GDP, the world's eighth largest, is back to its 1990 level, but in qualitative terms, of course, it is wholly different. Russia's nine-year-old economic growth, spurred on as it is by the high energy prices, is likely to continue at least in the medium term. Some longer-term projections have Russia advancing still further, gradually overtaking all of the EU individual countries' economies. As it proceeds, Russia's modernisation requires a complete overhaul of the country's infrastructure. Motor roads, railroads and airports are woefully substandard and inadequate. Modernisation also requires large-scale economic diversification away from oil and gas dependence. Russians will look to partners around the world, but Europe appears to be the most likely principal source of expertise, technology and investment. This is a major opportunity for European companies.

Political issues, including security affairs

One of the salient results of the end of the Cold War and the rise of the European Union has been a marked transformation of the meaning of the term 'European security'. Russia's own rise as a great power in the eighteenth century was closely linked to its entry of the European system of competing states, based on the balance

of power principle. Between 1945 and 1990, divided Europe was the centre stage of a global stand-off between two super-powers, one of which was the Soviet Union. Within a decade and a half after the end of the Cold War, however, Europe outside of the former USSR has become one, united under the aegis of the European Union. This had the effect of making Russia, whose self-image as a great power has been traditionally based on its competence in the affairs of Europe, into Europe's neighbour.

To the extent that European security issues have survived into the twenty-first century, they are limited to managing relationships between Russia and NATO as well as Russia and the United States; and to the resolution of the 'frozen conflicts' in Kosovo, Transnistria, Abkhazia, South Ossetia and Nagorno-Karabakh.

In 2007 Russia suspended its participation in the Conventional Forces in Europe (CFE) treaty as a means of making its Western partners ratify its adapted version (as Moscow already has) and heed Russian security concerns. While there is no immediate danger of a return to military build-up and confrontation, the passing of the treaty which was once hailed as the material foundation of the European peace order could increase uncertainty and mutual suspicion. While this is not strictly EU business, EU Member States which are parties to the CFE and those invited to join (like the three Baltic countries) owe it to themselves to make sure that the adapted CFE treaty enters into force and guarantees common security in geographical Europe.

Another issue that came to the fore in 2007 is the US plan to deploy elements of its global ballistic missile defence (BMD) system in Poland and the Czech Republic. The failure so far to reach an agreement between Washington and Moscow that would, at minimum, guarantee that the proposed deployments do not diminish Russia's strategic capabilities and, ideally, lead to US-European-Russian collaboration within a regional missile defence system, has produced tensions reminiscent of the Cold War era. Senior Russian officials have issued threats of new missile deployments targeting European countries, which is clearly counter-productive. By reacting in this way, Russians are rekindling the fears that push Europe into America's protective arms. Yet, a compromise solution to the missile defence issue is possible in principle between the US and Russia, and Europeans would do right to help bring it about.

In the reverse scenario of Moscow eventually reopening the intermediate-range missile (INF) issue, Europeans need to join America and Russia in promoting a global ban on those systems. In any event, they need to obtain assurances from Moscow that in the event of Russia's withdrawal from the INF, Europe is spared another missile build-up along the lines of the 1970s and 1980s. This may be possible in the situation in which the adapted CFE treaty is being fully implemented, and an acceptable solution is found for the BMD issue.

The proposed US BMD deployments are linked to the Iranian nuclear issue. The EU, along with the US, Russia and China, is participating in international efforts aimed at preventing Iran's acquisition of nuclear weapons. Despite certain non-trivial differences, Europeans and Russians not only share the ultimate objective of non-proliferation, but also place emphasis on direct talks with Tehran. Even though there can be no resolution of the Iranian nuclear issue in the absence of a clear policy and an active role by the United States (e.g., along the lines of Washington's current approach towards the North Korean nuclear issue), the EU and Russia could play very useful roles, and closer coordination of their policies would be of benefit to all.

In 1999 and again in 2004, Russia had to accept two waves of NATO enlargement. It loudly, though in vain, protested the first time, over the accession of Poland, Hungary and the Czech Republic, and chose to register its disapproval silently, over the Baltic States, Romania, Bulgaria, Slovakia and Slovenia, five years later. Although there are no immediate plans for admitting more states from the former Soviet Union, this remains a highly sensitive issue. In Georgia's case, one needs to remember that Georgians believe they are at war with Russia, which occupies part of their territory (Abkhazia and South Ossetia). In the more important case of Ukraine, any attempt to raise the issue of NATO membership before there is a solid majority within Ukrainian society – and not just in the government and parliament – risks creating nationwide political turmoil and inviting cross-border interference supporting either side in the argument. While Georgia, even in the worst case situation, is likely to remain important, but peripheral, Ukraine as a political battlefield between the West and Russia would seriously destabilise Russian-European relations.

Resolving the frozen conflicts would strengthen security on the borders of the EU and Russia. In an ideal world, the Union would have done well if it had managed to deliver a solution of the Kosovo issue based on an agreement between Belgrade and Pristina, something which Moscow had vowed to accept. Kosovo's 2008 proclamation of independence and its recognition by most EU members, as well as the United States, has not resolved the issue completely. The Union needs to deal with the fact that neither the Kosovar Albanians nor the Serbs will accept to be ruled by the other group (which raises the unpalatable issue of Kosovo's partition); that Kosovo will take time to evolve into a fully-fledged nation state (which will require continued EU involvement on the ground); and that both Serbia and Kosovo will gravitate towards the EU (which will give the Union leverage if it wanted to use it). Kosovo is the defining moment for the Union, and the definition will depend on the outcome of the crisis.

Moldova, where a Moscow-brokered peace deal was shot down in 2003 by the US and its European allies, still remains the best bet for conflict-resolution in the foreseeable future. A unified neutral Moldova, with proper guarantees for Transnistria within a common state, with a small international police contingent to ensure security along the Dniester, and with Russia's ancient ammunition depots (and their guards) safely gone, could become a first case of successful conflict resolution through the joint efforts of Russia and European states. Potentially, this is a case for ESDP-NATO-Russia collaboration.

Abkhazia and South Ossetia are much harder issues to resolve, but the EU would play a constructive role if it reached out more to Abkhazians and Ossetians, in an effort to re-energise the search for a political solution. Russia's winning of the right to hold the 2014 Winter Olympics at Sochi, a mere 20 kilometres from Abkhazia, makes it interested in strengthening peace and enhancing security in the region. On Nagorno-Karabakh, there is broad agreement among the three co-chairs of the Minsk group, France, Russia and the US, as to the modalities of peace settlement. Preventing war between Azerbaijan and Armenia is a common concern.

Political developments in New Eastern Europe, the South Caucasus and even Central Asia could impact on Russia-EU relations. Ukraine's 2004 Orange Revolution and the role that Poland, among others, played in working out a compromise between the

Ukrainian factions, created an image of ‘the lands between’ the enlarged EU and the retrenched Russia as a new East-West tug of war. Since then, however, Ukraine has been largely on its own, with Moscow basically reconciled to its slow westward drift. President Putin has officially referred to Ukraine’s eventual EU membership as being unproblematic for Russia – unlike, of course, its NATO accession, which remains anathema to Moscow.

With Belarus having quietened down for the time being under the present regime, Moscow seeks from Minsk the opening up of the Belarusian market and a share of the privatisation prize. The perceived ‘loss’ of Ukraine stimulates Russian efforts to shore up its positions in Belarus, and to keep that country in the Russian orbit. As in the South Caucasus and Central Asia, however, Russo-European economic competition is a largely good thing, presenting the countries in these regions with wider options and more policy alternatives.

Values and visas

One of Europe’s major problems in dealing with Russia is the issue of values. How should Europe deal with a country which is mildly authoritarian, does not show enough respect for human rights, and restricts its citizens’ freedoms? The Kremlin has responded to these concerns with the concept of ‘sovereign democracy’ which basically proclaims Russia’s independence from Western, including European, tutelage (the *sovereignty* aspect) and insists on Russia’s equality in *democratic* (i.e. popularly supported) legitimacy with its Western partners.

The clear emphasis on sovereignty and the refusal to be graded by international democratic standards has led to Moscow restricting the monitoring mission of the OSCE’s Office for Democratic Institutions and Human Rights (ODIHR) in the run-up to the 2007 Duma elections, which in turn resulted in the ODIHR’s refusal to dispatch the mission. Within the OSCE, Russia has been trying, mostly alone and so far unsuccessfully, to change the focus of the organisation away from human rights and democracy in the post-Communist states and towards more traditional security issues.

Within the Council of Europe, Chechnya is less of an issue now than in the late 1990s and the early 2000s. For its part, Moscow has

been trying to highlight the situation of mostly ethnic Russian non-citizens in Latvia and Estonia, and to point to the public activities of surviving former Nazi collaborators in those countries, and to the official support they are occasionally given as fighters against Soviet communism. Whatever the particular issues of the day, Russia's membership in the Council of Europe signifies Russia's commitment, in principle, to European values. To deepen that commitment, other members of the Council need to make sure that Russia is not only judged and criticised according to its performance, but is also heard and engaged.

No one can or should be asked to remain quiet, or to censor themselves, but merely preaching and protesting is rarely productive or even satisfying for that matter. Russia, of course, is not at the stage in societal and democratic development where the EU countries are, at present. But today's Europe is not only different, values-wise, from the Europe of 1914, but even from the Europe of, say, 1968. Russia, for its part, in its various aspects somewhat resembles the Germany of the 1920s, the France of the 1950s, and the Italy of the 1960s, all at the same time. From another perspective, it appears like itself, circa 1913. These comparisons are highly notional and do not constitute any predictions about Russia's future course. They are mere intuitions, suggesting that Russia is an evolving entity, and that its trajectory may have more in common with the evolutionary histories of Western European countries than with the recent revolutionary experience (modernisation through integration) of Central (formerly Eastern) Europe.

Russia's societal values will change as capitalism and the market further develop in Russia; as property relations demand codification in legal acts and norms; as proliferating interests require representation; and as growing affluence engenders demand for accountability. These processes are essentially economy- and society-driven, from the inside. However, multifaceted, multi-level interaction with Europe can play a hugely important positive role. Europe's very proximity and the affinity it evokes among ordinary Russians enhances the effect still further. Working toward a visa-free regime between the EU and Russia, provided, of course, that Russia satisfactorily secures its other borders, is the correct approach.

Europeans will be right to insist that Russia fulfils its obligations, whether in the Council of Europe or the OSCE, or the European Court of Human Rights. They will be right, also, to take legit-

imate Russian concerns and criticisms seriously. Russia is not the only country in Europe which has to deal with its heavy legacy of the past. Most European countries, and virtually all the major ones, fall into the same category. Germany's successful *Vergangenheitsbewältigung* is an historical exception, not the rule. Russia-bashing, like Europe-bashing in Russia, is damaging to those doing the 'bashing'.

A 2030 vision?

With the Russo-Polish meat dispute resolved, Russia and the European Union are now free to move toward drafting a new partnership agreement to replace the 1997 one. This is an important immediate issue. However, in order for the partnership to become a truly strategic one, both the EU and Russia need to take a much longer view. Where will both of them be in, say, 2030? What will each need from the other, in order to achieve its domestic objectives and global ambitions? Russia may well become an independent pole in a multipolar world, but, with only a few percentage points of the global GDP, and a contracting population, would that not be a junior pole? Of Russia's potential partners-in-integration, would Europe not be the most attractive one? And, as for Europe, would a strong (confederal-type) relationship with Russia not provide it with much-needed strategic depth and enhance its standing in the world, increasingly dominated by Asian and other non-Western actors? Russia might be the ultimate Eastern Europe, the Old World's second pillar and the last frontier. Intriguing prospects to ponder.

The rise of strategic partnerships: between interdependence and power politics

Giovanni Grevi

Partnerships for effective multilateralism
EU relations with Brazil, China, India and Russia

10

Introduction

The European Security Strategy (ESS) of 2003 outlined for the first time a common assessment of the main threats and challenges confronting the European Union. It also emphasised the EU's commitment to an international order based on effective multilateralism. However, while acknowledging that 'no single country is able to tackle today's complex problems on its own' and that, conversely, 'there are few if any problems we can deal with on our own', the Strategy only referred in passing to the EU's relations with other big global players. In this context, the need to pursue the EU's objectives 'both through multilateral cooperation in international organisations and through partnerships with key actors' was stated.

Different wording was used to describe different partnerships. The transatlantic relationship was defined as 'irreplaceable. Acting together, the European Union and the United States can be a formidable force for good in the world.' The aim was therefore 'an effective and balanced partnership with the USA.' In fact, in the aftermath of Iraq, the determination to fix EU-US relations pervaded the whole text of the Strategy. Turning to other major international partners, the Strategy singled out relations with Russia, arguing that 'we should continue to work for closer relations with Russia, a major factor in our security and prosperity.' The Strategy added that respect for common values would reinforce progress towards a 'strategic partnership' with the large neighbour. Furthermore, the Strategy called for developing strategic partnerships with Japan, China, Canada and India, 'as well as with all those who share our goals and values, and are prepared to act in their support.'

These references to 'working with partners' at the end of the ESS suggest five brief considerations. First, the transatlantic partnership remained the defining strategic relation for the EU.

Second, Russia was considered an important enough actor to justify a separate mention and, distinctively, was defined as a major factor for the security of the EU. Third, the pooling in the same basket of countries as diverse as Japan, China, Canada and India showed the lack of a truly *strategic* perspective in looking at other *strategic* partnerships. Fourth, common values and the readiness to act in their support were regarded as a component of strategic partnerships. Fifth, and related, the list of strategic partners was not a closed one, as much would depend on normative convergence and willingness to act together.

Five years on, the international system has considerably changed, with Russia, China and India taking a more prominent role in shaping a new international order. Brazil is another important player affecting international relations across a number of issues. Economic and therefore political power has been shifting from the EU and the US to other economic powerhouses, notably in Asia. Russia, for its part, has reasserted itself as an independent, major political and economic power, notably exploiting its extensive energy resources as a political weapon. Most importantly, however, the 2003 Strategy has been proven right in so far as no single global player can achieve its strategic goals independently of the others. Whether one looks at curbing CO₂ emissions or ensuring the security of energy supply and demand; whether it is a question of redressing major trade imbalances or carrying out humanitarian interventions and supporting stabilisation and development, international cooperation is a vital condition for success.

Between 2003 and 2008, the EU has done a lot to build solid, comprehensive strategic partnerships with the so-called new global players, namely China, India and Brazil, as well as with Russia, which is a traditional great power but took a less prominent international role for a decade after the unravelling of the Soviet Union. Arguably, in 2008 these partnerships feature much higher on the political agenda of the EU than they did five years ago. In all likelihood, their ascension will continue in the short to medium term. The review of the four strategic partnerships carried out in this *Chaillot Paper* provides, thus, a contribution to assessing the implementation of the ESS itself, and prospects ahead. In what follows, some conclusions will be drawn from the comparative analysis of the partnerships in question. The first part of this chapter is dedicated to some of the serious challenges that affect

the viability of EU strategic partnerships. The second part outlines major opportunities for further cooperation across a range of political and security issues.

Two caveats, however, must be noted. First, while not addressed in this context, the transatlantic partnership is the most important for the EU and will remain such for the foreseeable future, although it has suffered much controversy and is undergoing significant evolution. Deep economic interdependence, shared political and societal values, extensive people-to-people contacts, common security threats and the NATO umbrella make for profound and lasting connections between the two sides of the Atlantic. For the EU, this is far from being an exclusive relationship but, in shaping strategic partnerships with other actors, it cannot be overlooked either. Second, from an EU standpoint, strategic partnerships are comprehensive by definition, ranging far beyond the political and security fields to touch all sorts of economic and societal issues. This is a trademark of the 'EU way' of doing business with other players, and corresponds to the reality of ever-growing areas of cooperation and interdependence. The following analysis, however, focuses on the political dimension of these partnerships, based on the assumption that, short of a convergence of worldviews, self-perceptions and, where relevant, threat assessments, cooperation will suffer serious constraints.

Strategic partnerships: a sign of the times

Bilateral partnerships have always existed in parallel to multilateral frameworks. The 2003 ESS acknowledged that the EU needed to pursue its objectives through both international organisations and partnerships with key actors. While championing effective multilateralism at the global and regional level in different fields, the EU has invested a lot of political capital in building closer and structured relations with other global players over the last five years. Strategic partnerships have been launched with India in 2004 (followed in 2006 by a Joint Action Plan to implement the partnership agreement) and with Brazil in 2007, upgrading the political profile of EU relations with these countries. In the case of China, negotiations on a comprehensive Partnership and Cooperation Agreement (PCA) were launched in June 2007, and a high-level economic

and trade talks mechanism was established in 2008. A PCA was concluded with Russia as early as in 1997 and negotiations are ongoing on renewing it. In the meantime, the EU and Russia pledged to reinforce their cooperation by setting up four 'common spaces' in 2003. They deal with, respectively, the economy; freedom, security and justice; external security; and research, education and culture. In 2005, four road maps were adopted to foster the implementation of the four spaces. In policy documents and political statements over the years, the EU has been variously referring to these four countries as 'strategic partners'.

This political drive reflects and accompanies the growing relevance of large, individual state actors to international political and economic relations and to all major questions of global governance. A quick review of some basic indicators confirms this point. The so-called BRICs (Brazil, Russia, India and China) accounted for 25% of the world GDP (at Purchasing Power Parity - PPP) in 2005, and are expected to account for around 32% in 2020.¹ In particular, China may account for as much as 26% of global economic growth between 2006 and 2020, and India 12%. Adding Brazil and Russia, 43% of global growth may be generated in these four countries over the next ten years or so. Based on these projections, China, India, Brazil and Russia may rank, respectively, as the first, third, eighth and ninth largest economies in 2020 in terms of PPP, while China would be the second largest economy (around 35% of US GDP) at market exchange rates.

Looking at trade patterns, it is evident that the relative importance of the four countries in question has been growing steadily. Imports from China to the EU-27 have been growing from 52 billion euro in 1999 to 194 billion in 2006 while, over the same period of time, imports from Russia have multiplied fourfold from 36 billion euro to 140 billion. Exports from the EU-27 to China have more than tripled between 1999 and 2006, reaching 63 billion euro, while exports to Russia have grown fourfold to 72 billion euro and exports to India have increased by 150%, up to 24 billion euro.² After the US, China's is the EU's second largest trading partner, having displaced the US as the main source of imports in 2006, and Russia is the third one.

Investments flows follow a similar pattern, although they are constrained by market and non-market barriers in countries like China and Russia, but also India. In 2005, 17% of the EU's outward foreign direct investment (FDI) flows targeted the US, while 36%

1. 'Foresight 2020: Economic, industry and corporate trends', Economist Intelligence Unit, March 2006. For more data and analysis on the evolution of key global players over the medium-term, see Nicole Gnesotto and Giovanni Grevi (eds.), *The New Global Puzzle. What World for the EU in 2025?* (Paris: EUISS, October 2006).

2. It should be stressed, however, that the EU exports to Switzerland (87 billion euro), while growing at a much slower pace, still outrank those to China, which underlines the considerable barriers encountered by EU companies trading with the big Asian partner. For all trade data reported here, see 'External and intra-European Union trade: Monthly Statistics', issue no. 12/2007, Eurostat, December 2007.

were directed towards the emerging markets. Of the four countries analysed here, Brazil is by far the biggest recipient of EU FDI, with a stock of around 80 billion euro in 2005, followed by Russia with over 30 billion, China with 27 billion and India with 12 billion. Between 2005 and 2007, however, EU investments in China have shrunk, reflecting economic but also political tensions.

Energy, and the security of energy supply and demand, is a defining issue for the years to come. From this standpoint, the four EU strategic partners reviewed here belong to two different camps, namely major importers and major exporters. Like the EU, China and India are large economies whose growth is largely dependent on energy imports. Differently from the EU, however, the energy needs of China and India are exploding, to sustain breakneck economic growth.³ To give an order of magnitude, China's energy demand, which already accounts for 12% of the world total, is expected to more than double between 2005 and 2030. The same goes for India, with the two countries accounting for almost half of the 50% increase of the world's energy needs by 2030.⁴ This implies that, twenty years down the line, India will depend on imports for about 90% of its oil and 40% of its gas supplies, while China's import dependence will rise to around 80% for oil, and 27% for gas.

The problem, of course, is that both developed and emerging countries (as well as the poorest ones) will rely on imports from a limited number of big producers. In so far as oil is concerned, Middle East countries today account for 28% of global production, and their share should rise to 38% in 2030. OPEC countries' oil exports will grow from 42% to 52% of the world's total. Russia holds around 6% of the world oil reserves, and boasts by far the largest reserves of gas, followed by Iran, Qatar and Saudi Arabia. Imports from Russia cover 24% of the EU's gas consumption and 44% of overall EU gas imports. Russia also accounts for 30% of EU oil imports and 27% of EU consumption. Brazil, for its part, has important oil reserves, earmarked mainly for internal consumption, and is set to become one of the world's leading producers and exporters of biofuels. The global production of biofuels might grow tenfold between 2004 and 2030, depending on the levels of investment, the price of oil, technological innovation, global regulations, and the impact on food production. The EU has set a minimum target for sustainable biofuels of 10% of oil and diesel consumption in the transport sector by 2020.⁵

3. Philip Andrews-Speed, 'China's energy policy and its contribution to international stability', in Marcin Zaborowski (ed.), 'Facing China's rise: Guidelines for an EU strategy', *Chaillot Paper* no. 94 (Paris: EUISS, December 2006).

4. International Energy Agency, 'World Energy Outlook 2007, China and India Insights', OECD/IEA, 2007, Executive Summary. The energy and environmental statistics presented in this section belong to the 'reference scenario' produced by the Agency, based on an assumption of relative continuity in energy and environmental policies. Under the 'alternative scenario', including far-reaching policy innovation, fossil fuels demand and CO₂ emissions are significantly lower.

5. European Commission, '20 20 by 2020 - Europe's climate change opportunity', Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2008) 30 final, Brussels, 23 January 2008.

The success of the strategies to contain climate change will crucially depend on the involvement of developing countries and on the commitment of China and India in particular. With around 18% of the world total, China became the biggest CO₂ emitter in 2007, and India is set to become the third largest emitter by 2015. Short of far-reaching policy adjustments, global energy-related CO₂ emissions are expected to jump by over 50% between 2005 and 2030, with the US, China, Russia and India contributing two thirds of the increase.

The review of these indicators suggests that, over the next ten years, the priorities and decisions of a few large state players will have a huge impact on the scope for and direction of international cooperation. It follows that bilateral relations between the EU and these actors have acquired renewed relevance, as an essential precondition for establishing viable mechanisms of global governance. Multilateral structures have always reflected, to some extent, the values and interests of leading powers. The point, however, is that the range of the key stakeholders of globalisation, and 'poles' of the geopolitical balance, is expanding, and new deals will have to be struck among them as a basis for common rules.

Multilateralism will only be effective if it is compatible with the underlying interests of the big actors, although interests are not fixed and can evolve through international cooperation. At this stage, however, it is as yet unclear whether the priorities of the main global actors – both old and new ones – are growing more or less divergent, as evidence could be cited to support both arguments. EU strategic partnerships are therefore a sign of the times, and embody the attempt to reconcile the new, *de facto* centrality of bilateralism with the enduring, and growing, necessity of multilateralism. Strategic partnerships reflect an international system in transition where norms are contested and the balance of power is shifting, but the main challenges are largely common ones. As such, these partnerships require much flexibility in their formulation and interpretation.

The worldviews of strategic partners

The contributions featured in this *Chaillot Paper* show that strategic partnerships encompass relations with countries taking a very different approach to international relations and cooperation, and

expressing different priorities. Three general points can be made in this connection. First of all, with the exception of Brazil, EU partners stress the centrality of national sovereignty to the international order and firmly uphold the principle of non-interference in their internal affairs and in those of other countries. It follows that they are reluctant to enter binding commitments in their relations with the EU and to accept that, for example, social or human rights clauses are attached to economic agreements. Authoritarian countries such as China and Russia have entered dialogues on human rights with the EU, but the scope for tangible progress in improving human rights standards seems small and, in some respects, appears to be shrinking. For a 'transformative' and 'normative' power like the EU, this is no mean challenge.

This has clear implications at both the domestic and the international level. On the one hand, in the words of Dmitri Trenin, the Russian concept of 'sovereign democracy' 'basically proclaims Russia's independence from Western, including European, tutelage (the sovereignty bit) and insists on Russia's equality in democratic (i.e. popularly supported) legitimacy with its Western partners.'⁶ On the other hand, following the coloured revolutions on its borders, Russia tends to regard relations with the EU in the common neighbourhood as a zero-sum game, and is extremely suspicious of the EU's support to good governance, civil society and democratic forces in the region. China, for its part, is notoriously opposed to the slightest hint of international political, let alone military, interference or intervention in third countries. This approach undermines the emergence of customary norms of international law, such as the responsibility to protect, despite the fact that the latter has been collectively endorsed by UN members in the Outcome Document of the historical 2005 UN Summit.⁷ India, while rightly proud of its democratic and pluralist political system, and very much engaged in UN peacekeeping activities, appears largely focussed on asserting its own strategic autonomy and not keen on exporting democratic norms and values.

The second point is that the emphasis on sovereignty and non-interference puts the commitment of the EU's partners to effective multilateralism in perspective. Brazil seems to come the closest to the EU's principled commitment to effective multilateralism and the UN system. With different nuances, however, China, Russia and even India seem to take an instrumental approach to multilateralism. In a nutshell, looking at the often

6. See Trenin, p. 141.

7. UN General Assembly, '2005 World Summit Outcome', Resolution adopted by the General Assembly, A/RES/60/1, 24 October 2005. See in particular paragraphs 138 and 139 on 'Responsibility to protect populations from genocide, war crimes, ethnic cleansing and crimes against humanity'.

wide gap between their discourse and practice, multilateralism seems to be, depending on the circumstances, a tactic or a rhetorical device. All these countries, arguably, support multilateralism in a selective way, in so far as it fosters their interests. In other words, multilateralism is more about serving goals than about shaping the context for lasting and far-reaching cooperation.

Sabine Fischer stresses how Russia uses its membership of the UN Security Council to assert a 'negative' veto power rather than to express a 'positive' agenda-setting power.⁸ China and India have operated at cross purposes on the key issue of the reform of the UN Security Council, given the ambivalence of China on granting permanent membership to India (let alone Japan), and the eagerness of the latter to acquire a seat at the UNSC table, thereby achieving its quest for global standing. Like Russia, India appears as an overtly revisionist 'modern' power, busy with carving its niche in a new concert of great powers. As Christian Wagner notes, although both India and the EU 'have a long tradition of involvement in multilateral institutions, they have a different understanding of effective multilateralism. The EU regards "effective multilateralism" as a synonym for strengthening international institutions ... India regards multilateral institutions as means to pursue its national interests. The use of "effective multilateralism" can therefore be understood as a strategy to achieve these goals via cooperation in global institutions.'⁹ When it comes to China, according to François Godement, 'in the balance between multilateralism and multipolarity, the notion of a Chinese-European convergence of views is underpinned by much ambiguity.'¹⁰ In fact, the Chinese discourse is very subtle, showing a clear understanding of the difference between multilateralism and multipolarity and of the distinctive European approach to the international order. Still, Feng's assertion that 'it is China's view that a multipolar world would be the basis of a multilateral world. Without a balanced power structure in the world, any multilateralism will not be reliable' needs to be put to the test.¹¹ The familiar anti-hegemonic undertones of this statement will have to be balanced by concrete engagement in the multilateral agenda, from monetary issues to climate change, from regional tensions to humanitarian interventions.

The third point is that the diversity of worldviews harbours potential for new dividing lines between rule-makers and rule-

8. See Fischer, pp. 118-20.

9. See Wagner, p. 90.

10. See Godement, p. 63.

11. See Feng, p. 83.

takers or, rather, between different groups of rule-makers. At present, this is more a scenario than a statement of fact, but much political focus will be required to avert it. Salma Bava pointedly argues that 'Europe the "norm entrepreneur" is a satiated power, whereas India is trying to become a norm-setter, seeking to change the status quo in matters of global governance.'¹² Feng notes that 'since it entered into the global system ... China has been a rule taker, not a rule maker.'¹³ This could, however, be interpreted as an instance of Chinese understatement considering the growing role of China in devising new models of economic growth and development, and distinctive visions of the global order.¹⁴ Brazil, while closer to the EU's emphasis on global and regional governance, 'veut un monde régulé, mais dans lequel le pouvoir de réguler ne soit pas un monopole américano-européen et où sa participation dans la création, l'établissement et l'application des normes et règles soit clairement reconnue.'¹⁵

All of the above points to the need to revise the structures of global governance so as to make them better reflect the new dynamics of power and influence. Short of more determined steps in this direction, traditional multilateral institutions may see their role greatly downsized, or contested to the point of stalemate. The clout of the International Monetary Fund (IMF) and the effectiveness of the World Bank have already been seriously affected by growing private financial and investment flows towards developing countries, the emergence of new major lenders such as China, the massive revenues accruing to energy-rich countries and the large currency reserves resulting from new trade patterns.¹⁶ While regularly paying tribute to the importance of the WTO multilateral trade system, major trade powers have failed to come to an agreement on the struggling Doha Round. The international trade system is visibly fragmenting in different regional trade agreements and in bilateral negotiations, such as those that the EU is pursuing with India and MERCOSUR. Trade imbalances and tensions on market access and protection of intellectual property between the EU and China fuel much resentment in Europe, which may lead to a protectionist backlash. On these and other crucial matters, ranging from the reduction of greenhouse gas emissions to international criminal justice and human rights, the role of the EU as a norm-entrepreneur will therefore be put to the test.

12. See Salma Bava, p. 112.

13. See Feng, p. 82.

14. On the distinctive Chinese approach to globalisation and development, see Joshua Cooper Ramo, 'The Beijing Consensus', Foreign Policy Centre, London, 2004.

15. See Valladão, p. 35.

16. At the moment of writing, the IMF is in the process of revising the distribution of quotas and votes among its members to better reflect the weight of emerging countries in the global economy and to improve the representation of low income countries. See IMF Survey Magazine, 'Directors Back Reforms to Overhaul IMF Quotas and Voice', 28 March 2008.

The EU: a strategic partner?

Over the last few years, EU strategic partnerships have been upgraded to include a more explicit political and also security dimension, addressing issues of global governance and stability. This development raises questions not only about the commitment of the EU's partners, and their priorities and worldviews, but also about the Union itself. The point is whether the EU – a collective international actor – is willing and able to perform as a strategic actor. Doing so implies commitment to a set of principles and values, the ability to define clear priorities, the availability of policy tools to pursue them consistently, the capacity to negotiate with other actors in the international system, and the recognition by others as a relevant strategic interlocutor.¹⁷

Thus, entering strategic partnerships constitutes a key test for the Union as an international actor. First, acting strategically in relations with major global players requires an adjustment in the way in which the EU approaches its external relations. Second, the perceptions of the EU's partners matter a great deal in enhancing or undermining the role of the EU as a strategic actor. Third, looking at the strategic partnership 'market', the focus on the EU 'supply' should be complemented by the analysis of the demand, or expectations, of partnership deliverables by other players. Fourth, the EU is not the only strategic partner in town. More specifically, the 'US factor' remains a key variable in shaping EU strategic partnerships.

In addressing the first point, a distinction should be drawn between the much-debated EU 'structural' power and more traditional forms of 'relational' power.¹⁸ Essentially, structural power is about shaping the environment of international relations, setting up international institutions, regimes and norms, and involving countries in a comprehensive web of multilateral arrangements at the global and regional level for the management of interdependence. In deploying this dimension of power, the EU has been drawing on a wide range of external policies, including trade, economic and financial instruments, development and humanitarian assistance, and also the CFSP and, more recently, ESDP with its civilian and military dimension.

The point that emerges from the contributions to this volume, however, is that strategic partnerships are as much about shaping the context for enhancing mutual relations as they are about trad-

17. This particular breakdown of the requirements to qualify as an international actor is borrowed from Charlotte Bretherton and John Vogler, *The European Union as a Global Actor* (London: Routledge, 1999). The authors include among the features of an international actor the domestic legitimization of decision-making and policy priorities as well. This is an important dimension, not least because of the growing public concerns regarding relations with some of the EU strategic partners, but it is not addressed as such here.

18. Mario Telò, *Europe: a Civilian Power? European Union, Global Governance, World Order* (New York: Palgrave Macmillan, 2006), pp. 227-232 and Stephan Keukeleire, 'The European Union as a Diplomatic Actor: Internal, Traditional and Structural Diplomacy', *Diplomacy & Statecraft*, vol. 14, no. 3, 2003.

ing respective interests. In fact, it would appear that, for ‘realist’ countries like China, India and Russia, strategic partnerships are essentially regarded as a tool to further their priorities. To provide a very clear example of the difference between a structural (or normative) approach and a more strategic (interest-based) one, it is one thing for the EU to support the strengthening of the UN, but quite a different matter for it to take a stance on whether or not, say, India, should join the UN Security Council.

When it comes to how the EU is perceived by its partners, the countries reviewed here do not seem to regard the EU as a fully-fledged international actor and stress the complexity of its institutional structure as an impediment to more straightforward relations. The mismatch between the EU as a post-modern, collective international actor, and the very purposeful, modern actors that it is dealing with, is noted by the various contributors to this *Chaillot Paper*.¹⁹ In this connection, the results of a recent survey of public opinion conducted in various key states presents a sobering picture.²⁰ Asked what the main world powers are today, 81% of the respondents mentioned the US, 50% China, 39% Russia, 35% Japan and 34% the EU, which shares the fifth place with the UK. More interestingly in this context, the EU was regarded as a world power by only 5% in India, 12% in Brazil, 13% in Russia, 32% in China (the best score outside the EU) and 26% in the US. It follows that the EU position in this ranking largely depended on positive answers from EU Member States.

Taking a medium-term perspective and looking at world powers in 2020, 61% of those surveyed mentioned the US, 57% China, 37% Russia, 33% the EU (at the same level as Japan) and 29% India. Again, low or very low percentages of public opinion from the four countries addressed here envisage that the EU will become a major world power.

Conversely, however, when asked whether they would favour greater cooperation with the EU, a staggering 98% of Chinese and 91% of Russians answered positively, followed by 70% of Brazilians, 68% of Indians (with a drop of 15% compared to the previous survey in 2005) and 78% of Americans. While, therefore, the EU is not necessarily regarded by public opinion outside Europe as a global power itself, there is a lot of appetite for enhancing cooperation with it. One may sum up these figures by arguing that the EU remains a very attractive partner, but is not perceived as commanding much authority when it comes to power relations.²¹

19. Robert Cooper has stressed the distinction between the ‘modern’ world of assertive states, based on balance, and the ‘post-modern’ world of multilateral cooperation, based on openness. See Robert Cooper, *The Breaking of Nations* (London: Atlantic Books), 2004.

20. Bertelsmann Foundation, ‘Who Rules the World’, October 2007.

21. These findings, pointing at the support for greater cooperation with the EU, are consistent with the positive perception of the Union emerging from the experts’ contributions collected in Martin Ortega (ed.), ‘Global views of the European Union’, *Chaillot Paper* no. 72 (Paris: EUISS, November 2004). At the same time, Ortega noted that external observers were confused by the different voices of the EU and its Member States and that the European experience as such could hardly become a model for other regions of the world. A recent research programme on the external image of the EU offers a mixed picture as well. In particular, the self-proclaimed ‘distinctiveness’ of the EU as an international actor appears less than self-evident in the eyes of third parties. For an overview of this programme and the main conclusions, see Sonia Lucarelli, ‘The European Union in the Eyes of Others: Towards Filling a Gap in the Literature’, *European Foreign Affairs Review*, vol. 12, no. 3, 2007.

The coherence between EU policies and the positions and initiatives of individual Member States is of course crucial to the credibility of strategic partnerships, notably when it comes to foreign and security policy issues. From this standpoint, while calling for better-defined EU positions, the strategic partners of the Union seem quite comfortable with fostering bilateral deals with large EU countries and pursuing a double-track approach, targeting at the same time Brussels and national capitals. In some cases, such as the support for the development of the Indian nuclear industry, or the construction of energy transit routes from Russia to the EU, respective partners argue that they can only do business at the Member State level, whether it is a question of legal competences, material resources or required expertise. The fragmented, uneven representation of the EU in multilateral fora complicates the picture further, both from an EU perspective and in the eyes of its partners.²²

In addition, looking at the partnership 'market', what the EU offers (when it is in the position to shape a common policy) is not necessarily what the partners want, and what the EU demands is not necessarily what the partners are willing or able to deliver. Comprehensive partnerships, not always endowed with an adequate sense of priority, may also contribute to raising excessive expectations of strategic convergence, and to generating subsequent disillusion, as Godement notes with a reference to the China arms embargo issue.²³ Moreover, the author points out that China's demands are not always for positive engagement, but also for the EU to refrain from addressing important domestic issues such as human rights or Tibet. More tensions in the partnership 'market' may emerge concerning the interaction between the EU and countries such as China, but also Russia and India, in third regions, primarily in Africa and the Middle East.²⁴

In the case of Russia, the focus on engagement through economic and regulatory channels clashes with strategic divergence on the 'common neighbourhood' and the hardening of the Russian position on the 'transformative' nature and purpose of EU policies in countries such as Georgia and Ukraine, let alone Russia itself. As Trenin points out, the EU's assumption that Russia would 'not only progressively move toward liberal democracy and the market economy, but in so doing would increasingly accept European norms and regulations codified in the *acquis communau-*

22. André Sapir (ed.), *Fragmented Power: Europe and the Global Economy* (Brussels: Bruegel, 2007). See in particular Chapters One and Two.

23. See Godement, p. 62 and pp. 66-68.

24. For an in-depth analysis of the scope of China's and India's trade and investment with Africa, and its potential impact on economic growth, see Harry G. Broadman, 'Africa's Silk Road: China and India's New Economic Frontier', The World Bank, 2007. See also William Wallis, 'Drawing contours of a new world order', *Financial Times Special Report*, 'Africa-China Trade', 24 January 2008.

taire, has not been borne out by the actual trends.’ He feels that ‘Russia’s road to modernisation has turned out to be more twisted and tortuous, and this modernisation does not equal Europeanisation.’

Yet another important insight drawn from the contributions to this *Chaillot Paper* is that, in the marketplace of strategic partnerships, the EU is not the only major supplier. First, at least potentially, each of the four countries in question is a ‘strategic partner’ on its own, and can shape both bilateral relationships and regional structures (such as the Shanghai Cooperation Organisation or the IBSA grouping) that do not include the EU. Second, and most importantly, the US appears as *the* pivotal player, whether the other main actors look at it as a partner or as a competitor (or even as a potential threat). The US is a defining global political actor because it remains the only one with respect to which all others define their strategic outlook. Of the countries reviewed here, India has established the most far-reaching partnership with the US, based on the nuclear deal of March 2006 and also, so the parties highlight, on the strong bond of shared democratic values. In addition, for the US, balancing China in South Asia is a priority. For India, the US is the main external security provider and its friendship offers a stepping stone to great power status. It is interesting to note, however, that, according to Salma Bava, India ‘does not see itself as a counterweight to China’ and that India’s foreign policy ‘does not contemplate becoming part of a military alliance.’²⁵

China allegedly feels closer to the EU’s than to the US’s world-view and tends to downplay the distinctive position of the US in the current international system, arguing that a multipolar world has emerged.²⁶ Clearly, however, the US is the key player for China when it comes to vital issues such as the Taiwan question, North Korea, the security architecture of East Asia and the Pacific at large, and the security of energy supply routes, among others. Economic interdependence, and imbalances, make the US-Chinese relationship even more complex, controversial, and decisive.²⁷ As to Russia, it is not entirely clear that it regards the EU as a strategic partner at all, aside from trade matters. On the other hand, recent statements confirm the primordial importance attached by Russia to the relationship with the US, although that is often framed in antagonistic terms.²⁸

25. See Salma Bava, p. 113.

26. See Feng, pp. 82-83.

27. See Marcin Zaborowski, ‘US-China relations : running on two tracks’ in ‘Facing China’s Rise’, *Chaillot Paper* no. 94, op. cit. in note 3.

28. See for example the successive speeches delivered at the Munich Conference on Security Policy by former President Putin and First Deputy Prime Minister Ivanov in, respectively, 2007 and 2008. Vladimir Putin, speech at the 43rd Munich Conference on Security Policy, 2 October 2007. Sergey B. Ivanov, ‘Where is Russia Heading? New Visions of Pan-European Security’, speech at the 44th Munich Conference on Security Policy, 2 October 2008.

Strategic partnerships in the age of interolarity

EU strategic partnerships establish a comprehensive, contractual relationship between the EU and other key global actors. From this standpoint, strategic partnerships could be regarded as an updated version of the EU's efforts to 'domesticate' international relations, transforming crude power balances into rule-based relationships.²⁹ As such, strategic bilateral partnership and multilateral engagement need not be seen as an alternative. The question is not whether the EU should forego its goal of effective multilateralism to the advantage of bilateral partnerships or whether, conversely, the EU should refrain from deepening these partnerships so as not to weaken multilateral frameworks. Strategic partnerships should rather become important axes of the EU multilateral strategy. With a view to the *de facto* emergence of new centres of political and economic gravity alongside traditional ones, the challenge will be to mainstream multilateral solutions through bilateral channels, in addition to other frameworks. As noted above, workable multilateral solutions can only be formulated on the basis of the interests and priorities of major global actors, and not bypassing or eluding them.

The analysis conducted above has shown that the sheer diversity of the EU strategic partners, the sometimes unconvincing performance of the EU and the mismatch between the priorities of the EU and those of its partners are three major challenges confronting this agenda. As to the first point, the heterogeneity of the partners entails a degree of ambivalence in the very notion of strategic partnership.³⁰ The question is whether this is a problem *per se*. In building strategic partnerships, a degree of flexibility and also constructive ambiguity is to be expected and is probably indispensable. The political nature of the undertaking entails room for mutual adjustments, concessions and trade-offs, puts a premium on pragmatism and on an incremental approach, and does not lend itself to ideological dogmatism. Also, partnerships are made to last and deliver over the long-term. The bottom line is that these partnerships are strategic because they are necessary for the EU to effectively pursue its goals and spread its norms at the international level. By branding these relations as strategic partnerships, the EU sends an important, positive and inclusive message to third parties. Of course, however, there should be no illusion that these partnerships prove effective by virtue of calling

29. For the original notion of the EU as a civilian power, see François Duchêne, 'The European Community and the Uncertainties of Interdependence', in Max Kohnstamm and Wolfgang Hager (eds.), *A Nation Writ Large? Foreign Policy Problems before the European Community* (London: Macmillan, 1973). For a comprehensive reflection on the evolution of this concept and its application in a complex international system, see Mario Telò, 2006, *op. cit.* in note 18.

30. See Roberto Menotti and Maria Francesca Vencato, 'The European Security Strategy and the partners', in Sven Biscop and J. J. Andersson (eds.), *The EU and the European Security Strategy – Forging a global Europe* (London: Routledge, 2007).

them strategic. There is therefore a need to strike a balance between political expediency and a credible, coherent EU posture towards its partners.

For the EU, the second challenge is to become better at setting priorities and enhancing consistency – both tasks being important indicators of the EU's credibility as an international actor. With regard to enhancing consistency among them, one could point out four basic markers of strategic partnerships: a degree of common values and principles; shared interests on vital issues; reciprocity; and multi-level, structured cooperation on a more or less extensive range of technical matters. The EU should make it clear that, short of reciprocity, a partnership cannot be called strategic. Moreover, because of the political and symbolic value attributed to strategic partnerships, the EU should be prepared to adjust its discourse, and make progress conditional, with respect to those relationships that do not reflect strategic convergence at the level of both values and interests. Failing to do so would, in the long-term, undermine the credibility of the EU as a *distinctive* international actor, not simply taking part in power politics but acting consistently with its normative foundations.

Failing to set clear priorities would, on the other hand, undermine the credibility of the EU as an international actor as such. The very fact of establishing strategic partnerships is evidence that the EU has engaged in selecting its priorities, but more needs to be done. In this context, the third challenge needs to be addressed, namely the mismatch of the priorities of the EU and of its partners. As noted above, the Indian nuclear question, market access in relations with China, and the future of the common neighbourhood with Russia are some of the difficult subjects to be addressed. The EU and its Member States need to prove willing and able to shape common positions on this and other issues, and act with strategic partners accordingly.

Priorities, however, look different depending on the time horizon and on the scope for cooperation that are envisaged. Over the short term, real or perceived differences may outweigh functional cooperation on distinctive policy areas. In the medium to long-term, however, what unites the EU and its partners is much stronger than what divides them.

The respective positions and interests should be put in due perspective. While it is true that the 'new' global players have rapidly acquired political status and economic clout, it is also clear that

the EU is and will remain a vital partner for them. From a trade standpoint, the EU is the biggest individual partner of the four countries reviewed here. For example, 20% of Indian trade is conducted with the EU, while that amounts to less than 2% of EU total trade. Trade with the EU accounts for roughly 55% of Russia's total, while trade with Russia accounts for 6% of EU exports and 10% of EU imports, over two thirds of which are energy. China's growth is very much export-led, and the EU is the biggest trading partner with around 20% of China's external trade. As Feng puts it, 'China needs Europe more than Europe needs China.'³¹ Brazil hopes to make biofuels into an international commodity, and the EU is set to become possibly the biggest market for that, with little capacity for domestic production. All of these countries crucially need trade and investment with the EU to sustain their economic growth and social development. According to Trenin, over the long-term, Europe may well prove to be Russia's most attractive partner in this regard.³²

Turning to political and security issues, stability is a core interest for all those global players that benefit from economic globalisation. As they grow richer, countries like China and India are likely to moderate some of their 'revisionist' attitudes and become *status quo*-oriented powers, although the *status quo* will need to be adjusted to include them in the first place. Russia is no less interested than the EU and the US in preventing a threatening Iran from acquiring nuclear weapons. China is as keen as the EU and the US on ensuring that commercial maritime routes in the Gulf and the Indian Ocean are kept safe. The sustainable development of Africa is in the interest of China too, not least to secure its long-term investments, and awareness of that is growing. Brazil and India share a strong commitment to global peace and stability and a readiness to 'put their troops where their mouth is' to support UN peacekeeping operations. Trans-national terrorism and organised crime are clearly common challenges for the EU and its partners.

Potentially the biggest challenge to the well-being and the security of the citizens of the EU and of its partners, as well as of the world at large, lies in the impact of climate change and human-generated pollution.³³ Overcrowded regions and developing countries deprived of natural resources are particularly exposed. The consequences of pollution and climate change are already

31. See Feng, p. 85.

32. See Trenin, p. 143.

33. United Nations Development Programme, 'Fighting climate change: Human solidarity in a divided world', Human Development Report 2007/2008. On the potential security implications of climate change, depending on different scenarios, see Kurt M. Campbell et al., *The Age of Consequences: The Foreign Policy and National Security Implications of Global Climate Change*, Centre for Strategic and International Studies, Centre for a New American Security, November 2007

dramatic in China and India, but will affect all global actors in different ways.³⁴ Climate change is a good instance of what could be defined a double layer of inter-dependence: between countries and between policies. The impact of the economic development of countries like China and India, among others, on the growth of global CO₂ emissions over the next two decades has been underlined above. On the other hand, energy, environmental and transport policies, trade and development policy, but also technological innovation, urban planning and civil protection interact in addressing climate-related challenges. Strategic partnerships need to encompass a growing range of policy areas in order to tackle strategic priorities.

Interdependence is not new but, by all measures, it will grow in the future. Structural inter-dependence will inevitably impact on the international political system. Under these conditions, emerging multipolarity could evolve in different ways, ranging from hostile confrontation to multilateral cooperation. It is clearly in the interest of the EU to defuse the tensions inherent in multipolarity, and build the case for multilateral cooperation.

In this perspective, a change of narrative would be in order. The concept of 'interpolarity' – that is, multipolarity in the age of interdependence – seems helpful both to describe important features of the current international system and to outline a vision of future developments. Interpolarity captures and acknowledges the progressive redistribution of power at the global level but highlights that power need not be used to compete but rather to cooperate.

In a multipolar system, different poles balance each other and compete for scarce resources. In an interpolar system, poles cooperate to share the advantages of globalisation, set fair ground rules for competition, and confront common challenges. In a multipolar system, the focus is on the relative resources and capabilities of different actors. In an interpolar system, the accent shifts to the leadership and the ability of key players to engage in cooperation. The more influential an actor is, the more that actor takes a stake in establishing a multilateral system that delivers results. From an EU standpoint, 'poles' matter not in order to counter-balance each other, but to provide strong political investment and resources for cooperation. An interpolar system and a multilateral order are compatible and mutually reinforcing.

34. On the impact of climate change on China, see Elizabeth C. Economy, 'The great leap backward?', *Foreign Affairs*, September/October 2007.

The building blocks of strategic partnerships

Strategic partnerships should be regarded as one key instrument to move from multipolarity to interpolarity, enhancing the EU ambition to strengthen effective multilateralism. The chapters featured in this *Chaillot Paper* provide a number of insights and stimulate reflection in the most relevant, and often promising, areas for concrete cooperation between the EU and its strategic partners. While not aiming to provide comprehensive coverage, some issues are outlined below and grouped in five main clusters: global and regional governance; non-proliferation; crisis management; Africa's stability and development; and energy and climate change.

Global and regional governance

The EU and its partners share, at least in principle, a commitment to make the UN work and sustain its role as the key actor for maintaining international peace and security. However, two of the EU's partners are permanent members of the UNSC – Russia and China – and two are not, but are eager to become members – India and Brazil. The question of the reform of the UNSC is squarely on the table and will not go away, but will only become more pressing. In fact, as well as with the reform of other multilateral institutions, there is a need to strike a balance between inclusiveness and efficiency or, in other words, between legitimacy and credibility. The dialogue between the major stakeholders of globalisation should address this issue with renewed conviction. The EU will have to perform much better than it did in the run-up to the summit of 2005, when it could not arrive at a coherent position on the number one issue – the size and composition of the Security Council. The cooperation between the EU, its Member States, and its global partners will also be crucial in determining the success or failure of new bodies such as the Peacebuilding Commission and the Human Rights Council.

At the same time, the EU, its Member States and its partners should work for a deepening and rationalisation of the various networks that have sprung up at the global level since the G7 (now G8) was set up back in 1975.³⁵ 'Generalist' networks such as the G8 have already informally involved emerging powers in their proceedings. Ad hoc networks at the political and at the technical level

35. For a good overview of existing global leadership fora, see Alex Evans, 'A New Global Leaders' Forum? Comparing and evaluating recent proposals', Center on International Cooperation, New York University, February 2007. For a comprehensive analysis of the practice and potential of global governance by networks see Anne-Marie Slaughter, *A New World Order* (Princeton, NJ: Princeton University Press, 2004). Much information and analysis on the evolution and the proceedings of the G8 can be found at the G8 Information Centre of the University of Toronto: <http://www.g8.utoronto.ca/>.

can be helpful in focusing minds and targeting concrete problems such as specific resource issues, aspects of non-proliferation, technology transfers, setting common standards, or better regulating financial transactions. The challenge will lie in deciding together where to invest political and financial resources, what networks are not essential, and how to get these networks to work in a more coherent manner. One idea could be to give responsibility for driving each network to one of its major members or to the secretariat of relevant international organisations. Importantly, these networks should be fostered in such a way as to strengthen and not undermine the existing institutions of global governance, notably those belonging to the UN family.

Various authors have stressed that the regional dimension of bilateral partnerships is to be pursued at all times, which is consistent with the traditional EU commitment to support regional integration and inter-regional cooperation. However, factoring the regional dimension into strategic relationships is not the same as supporting regional integration and inter-regional cooperation *per se*. This is an important difference when exploring the roles that the EU and its partners can play in shaping governance at the regional level.

The link between strategic partnership, regional integration and inter-regional dialogue is of particular relevance in the case of Brazil, with the envisaged Association Agreement between the EU and MERCOSUR.³⁶ When it comes to South and East Asia, where various regional frameworks are developing and overlapping, the EU is mainly perceived as the provider of experience and know-how in setting up institutions and important policy programmes. This provides considerable scope for 'triangular' cooperation between the EU, its strategic partners, and relevant regional bodies. In the Eurasian space, regionalism is less developed but various regional organisations and strategies co-exist, including for example the Shanghai Cooperation Organisation, EURASEC, GUAM and the recent Black Sea Synergy. For the EU, Russia and also China, it will be important to ensure that regional initiatives in such a sensitive geopolitical space prove interlocking and not inter-blocking, including in managing crises and supporting fragile states. Strategic partnerships should help develop regional and inter-regional cooperation, and not bypass or neglect this level of governance.

36. See Garcia, pp. 49-52.

Non-proliferation

Avoiding the proliferation of WMD is a priority for the EU and all its strategic partners. This is therefore an important test case of interolarity, and effective multilateralism. Major powers should enhance their cooperation in consolidating common rules and credible frameworks for monitoring and implementation, with a focus on nuclear proliferation. One specific, and defining, instance of this cooperation is the commitment to prevent Iran from acquiring nuclear weapons. So far, although with different accents and considerable tensions, all major global actors have cooperated to achieve a peaceful resolution of the Iranian issue both in the UN and in the IAEA.

This is all the more remarkable, considering the strong interest of, among others, China and India in energy and trade deals with Iran, as well as Russia's dealings with this country, including in the armaments' field. All EU partners show an interest in the various solutions put forward to shape a multilateral mechanism for uranium enrichment and supply to those countries needing it for civilian purposes. More needs to be done, however, and the engagement of countries like Russia and China on this front should be regarded as evidence of strategic convergence – or not, as the case may be – with the EU.

The Indo-American deal on a strategic partnership, including the provision of nuclear technology and also nuclear fuel in exchange for stronger supervision by the IAEA, challenges both the EU and India to find common ground. There is a need to reconcile bilateral strategic partnerships and support to multilateral frameworks, such as the NPT, of which India is not a part. The ambiguity between the EU support for the NPT regime and the position of some of its Member States on the Indian nuclear dossier needs to be addressed, so as to strengthen both effective multilateralism and the credibility of the EU as an international actor. With a strong nuclear civil industry and large reserves of uranium, Brazil will be an important partner of the EU in supporting the reform of the NPT, devising new arrangements for making nuclear civil technology available, and strengthening the disarmament regimes.

At the same time, the EU is confronted with the weakening of disarmament regimes in Europe itself, following the US withdrawal from the ABM Treaty in 2002, the US plans to deploy a new BMD system in Poland and the Czech Republic, the Russian with-

drawal from the CFE Treaty in 2007 and the debate in Russia on withdrawing from the INF Treaty, which could even unleash a new arms race. Although the EU is not the main interlocutor on these matters, notably in the eyes of Russia, they should not be beyond the reach of the EU as a political actor and a strategic partner. It is in the interest of the EU to support constructive negotiations on armaments reductions between the US and Russia, as well as joint programmes to defend all the partners from common threats. A sustained dialogue on armaments control and reduction could also engender a positive spill-over effect when it comes to dealing with the EU/Russia common neighbourhood.

Crisis management

State failure, civil wars and post-conflict stabilisation challenge in a more or less direct fashion all major global players. However, the threat assessment, and corresponding response, changes considerably from one to the other. That also depends on the perception of the respective spheres of influence and of vital interests, and on the interpretation of the prevailing norms on the use of force. The EU and its partners may not always share the same assessment of the threats and of the normative basis for intervention. In some cases, such as the protracted conflicts in Moldova and Georgia, as well as the Kosovo question, the EU and Russia even pursue countervailing strategies. However, when they engage in peacekeeping or crisis-management, all major powers are confronted with pretty much the same range of problems, and require a comprehensive approach to address them. This is all the more the case when they engage in a multilateral framework and in peacebuilding efforts. From this standpoint, the contribution of all the EU strategic partners is on the rise.

Of the four countries reviewed here, India is the largest contributor of troops to UN peacekeeping operations in both absolute and relative terms. With 9,316 military and police personnel serving under UN flags, India by far outranks China (1,819), Brazil (1,280) and Russia (290). Things look quite different, however, in terms of financial contributions to the UN peacekeeping budget. Russia and China provide around 61 million dollars each, whereas Brazil 17.8 and India only 4.6.³⁷ In the case of China and Brazil, one can observe growing interest in involvement in multilateral peacekeeping under the UN framework, with

37. The author is grateful to Benjamin Tortolani of the Center on International Cooperation, New York University, for providing this data.

Chinese troops taking part in UNIFIL II in Lebanon (but also present in Liberia, Sudan, DRC and East Timor) and Brazil leading (with Argentina and Chile) the MINUSTAH mission in Haiti. India and the EU have, on the other hand, developed consultation on dealing with political turmoil in Nepal and Sri Lanka, although very little cooperation took place in the case of the recent repression of opposition movements in Burma/Myanmar.

International crisis management is a domain where strategic partnerships and effective multilateralism could become mutually reinforcing. Cooperation between the EU and its partners can take place at different levels. First of all, one should build on the so far limited experience of joint training and also joint exercises to enhance these exchanges and also share respective experiences and lessons learned. In this context, the interesting example of the EU-India Dialogue on 'Asian, European and African Policies, Practices and Lessons Learned in Peace Operations in Africa: DR Congo, Sudan and the Darfur Conflict', which took place in June 2007 in Delhi, paves the way for new initiatives. Also, the launching of a new programme of the European Security and Defence College, involving the military and police personnel of EU partners taking part in multilateral crisis management, might be considered. The EU experience is relevant not only when it comes to military crisis management but also with respect to the civilian dimension of policing, institution building and security sector reform, and in devising a comprehensive approach that involves all relevant agencies. Countries like Brazil and India seem particularly interested in these distinctive features of the EU crisis management culture, which also fits the concept of integrated mission in the UN context.

Stronger mechanisms could also be set up under each partnership to consult at an early stage, when crises emerge, and seek to facilitate the definition of a common position, or at least a compatible approach. These dialogues could well take place on a more regular basis at the level of UN Headquarters in New York, involving both the EU and some of its Member States. At a more fundamental level, however, the EU and its partners need to tackle the core question of the legitimacy and legality of international intervention, with a focus on humanitarian intervention and the concept of responsibility to protect and to prevent. These are very contentious issues in EU relations with Russia, China and also India but, if not addressed, strategic divergence on the use of force for

humanitarian purposes may grow. That would seriously undermine not only the EU strategic partnerships, but also the role of the UNSC.

Development and Stability in Africa

The record of cooperation between the EU and other global actors in supporting Africa's development and stability should be taken as an important indicator, among others, of the credibility of strategic partnerships. So far, the balance is mixed, but that is to be expected in a time of systemic change, when emerging powers such as China and India are targeting Africa's natural resources and boosting their trade with the continent. Africa provides 30% of Chinese oil imports, and 25% of India's. In future, however, the convergence between the EU and its partners should be enhanced across a wide range of policy areas, from crisis management to development and economic assistance. That also includes the support to Africa's regional and sub-regional organisations, chiefly the African Union.

In security terms, ongoing conflicts and post-conflict theatres provide much scope for cooperation between the EU and its partners, but also for potential friction. India is already a major provider of security to Africa through its involvement in UN missions and, most notably, MONUC in DRC. In October 2006, three quarters of the military forces under the UN flag were deployed in Africa, and more than half of them came from India, Bangladesh and Pakistan. These countries also provide the bulk of the force in Liberia, Sudan and Ivory Coast.³⁸ In addition, as illustrated by Wagner, India has multiplied its links with African institutions and also with South Africa as a strategic partner. The two countries have established the IOR-ARC and, together with Brazil, they launched the IBSA initiative. While relatively less engaged in the African continent, Brazil shows an interest in exploring ways to contribute to peace and stability in the region, in cooperation with the EU and other multilateral frameworks.

China's growing presence in Africa has been the subject of increasing concern in Europe, principally because of the sheer size and speed of this phenomenon. Starting from a little over 10 billion dollars in 2000, bilateral China-Africa trade has reached 55 billion dollars in 2006 and is expected to reach the 100 billion threshold by 2010. The EU is still Africa's largest single trade part-

38. 'Global Statistics on UN missions', in Center on International Cooperation, *Annual Review of Global Peace Operations 2007*, (Boulder, CO: Lynne Rienner Publishers, 2007).

ner, but the gap is shrinking as fast as FDI flows from China to Africa are growing, with over 800 Chinese companies working in the continent.³⁹ Economic competition is entirely legitimate, but its implications in terms of domestic governance, political stability, and regional security are equally real, and need to be addressed. This is particularly the case when it comes to countries such as Sudan and Zimbabwe.

The fact that the policies of one strategic partner undermine the approach to aid and political conditionality of the other is at the least problematic. More specifically, the management of the Darfur crisis and the willingness to exert joint pressure on the Sudanese government to ensure the smooth running of UN and EU humanitarian missions in, respectively, Darfur and Chad, will be a key test for the partnership between the EU and China, in support of effective multilateralism and of an harmonious world.

Far from being simply the platform for more or less fair competition, Africa is shaping up to take more responsibility for its own future, and ownership of political and economic reform. The EU and its strategic partners should join efforts to support this momentum and to strengthen fledgling regional structures in Africa. Dialogues at variable geometries can be envisaged to foster cooperation, for example trilateral fora involving the AU, the EU and countries such as China, India or Brazil. Accordingly, the EU invited China to attend the EU-Africa summit of December 2007, and China has showed openness to explore ways for cooperation with the European Commissioner for Development. Concrete areas for joint initiatives range from infrastructure development to support to Africa's small and medium-sized enterprises, while the protection of investments and of nationals abroad is of common interest.

Much more, however, needs to be done. These dialogues should not become occasional displays of goodwill and should not only pick and choose convenient issues, but also address the difficult ones. Cooperation will entail adjustments on the sides of all partners, including the EU, and not lecturing one another. Essentially, it is a question of changing the mindset of key stakeholders from a logic of possession and unbound competition to a logic of sustainable development and regulated competition – a win-win situation. In this context, the deepening of strategic partnerships, the deepening of regional integration in Africa, and the strengthening of multilateralism could prove mutually reinforcing.

39. See Harry G. Broadman, 'Africa's Silk Road: China and India's New Economic Frontier', and William Wallis, 'Drawing contours of a new world order', *op. cit.* in note 24.

Energy and climate change

The related issues of energy security, energy efficiency, and climate change will be at the core of the international agenda for decades to come. All the contributors to this *Chaillot Paper* see them as the basis for much constructive cooperation between the EU and its strategic partners, while stressing the different interests and perceptions of the main global players. Ensuring the security of supply and the security of demand tops the agenda of, respectively, big energy importers and exporters. As a result, their priorities may prove more or less compatible depending on different regions and different energy sources. What is certain, however, is that their interests are intertwined.

As noted above, Russia is a major exporter of oil and gas, is nowhere close to topping its emission ceilings under the Kyoto framework, which it is a part of, and does not share a sense of urgency in addressing the implications of climate change, although it is surely not exempt from them. China and India, on the other hand, are large energy-importing countries, have hugely inefficient energy sectors, contribute massively to the rise in greenhouse gas emissions, and very much suffer from the impact of both pollution and climate change. Brazil is self-sufficient energy-wise, aims to establish itself as a leading exporter of ethanol and biofuels (and, potentially, oil), and is reluctant to accept binding ceilings on CO₂ emissions under the post-Kyoto regime.

Given the global nature of these challenges and of their implications, strategic partnerships are only one tool among many to address them effectively. Nevertheless, the EU should use them to channel policy innovation, and to persuade its partners that multilateral, albeit differentiated, solutions at the global level are a priority for all. In this context, three issues stand out.

First, technology transfers and industrial partnerships with China and India to improve energy efficiency and invest in renewable sources. In particular, clean coal technologies are a priority in countries where coal will remain the main source of power production for decades. In China, these partnerships should target the regional level, where provinces are lagging behind in implementing the ambitious environmental strategy of the central government. In so far as electricity production is concerned, competence lies in India with individual states, which need much assistance in developing both infrastructure and regulatory

frameworks. With a view to cooperation with both China and India, a change of gear is suggested by the contributors to this volume, whereby commercial joint ventures, industrial partnerships and public-private partnerships would replace the development assistance template.

Second, and related to all this, access to the energy market and infrastructure should be achieved, on the basis of reciprocity, with countries such as Russia and China. In the case of Russia, the liberalisation of the energy market is regarded as very much in the interest of both partners, not least to allow European investment to upgrade ailing Russian infrastructure and to jointly explore new fields in remote areas. To improve the quality and transparency of the energy dialogue, negotiations on specific aspects of the Transit Protocol of the Energy Charter could be pursued in the wider context of the negotiations of the follow up to the PCA. The bottom line is that, for the foreseeable future, the EU and Russia will be tightly interdependent in energy matters. This should be considered as an opportunity to work together, and not a source of power-struggles. All the more so given the non-existence of a serious Russian environmental strategy and Russia's emphasis on coal to sustain growing domestic demand up to 2020. Cooperating with the EU in devising a sustainable energy strategy is very much in the interest of Russia.

Third, work should continue between the EU, Brazil, and other major producers of biofuels such as the US, to achieve internationally recognised standards. The latter should take into account two primary objectives, namely that the production of biofuels should consume less energy than is saved by using them, and that it is environmentally sustainable, at a time of rising food prices and shrinking arable land. Close cooperation on these matters in the context of the International Biofuels Forum, which also includes China, India and South Africa, is an example of the norm-setting potential of strategic partnerships.

Conclusion

The EU strategic partnerships with Brazil, China, India and Russia are very much work in progress. Looking back to 2003, when the ESS made a cursory reference to the need to work with partners, a lot has been achieved. The EU has put a particular effort into

enhancing the political visibility of strategic partnerships, and in establishing a dense web of networks at all levels, from dialogues on detailed technical issues to annual, or bi-annual, summit meetings.

In policy terms, economic, trade, energy, environmental and also development issues have dominated the agenda, although with a different focus depending on the partner in question. Much progress is yet to be made in managing cooperation in these domains. This is all the more important considering the political salience that relations with key partners have taken on at the domestic level in EU Member States, whether one looks at the trade deficit with China or at energy dealings with Russia. The foreign and security policy dimension of these partnerships is, in contrast, still in its infancy. The changing global landscape, however, calls for a stronger engagement of the EU and its partners at that level too.

The key point that emerges from this analysis is that the EU is at the crossroads of countervailing trends. On the one hand, interdependence, which requires a comprehensive approach to strategic partnerships and a strong investment in multilateral frameworks. On the other hand, the growing scope for power politics among major state actors with a clear sense of national interest and little intention to share sovereignty along the lines of the European model.

From a foreign and security policy perspective, therefore, deploying the EU 'structural' power across a number of policy areas does not easily translate into political leverage. While sometimes blurred in the eyes of the EU, the difference between so-called high politics (foreign policy, security and defence) and low politics (economy, trade, environment) is still quite 'clear-cut' in the eyes of its partners, although less so in the case of Brazil.

The analyses collected in this *Chaillot Paper*, however, show that no vital issues divide the EU and its partners over the long term. When considering, for example, energy security, threats may stem from the mismanagement of the relations between consumers and suppliers, or from unconstrained competition for resources. Nevertheless, they are not inherent to the energy question, which can be managed through cooperation to all parties' mutual advantage. On the contrary, vital threats such as the proliferation of WMD, associated with trans-national terrorism, and the challenge of climate change unite major global actors, both in the short and in the long term. The EU and its Member States should

make a determined, joint political investment to highlight the scope for cooperation and sustain the convergence of mutual perceptions, showing a united front. A clear definition of the European interests and a clear statement of the values informing the European approach are a precondition for entering productive negotiations.

The EU is not in the business of balancing or bandwagoning other powers and that should be clearly understood by its partners. Instead, the EU should take the lead in filling the gap between interdependence and power politics, engaging old and new global players in the management of common challenges through multilateral frameworks. To this end, strategic partnerships can play an important role.

The EU should not renounce the comprehensive template of its strategic partnerships. That is the interface between partnerships and interdependence. The EU should rather enhance its ability to define common positions on sensitive issues, including foreign and security policy matters, as a basis for negotiation. That is the interface between partnerships and power politics. As strategic partnerships deepen, the divide between interdependence and power politics narrows. By investing in strategic partnerships and, crucially, in its ability to perform as a global actor, the EU transforms multipolarity into interpolarity, and paves the way towards effective multilateralism.

About the authors

Ummu Salma Bava is Professor of European Studies and Coordinator, The Netherlands Prime Minister's Grant, Centre for European Studies, at the School of International Studies, Jawaharlal Nehru University, New Delhi, India and Associate Fellow of the Asia Society, New York.

Feng Zhongping is Professor and Director for European Studies at the China Institute of Contemporary International Relations (CICIR), Beijing.

Sabine Fischer is Senior Research Fellow at the EUISS, where she deals with EU-Russia relations, domestic and foreign policy in Russia and the other countries of the former USSR and EU policy towards the former Soviet Union.

Marco Aurélio Garcia is Special Advisor on Foreign Policy to the President of Brazil and Professor on leave at the State University of Campinas in São Paulo.

François Godement is Professor at the Institut d'études politiques de Paris (Sciences Po), and is currently President of the Asia Centre (Centre études Asie), a research and debate centre on Asia and international affairs. He co-chairs the European Committee of the Council for Security Co-operation in the Asia-Pacific (CSCAP).

Giovanni Grevi is Senior Research Fellow at the EUISS, where he deals with the development of EU foreign and security policy, institutional questions and civilian crisis management.

Dmitri Trenin is Deputy Director of the Carnegie Moscow Center, a Senior Associate of the Carnegie Endowment and co-chair of the Moscow Center's Foreign and Security Policy Programme.

Alfredo Valladão is Professor at the Institut d'études politiques de Paris (Sciences Po), where he holds the Mercosur Chair, and is Coordinator of the Working Group on EU-Mercosur Negotiations and of the International Conference of Forte Copacabana on 'Defence and Security European-South American Dialogue'.

Álvaro de Vasconcelos is the Director of the EUISS. He was formerly Head of the Institute of Strategic and International Studies (IEEI) in Lisbon, of which he is a co-founder.

Christian Wagner is the Head of the Asia Research Unit at the German Institute for International and Security Affairs, Berlin. His areas of specialisation include foreign policy and security, democracy and ethnic conflicts and regional cooperation.

Abbreviations

ABM	Anti-Ballistic Missile
AIEA	Agence internationale de l'énergie atomique
ASEAN	Association of Southeast Asian Nations
ASEM	Asia-Europe Meetings
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BMD	Ballistic Missile Defence
BRICs	Brazil, Russia, India and China
BSEC	Black Sea Economic Cooperation
CAREC	Central Asian Regional Economic Cooperation
CARICC	Central Asian Regional Information and Coordination Centre
CCP	Chinese Communist Party
CFE	Treaty on Conventional Forces in Europe
CFSP	Common Foreign and Security Policy
CICA	Conference on Interaction and Confidence-Building Measures in Asia
CIS	Commonwealth of Independent States
CSNU	Conseil de sécurité des Nations unies
CSTO	Collective Security Treaty Organisation
CTBT	Traité d'interdiction complète des essais nucléaires (TICEN)
DRC	Democratic Republic of the Congo
EADS	European Aeronautical Defence and Space Company
EEC	European Economic Community
ESDP	European Security and Defence Policy
ESS	European Security Strategy
EURASEC	Eurasian Economic Community
EURATOM	Communauté européenne de l'énergie atomique
FDI	Foreign Direct Investment
FMI	Fonds monétaire international
FTA	Free Trade Agreement
FTAA	Free Trade Area of the Americas
GDP	Gross Domestic Product
GUAM	Georgia, Ukraine, Azerbaijan and Moldova
IAEA	International Atomic Energy Agency
IBSA	India-Brazil-South Africa
ICC	International Criminal Court

IDE	Investissements directs étrangers
IMF	International Monetary Fund
INF	Intermediate Range Nuclear Forces Treaty
IOR-ARC	Indian Ocean Rim Association for Regional Cooperation
IPR	Intellectual Property Rights
IT	Information Technology
ITEC	India Technical and Economic Cooperation
ITER	International Thermonuclear Experimental Reactor (<i>Réacteur expérimental thermonucléaire international</i>)
JAP	Joint Action Plan
JI	Joint Implementation
MDG	Millennium Development Goals
Mercosul, Mercosur	Southern Cone Common Market/Communauté économique des pays de l'Amérique du Sud [Mercado Común del Sur]
MES	Market Economy Status
MONUC	United Nations Mission in the Democratic Republic of Congo
Mtoe	Million tons of oil equivalent
NATO	North Atlantic Treaty Organisation
NEPAD	New Partnership for Africa's Development
NPT	Non-Proliferation Treaty
NSG	Nuclear Suppliers Group
ODA	Official Development Assistance
ODIHR	Office for Democratic Institutions and Human Rights
OEA	Organisation des Etats américains
OECD	Organisation for Economic Co-operation and Development
OGM	Organisme génétiquement modifié
OMC	Organisation mondiale du commerce
ONU	Organisation des Nations unies
OPEC	Organisation of the Petroleum Exporting Countries
OSCE	Organisation for Security and Co-operation in Europe
PCA	Partnership and Cooperation Agreement
PPP	(i) Purchasing Power Parity (ii) Public-Private Partnership
R&D	Research and Development
RMB	Renminbi (<i>Chinese currency</i>)
SAARC	South Asian Association for Regional Cooperation

SCO	Shanghai Cooperation Organisation
SDN	Société des Nations
TECA	Trade and Economic Cooperation Agreement
TNP	Traité de non-prolifération des armes nucléaires
UE	Union européenne
UN	United Nations
UNASUR	Union of South American Nations (Union des Nations sud américaines)
UNIFIL	United Nations Interim Force in Lebanon
UNSC	United Nations Security Council
WMD	Weapons of Mass Destruction
WTO	World Trade Organisation

Chaillot Papers

All Institute publications
can be accessed via the Institute's website:
www.iss.europa.eu

n° 108	Ukraine: Quo Vadis? <i>Sabine Fischer, Rosaria Puglisi, Katarzyna Wolczuk and Pawel Wolowski;</i> <i>edited by Sabine Fischer</i>	February 2008
n° 107	Is there an Albanian question? <i>Judy Batt, Misha Glenny, Denisa Kostovicova, Nicola Mai,</i> <i>Nadège Ragaru, Fabian Schmidt and Miranda Vickers; edited by Judy Batt</i>	January 2008
n° 106	Pioneering foreign policy: The EU Special Representatives <i>Giovanni Grevi</i>	October 2007
n° 105	Seeing blue: American visions of the European Union <i>Esther Brimmer</i>	September 2007
n° 104	Regional Cooperation in the Western Balkans <i>Milica Delevic</i>	July 2007
n° 103	Transformational diplomacy <i>Justin Vaïsse</i>	June 2007
n° 102	Fermer Yalta <i>Salomé Zourabichvili</i>	May 2007
n° 101	Gender mainstreaming in ESDP missions <i>Johanna Valenius</i>	May 2007
n° 100	Building the future. The EU's contribution to global governance <i>Martin Ortega</i>	April 2007
n° 99	Sécurité et développement de l'Afrique : une nouvelle approche pour l'UE <i>Charles Goerens</i>	April 2007

Books

The New Global Puzzle. What World for the EU in 2025? <i>directed by Nicole Gnesotto and Giovanni Grevi</i>	2006
Friends again? EU-US relations after the crisis <i>Nicole Gnesotto, James Dobbins, Federico Romero, David Frum, William Wallace,</i> <i>Ronald D. Asmus, István Gyarmati, Walter B. Slocombe, Gilles Andréani,</i> <i>Philip H. Gordon, Werner Weidenfeld, Felix Neugart, Geoffrey Kemp, Dov Lynch,</i> <i>Fiona Hill, Baudoin Bollaert, Joseph Quinlan, Marcin Zaborowski;</i> <i>edited by Marcin Zaborowski</i>	2006
Defence procurement in the European Union – The current debate Report of an EUISS Task Force <i>Chairman and Rapporteur: Burkard Schmitt</i>	2005



The tension between interdependence and power politics will shape the future of the international system. It is in the interest of the European Union to engage established and aspiring global powers in a sustained dialogue on how to confront pressing common challenges. This *Chaillot Paper* addresses the strategic partnerships that the EU seeks to set up with four important actors, whose ascent is changing traditional patterns of power and governance: Brazil, China, India and Russia. These partnerships, among other instruments, can play a critical role in reconciling multilateral governance and emerging multipolarity.

As emerging powers take centre stage in international economic, political and security affairs, norms and institutions are contested and different worldviews co-exist uneasily. Over the next ten years, the priorities and the decisions of major global and regional powers will define the scope for cooperation and highlight the sources of competition and conflict.

The purpose of this *Chaillot Paper* is to identify areas of concrete cooperation between the EU and its respective partners, drawing from the viewpoints of both parties. This positive agenda should help pave the way towards effective multilateral frameworks and solutions, which include both old and new global powers, thereby furthering the strategic objectives of the EU.

published by
the European Union
Institute for Security Studies
43 avenue du
Président Wilson
F-75775 Paris cedex 16
phone: +33 (0)1 56 89 19 30
fax: +33 (0)1 56 89 19 31
e-mail: info@iss.europa.eu
www.iss.europa.eu
€ 10

ISSN 1017-7566
ISBN 978-92-9198-125-0
QN-AA-08-109-EN-C