The EU as a Global Player

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JUAN ANTONIO YAÑEZ-BARBUENO
The setup of the European External Action Service Inexplicable by grand theories of European integration?

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1. Introduction

It has now been almost two years since the Treaty of Lisbon took effect. The time was characterized by an intensive and controversial discussion between the European Union (EU) institutions and member states on the setup of arguably the most important institutional innovation besides the new post of the High Representative of the Union for Foreign Affairs and Security Policy (HR): the European External Action Service (EEAS). The EEAS has the purpose of serving its head, HR Ashton, in fulfilling her tasks of, inter alia, conducting the EU’s Common Foreign and Security Policy (CFSP) and increasing the efficiency and coherence of EU external relations. Regarding hither to the execution of EU foreign policy, the HR admitted in the run-up to the establishment of the EEAS that "the EU can be too slow, too cumbersome and too bureaucratic". With the setup of the new diplomatic service the EU wished to overcome occurring difficulties that result out of the complex net of responsibilities that characterise the external relations of the EU and thus 'give the EU a stronger voice around the world, and greater impact on the ground'.

Given the fact that the EEAS constitutes a whole new de facto institution without predecessor and was therefore built from scratch, it is very interesting from a political scientist point of view to see where and how the new service is positioned in the institutional architecture of the EU system. Since the EEAS was ought to bring together rather intergovernmental (e.g. CFSP) and supranational (e.g. development cooperation) policy spheres of EU external action, a discussion on how it can be scrutinized by grand theories of European integration seems to offer valuable insights.

In section 2 this research paper first takes a deeper look at two of the most influential grand theories of European integration, neofunctionalism and intergovernmentalism. Basic assumptions and logics of the two approaches will be used to build indicators with which the overall research question of the analysis will be assessed: can the two grand theories explain the institutional setup of the newly established EEAS? The empirical examination of the topic, which will mainly be based on the relevant treaty provisions and the existing decisions and reports of the EU institutions on the EEAS, follows in section 3 of the paper. Furthermore, findings

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1 Ashton 2010.
2 Ibid.
of various academic articles that dealt with the EEAS in the last two years are taken into account. A conclusion summarizes the results of the analysis in section 4.

2. Theoretical framework

Neofunctionalism and intergovernmentalism constitute two of the most important and influential theories of European integration. Until nowadays the two approaches are controversially discussed among scholars and their basic assumptions serve regularly as fundamental principles of further theoretical developments3.

2.1. A neofunctionalist perspective on the EEAS

Neofunctionalism as a grand theory was developed by Ernst B. Haas in the 1950s. Based on the assumptions of functionalism, such as a positive concept of the human being interested in joint problem solving and the notion of “form follows function”4, he developed a theory explaining the course and action of regional integration. Haas assigns a central role to elite groups that constitute a pluralistic society and act rational and self-interested. These groups identify the limitations of national solutions and will thus accept developments towards a ‘federal scheme’ like the European Coal and Steel Community and establish common institutions.5 He understands political integration not as a status quo, but as a process, following incremental steps instead of a grand design6. Central to the process of political integration is the concept termed ‘spillover’. Due to transnational issues, such as transnational transportation networks, national governments can benefit from cooperation that does not represent a zero-sum-game7. Even if the cooperation is initially a technical one it might have a built-in logic to lift political issues on the common agenda (e.g. from control of coal and steel to social standards of miners)8. Once competences are shifted to the supranational level, national governments face the pressure to transfer further competences in order to secure the functioning of the already integrated sectors.

This rational logic of step-by-step sector integration was later termed functional spillover9. The process is accompanied by a transformation of the focus of national elites (governmental or non-governmental), who gradually “shift their loyalties, expectations and political activities towards a new centre”10. After national elites “undergo a learning process, developing the perception that their interests are better served by seeking supranational rather than national solutions”11 they will support new integration steps as a consequence. In addition, socialisation processes between government officials working together in Brussels are taking place and strengthen further the commitment towards the supranational structure. The subsequently nurturing of new integration steps by national elites has been labelled political spillover12. Moreover supranational institutions are central players from this theoretical perspective and can exercise substantial autonomy. Thus, institutions like the European Commission and the European Parliament (EP) facilitate the integration process, as they influence the bargaining outcome over integration steps, a process termed cultivated spillover13.

In general the explanatory power of neofunctionalism in European foreign policy is seen as rather low, as it is expected that spillover is primarily occurring in the area of economic and social policies.14 However, scholars such as Michael E. Smith already identified certain shifts on the intergovernmental/supranational scale as a development he termed institutionalisation of European foreign policy15. While he acknowledged the marginal to negligible role of supranational institutions, he stressed the historical development of formalisation of European

4 Mitrany 1974: 249.
5 Haas 1958: xiii.
6 Lindberg 1963: 5.
8 Wolf 2006: 71.
9 Nieman & Schmitter 2009: 49.
10 Haas 1958: 16.
12 Ibid.
foreign policy from an “intergovernmental ‘gentlemen’s agreement’ with unwritten rules into a system of formal and informal legal obligations, plus organisations with budgets, staff, and permanent headquarters.”16

The Lisbon treaty and the introduction of the EEAS might constitute the next step towards a more supranational setup in this policy domain. If neofunctionalism proves valid, the setup and position of the EEAS in the institutional setup of the EU should reflect a certain spillover to the supranational level.

Thus, regarding the position of the EEAS in the institutional setup of the EU, it can be expected from this theoretical perspective that it will be closely affiliated to the European Commission as a genuine supranational body. Applying the logic of functional spillover this would also mean that departments dealing with aspects of external action are being transferred from the Council Secretariat to the EEAS in order to secure a coherent external action of the EU. Already communitarized aspects of EU external action would remain in the Commission. Next to this functional spillover, a political spillover would take place in the new institutional setup as well. Here attention has to be drawn to the question of the staffing of the EEAS. EU officials that were previously working for the European Commission (or the EP) and might have already shifted their perception and loyalties to the supranational level would be employed in the new institution. The EP as a supranational body of the EU would participate in the control (budget/staffing) and policy processes of the EEAS. Taking into consideration that the policy domain of EU external action is divided into various subfields ranging from development instruments to the deployment of Common Security and Defence Policy (CSDP) missions it has to be scrutinized in how far the new setup re-allocates the political competences in these domains. From the neofunctional perspective one might expect that instruments that have previously been dealt with solely by the Council are now partly steered by the EEAS and thus ‘escape’ a purely intergovernmental mode of policy making. In addition, the “multi hatting” of the High Representative of the Union requires to be substituted by deputies within the EU system as well as vis-à-vis external partners. From the view of this grand theory one would expect that the representation is done by Commissioners instead of falling back into the pre-Lisbon system of representation done by the rotating presidency.

2.2. An intergovernmentalist perspective on the EEAS

The theoretical approach of intergovernmentalism was established by Stanley Hoffmann in the 1960s.17 Witnessing increasing conflicts among the member states of the European Communities (e.g. negotiations on the Common Agricultural Policy or the “empty chair crisis”) and resulting out of a fundamental critic on certain aspects of neofunctionalist theory by Ernst Haas18, Hoffmann developed a framework for analysis of the causes and process of European integration that influences scholars until today.

Intergovernmentalist theory draws inspiration from and shares common assumption with realist thinking. Both approaches put the national state in the center of their analytical perspective. Hoffmann argued that they are the central actors of European integration and the crucial drivers of European policy. It is the state that “[...] acts, not merely as a mediator between internal demands and external pressures, but as a shaper capable of moulding its own domestic support”19. In contrast to realist theory however, Hoffmann stressed the historical development of a nation and stipulated that the national interests of states are not just determined by the balance of power in the international system (as realists argue) but are rather a product of a variety of factors, such as national traditions and experiences or the leadership of political actors. Hoffmann shed light on distinct national features and reactions to common European experiences (e.g. the temporary demise of nationalism and the nuclear stalemate between the superpowers during the cold war)20. In intergovernmentalist theory, the national interest of a state is the product of the national situation and the outlook of foreign policy makers. By national situation, Hoffmann means “a composite of objective data [...] and subjective factors [...]”21. In comparison to classic realist theory, intergovernmentalism can thus be described as historical-sociological realism.22

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16 Smith 2004: 11.
19 Hoffmann 1982: 27.
20 Cf. Hoffmann 1966: 870 et seq.
22 Biebing 2006: 92.
A central analytical dichotomy of Hoffmann is the distinction between “high” and “low” politics. The former refers to core concerns of states that directly affect its national sovereignty, such as security and foreign policy. According to the intergovernmentalist approach, states are not willing to transfer competences in sectors of high politics to a supranational level because “in areas of key importance to the national interest, nations prefer the certainty, or the self-controlled uncertainty, of national self-reliance, to the uncontrolled uncertainty of the untested blender”\textsuperscript{23}. Accordingly spillover effects as postulated by neofunctionalism do not affect the core competences of high politics. These effects only apply to areas of low politics, in which a positive-sum-game exist and in which mutual gains can be achieved through partial supranational integration, for instance in trade policy.

The governments of the member states are located at the intersection of the national and European level. Through this gate-keeper function they, and not for instance supranational elites, are responsible for negotiation processes. They control the partial pooling of competences, which does not represent a transfer of competences from the national to the European level. As a result of this process, the position of the member states is not weakened, but rather strengthened: “[…] the community helps preserve the nation states far more than it forces them to wither away […]”\textsuperscript{24}.

Through its focus on national governments as the central decision-making authorities in the political system of the EU, the role of the rather intergovernmental institutions is stressed. The Council of the EU and especially the European Council serve as the main organs that control European integration. Consequently, qualified majority voting is ideally limited to political spheres of low politics, while decisions based on unanimity are predominant in all areas of high politics.

In the overall theoretical framework of this paper, Hoffmann's intergovernmentalism constitutes a useful comparison to the assumptions and hypotheses put forward by neofunctional theory in section 2.1. Given the fact that most of the competences that the HR and the EEAS deal with are considered high politics, intergovernmentalism expects the EEAS to clearly follow intergovernmental rules. Generally speaking, the more intergovernmental structures, procedures and officials are incorporated in the EEAS, the more intergovernmentalist theory proves right.

If we have a look at the internal aspects of the EEAS, it is thus expected that inside the overall institutional architecture of the EU, the new established EEAS is located in the Council system or be directly affiliated to it. Moreover, there should have been a significant transfer of departments and desks of the Directorate-Generals (DGs) of the European Commission to the EEAS observable, which could be understood as a decomunitarization of certain policy fields of EU external action. In contrast, intergovernmentalist theory would predict that as much departments and desks as possible would remain in the dominion primarily under control of the member states, i.e. the Council. Concerning the staffing of the EEAS, from an intergovernmentalist perspective we would expect that diplomats and officials who were before employed at the national level compose the new workforce of the service. These national officials would consequently be accustomed to bargaining methods in an intergovernmental setting and could bring this working method into the EEAS.

Concerning external aspects of the EEAS, it is anticipated that the EP gets no competences regarding the institutional setup of the EEAS, besides its budgetary power, and is thus not able to exert much of an influence. Moreover, if planning of external policy fields is not transferred to the EEAS, the intergovernmentalist approach would expect it to remain in the Council structure and thus “shielded” from supranational influence. Another crucial point refers to the representation of Ashton if she is unable for instance to attend a conference or to present a report in the EP. Given the fact that officials are often not allowed to represent a political position, intergovernmentalism would expect national politicians, especially of the current rotating presidency to fill in her position temporarily.

Compared to the respective theses outlined in section 2.1 of this paper, the following table summarizes the factors, which serve as indicators to assess the institutional set-up of the EEAS between the two poles of intergovernmentalist and neofunctional theory.

\begin{itemize}
\item Hoffmann 1966: 882.
\item Hoffmann 1982: 21.
\end{itemize}
Table 1: Theoretical indicators regarding the setup of the EEAS

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Neofunctionalism</th>
<th>Intergovernmentalism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Position in EU system</strong></td>
<td>European Commission</td>
<td>Council of the EU</td>
</tr>
<tr>
<td><strong>Transfer of departments</strong></td>
<td>From Council to EEAS</td>
<td>From Commission to EEAS</td>
</tr>
<tr>
<td><strong>Staff appointment and training</strong></td>
<td>From Commission</td>
<td>From EU member states</td>
</tr>
<tr>
<td><strong>Competences of EP</strong></td>
<td>Strong</td>
<td>Weak</td>
</tr>
<tr>
<td><strong>Planning of policy instruments</strong></td>
<td>Stays in Commission</td>
<td>Stays in Council</td>
</tr>
<tr>
<td><strong>Representation HR</strong></td>
<td>Commissioners</td>
<td>Rotating Presidency</td>
</tr>
</tbody>
</table>

Source: own compilation

3. The institutional structure of the EEAS

The following empirical part of this paper scrutinizes the institutional setup of the EEAS against the theoretical background provided by section 2. A thorough examination of the indicators for a neofunctionalist or intergovernmental account of the EEAS sheds light on the explanatory power of the two grand theories of European integration regarding recent institutional developments in the external relations of the EU.

3.1. The internal setup

According to the final Council decision establishing the organisation and functioning of the European External Action Service, the EEAS is neither apart of the institutional structure of the Commission nor of the Council and has no affiliation to the two institutions. In contrast, Article 2, paragraph 2 of the Council decision states explicitly that "the EEAS, (…) , shall be a functionally autonomous body of the European Union, separate from the General Secretariat of the Council and from the Commission with the legal capacity necessary to perform its tasks and attain its objectives". The discussion on the positioning and equipment of the service was highly controversial and characterized by "turf wars" between the Council, the Commission and the EP. The EP, for instance, strongly argued in favour of incorporating the EEAS into the Commission's administrative structure in the run-up to the decision. Following the theoretical framework of this research paper it can consequently be argued that neither neofunctionalism nor intergovernmentalism rightly predicted the location of the EEAS as a sui generis institution which occupies a unique position in the political system of the EU. It seems instead that the location of the EEAS was willingly created to serve the purpose of overcoming the old pillar structure of the EU and be better equipped to ensure consistency in its external relations.

Several administrative entities of the Council and the Commission were transferred en bloc to the EEAS and build the backbone of the new service structure. Originating from the General Secretariat of the Council, the Policy Unit was incorporated into the EEAS. Furthermore, the Crisis Management and Planning Directorate, the Civilian Planning and Conduct Capability, European Union Military Staff and the EU Situation Centre are relocated to the EEAS. Moreover, almost all administrative parts of the Directorate-General for External and Political-Military Affairs (DG E) were transferred. That includes the geographical directorates for the Americas and the United Nations and for the Western Balkans, Eastern Europe and Central Asia as well as the Directorate for Non-Proliferation of Weapons of Mass Destruction. In addition, officials of the General Secretariat of the Council

on secondment to the European Union, EU Special Representatives and staff of the CSDP missions took up work in the EEAS. According to neofunctionalist reasoning it can thus be argued that due to the transfer of departments from the rather intergovernmental Council into the *sui generis* institution EEAS, a certain ‘supranationalisation’ of CFSP with some sort of functional spillover takes place. Although a real “communitarization”, i.e. a transfer of sovereignty from the national to the European level is not happening; intergovernmental policy fields are nevertheless to a certain extent removed from the direct and exclusive influence that the member states of the EU exert in the Council. In comparison, intergovernmentalist theory would predict that such “high” politics fields would in any case rest with national governments. An assertion that can apparently be not fully confirmed when the aforementioned transfer of Council entities is taken into account.

Departments of the Commission were however transferred to the EEAS as well. According to the final Council decision, the DG for External Relations (DG RELEX) was incorporated into the EEAS structure, e.g. the regional desks, the Directorate on European Neighbourhood Policy Coordination and the Directorate on Multilateral Relations and Human Rights. This is a logical step given the fact that the new position of the HR contains the former post of the RELEX commissioner. Moreover, the external service of the Commission, including the Commission delegations in third countries, are now completely located under the roof of the EEAS. The former Commission delegations are now “Union delegations” and merged with the two liaison offices of the Council. In addition, the regional Directorates concerning African, Caribbean and Pacific (ACP) countries and two units on Aid programming and management and Pan-African issues and institutions, governance and migration of DG Development were relocated to the EEAS. The aim of bringing the various geographic desks of the Council and the Commission together is to avoid double structures and increase the efficiency of the Unions external relation.

From a theoretical point of view it is not only insightful which departments were moved to the EEAS, but even more which departments were not. Since the treaty revisions concerning the EEAS ought to increase the consistency of EU external action, it is surprising and telling that various important DGs remain in the Commission that directly deal with policy fields that could have been integrated into the EEAS too, for instance most of DG Development and DG Humanitarian Aid. Moreover, the overall responsibility for significant budget lines such as the Development Cooperation Instrument (DCI) stayed with the Commission. Furthermore, the re-elected President of the Commission Barroso arranged that the European Neighbourhood and Partnership Instrument was relocated from DG RELEX to the portfolio of the Commissioner for Enlargement before the institutional setup of the EEAS took effect. The reason for this decision was apparently that Barroso

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30 Ibid.
31 Ibid.
32 French for ‘Relations Extérieures’ (engl. ‘External Relations’).
33 Council 2010: Article 5.
34 Cf. Avery 2009.
35 Cf. Gavas/Koeb 2010: 2 et seq.
wanted to clearly claim the ambitions of the Commission to remain active in the foreign policy of the EU. While the transfer of DG RELEX and parts of DG Development to the new service speaks generally in favour of Hoffmann’s intergovernmentalism, the lack of repositioning of more Commission departments hints more to the contrary. While all crucial departments for external relations in the Council system are now part of the EEAS, a significant number of areas of EU external action, such as trade, development and humanitarian aid, still stay mainly with the Commission. A ‘decommunitarization’ of exclusive competences of the supranational level, which was feared by some observers, has thus not really taken place. To sum up, while to a certain degree considerations of both neofunctionalist and intergovernmentalist theory are correct when one looks at the composition of the EEAS, neofunctionalism provides the stronger assertions regarding the non-shift of wide portions of EU external action to the new service.

Regarding the overall composition of EEAS staff, the treaty article lays merely the general guidelines. It states that the EEAS “shall comprise officials from relevant departments of the General Secretariat of the Council and of the Commission as well as staff seconded from national diplomatic services of the Member States”. Again a mixture of intergovernmental and supranational provisions is observable. While generally the right of appointment of staff is the direct competence of the HR, the Council decision sets the guideline that “staff from Member States, (…), should represent at least one third of all EEAS staff at AD level. Likewise, permanent officials of the Union should represent at least 60 % of all EEAS staff”. According to neofunctional theory, a political spillover could be detected if the majority of the staff has presumably already shifted their loyalty to the European rather than to the national level, i.e. if it would come from a genuine supranational institution like the Commission. Although the 60% of officials coming from EU institutions were shared between the Commission and the Council, due to the large amount of officials being transferred from DG RELEX to the EEAS at least in the early stage a dominance of former Commission staff members was expected. In contrast, this development might be counterbalanced by the inclusion of staff coming directly from the national services of the member states which are appointed as temporary agents and accustomed to rather intergovernmental methods of negotiation. However, the provisions explicitly state that “staff of the EEAS shall carry out their duties and conduct themselves solely with the interests of the Union in mind. (…) they shall neither seek nor take instructions from any government, authority, organisation or person outside the EEAS or from anybody or person other than the High Representative”. This precept might lead to a neofunctional shift of loyalty of the national officials, who are however not allowed to work longer for the EEAS than a maximum of 10 years, from the national to the European level. The question if national diplomats will and do, despite the mentioned provisions, sometimes prioritise national member states interests over common interests of the Union will be interesting to analyse in the future. Another crucial issue relates to the future training of the EEAS staff. Article 6 (12) of the Council decision states that “steps shall be taken in order to provide EEAS staff with adequate common training, building in particular on existing practices and structures at national and Union level”. Although the idea of a “European diplomatic academy” that was proposed in the European convention did not find its way in the treaty revisions, the wording of the cited article leaves some leeway for the HR to set up common training facilities that are complementary to the ones at the national level. From a theoretical point of view it would thus be interesting to see if the rather intergovernmental diplomacy training in the area of ‘high' politics might in the future be somehow ‘brusselised', as neofunctionalism would predict in the long term.

In summary it can be said that, regarding the internal aspects of the institutional setup of the EEAS, expectations of both neofunctionalist and intergovernmentalist theory seem to be fulfilled to a certain degree, albeit both theories fail to give a comprehensive explanation of the emerging EEAS structure.

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36 Cf. Weiss 2010: 3.
37 Cf. exemplarily European Think-Tanks Group 2010: 11.
38 TEU 2009: Article 27 (3).
39 Council 2010: Article 6 (5).
40 Ibid. Article 6 (9).
3.2. The external setup

Attention is drawn to the EP when the analysis goes beyond the internal structures and looks at the connections of the EEAS with other institutions. The pre-Lisbon pillar structure offered various rights for the EP to take part in the decision-making process. While the EP had co-decision powers for instance in some parts of development cooperation (namely the DCI), the second pillar represents a textbook example for an intergovernmental setting with a low involvement of the EP. Thus, what role plays the Parliament in the oversight of the EEAS and its policies?

At first glance Article 27 (3) Treaty on European Union (TEU) only foresees a marginal role in the setting-up process of the EEAS, as the Parliament is only being consulted and has no co-decision powers on the decision on the organisation of the EEAS. However, the EP has threatened to reject the budget as well as the staff regulation for the new service, if its views are not taken into considerations. Thus, it started with high ambition into the negotiations of Catherine Ashton with the Council, the Commission and the EP (the so called quadrilogue). As the Member of European Parliament (MEP) Ramon Jauregui Atondo concludes, “the Parliament wanted to make clear that it would not let the community method be pushed to the side nor would it accept insufficiently strong parliamentary policy and budget oversight. [...] the consultation process with the Parliament has been transformed into a de facto co-decision process and the representatives didn’t just negotiate aspects related to budget and staffing, but other amendments as well, included those related to the organisation and function of the EEAS”45.

The EP thus managed to ensure the political accountability of the new service to the European Parliament. A declaration by Ashton46, published with the decision on the organisation and functioning in the Official Journal of the EU, took up three concerns of the parliament: (1) budgetary accountability of the service, (2) nominations of top-positions and (3) scrutiny rights regarding CFSP and CSDP policies. The EP managed to guarantee full budgetary oversight over the administrative expenditure of the service, which forms a new section called “European External Action Service” and is subject to the same discharge rules as the Commissions budget. Regarding the operational budget, the HR provides the EP with a detailed account of the expenditures for delegations and missions. EU Special Representatives and Heads of Delegations are not subject to hearings; however they appear for an exchange of views in front of the Committee on Foreign Affairs after their appointment and before they start working in their host country. Ashton managed to win over the Parliament that these meetings will be held in camera and not in public. In the area of CFSP, the scrutiny rights of the Parliament were agreed to be put on a new basis in order to account for the creation of the EEAS. This includes regular meetings of the permanent chair of the Political and Security Committee (PSC) and EEAS officials with members of the Budget and Foreign Affairs Committee prior to the adoption of mandates and strategies. Furthermore, the access to confidential information to MEPs regarding CSDP missions and operations are reviewed and eventually simplified. Apart from CFSP, the new right of the EP after Lisbon to give assent to the majority of international agreements and to be fully and timely informed on their negotiations triggered the need to intensify cooperation and sharing of confidential documents.

The EP as a supranational institution managed to some extent to widen its influence in the policy areas the EEAS will be dealing with. Next to the already existing involvement of the strategic planning of parts of development cooperation, it secured its oversight on the budget and staffing of the institution and enhanced the consultation in areas of CSDP and CFSP. From a neofunctional perspective the European Parliament prevented a de-communitarization or ‘spill back’ of external policies. While the introduction of the EEAS did not change the competences of the Parliament in CFSP, it can be argued that the EP ‘cultivated’ to a small degree a spillover: while CFSP is clearly not subject to supranational ways of policy making, the institutionalisation of this policy field took a further step, as the EP is more closely involved in the consultations.

In regards to the external ties with the Commission and Council, the decision on the organisation and functioning of the EEAS re-allocates to some extent the planning and preparation of external policies. As already described above, departments from the Commission and the Council Secretariat where brought together in the new service. Consequently it has to be analysed why responsibilities were assigned to the evolving new

45 Jauregui Atondo 2010: 4 et seq.
46 High Representative 2010.
structures. To narrow it down: what is the responsibility of the EEAS in the programming of financial instruments and in the planning of CSDP civilian and military missions.

With Barroso’s decision to ascribe neighbourhood policy to the portfolio of the Commissioner for Enlargement, the European Neighbourhood and Partnership Instrument remained under the responsibility of the Commission, although the staff working on the respective regions is now part of the EEAS. Additionally, the development policy instruments, namely the European Development Fund (EDF) and the DCI stay under the responsibility of the respective Commissioner. However here the EEAS contributes to the first three steps of the programming cycle of the instruments, which involves preparing Commission decisions regarding country and regional allocations, as well as country and regional strategic papers. Changes in programming are prepared jointly under the responsibility of the Commissioner for Development (who thus has the ‘last word’) and submitted for decision to the College of Commissioners. Before Lisbon responsibilities for the programming of the EDF were in the hand of DG RELEX, which has a greater expertise on political issues, and the DCI was managed by DG Development with less priority on EU interests. A joint planning of these instruments is now situated in the regional desks and the EU delegations of the EEAS.

CSDP and crisis management structures were incorporated in the EEAS, although they will retain a special status. Crucial for the planning of CSDP missions is the newly established Crisis Management and Planning Directorate that merges civilian and military aspects of the planning into a single entity. On this basis the PSC, now also chaired by an EEAS official, decides on EU actions to be taken. It is foreseen to upgrade the Joint Situations Centre to a ‘single crisis response center’ and the European Military Staff with a special department for defense intelligence is also incorporated into the EEAS. Thus, the EEAS replaces the functions of the Council Secretariat in this regard and will play a decisive role in the preparation of CSDP actions, although the CSDP structures are still kept separately from the other parts of the service. Furthermore, service level agreement allow the rotating Presidency, the Council Secretariat and the President of the European Council to draw on crisis reaction capabilities of the EEAS in cases of crises effecting member states (e.g. terror attacks).

While the responsibility and execution of financial instruments still lay within the Commission, the strategic planning is now situated in the regional desks of the EEAS. This allows neither to argue for a re-intergovernmentalisation nor for a spillover into supranational modes of policy-making. Thus, the two grand theories do not provide for an explanation of this development. However, the fact that the preparation of CFSP actions and missions is now under the responsibility of the EEAS is in line with the argument for an increased institutionalisation of foreign policy and thus supports the neofunctional line of argumentation to some degree.

As ‘Misses CFSP’, Vice-President of the Commission, head of the EEAS, interlocutor to the European Parliament and chair of the Foreign Affairs Council, Catherine Ashton is provided with a thick job description, which is hardly possible for one person to handle. Consequently, there is a need to replace her at several occasions. In case of her duty to report to the European Parliament, the EP insisted on having a political accountable deputy. Thus, the quadrilogue decided that she is replaced by a Commissioner, if issues are falling into Commission competences, or by a representative of the Trio-Presidency in the area of CFSP. This can be evaluated as a fall-back into the pre-Lisbon pillar structure, clearly distinguishing the intergovernmental CFSP from external actions of the Commission. Regarding the chairing of the Foreign Affairs Council, replacements by the rotating Presidency took place at the informal defence minister meetings of the Spanish, Belgian and Polish Presidency. In addition the rotating Presidency replaces the HR/VP on many occasions at third party meetings. Foreign ministers of the rotating Presidency travel under the mandate of the HR/VP (e.g. the Polish foreign minister travelled to Pakistan and Afghanistan), lead in general the EU delegations to Association Council meetings and host all multilateral summits.

Therefore, the question of representation can be explained by intergovernmentalist reasoning: the rotating Presidency and the member states still try to play an influencing role and can partly pursue that by representing Ashton if she is not present. A regulation of her representation has not been made in the decision on the EEAS and thus was not assigned to officials of the new service, which contradicts the neofunctional reasoning of a shift of loyalties to a supranational level and ongoing institutionalization.

47 Cf. Varrenti 2010: 17 et seq.
To sum it up, also in the external setup of the EEAS intergovernmentalist and neofunctionalist theory do not achieve to paint the full picture, but each rather shine a light on specific but limited aspects of this new development in EU external action.

4. Conclusion

The aim of this paper was to clarify to what extent the setup of the EEAS can be explained by the grand theories of European integration. For this task neofunctionalism and intergovernmentalism were chosen as the two significant contradicting theories that dominated the scientific debate between the 50s and 70s of the last century. The basic research question of this paper was to what extent they still possess explanatory power to accurately explain one of the biggest changes in the external action setup of the EU in the last decades.

While both theoretical frameworks manage to explain at least some of the aspects of the internal and external setup of the EEAS, both fail to deliver a comprehensive explanation of the emergence of this new *sui generis* ‘institution’.

Neofunctionalism provides a good starting point to explain some of the phenomena linked to the setting up of the EEAS. For instance, the transfer of departments from the General Secretariat of the Council as well as the accompanying transfer of tasks in the planning of EU missions and actions could be labelled as a functional spillover to ensure what is often called a ‘comprehensive approach’ to EU foreign policy that links financial, civilian and military aspects of external action. Also the concept of political spillover, linked with a shift of loyalties to the supranational level provides a useful concept, when looking at the current discussion of the staffing of the EEAS and the question of an *esprit de corps* in EU diplomacy. To make it complete, the pushing of the EP to a more political accountable EEAS can be linked to cultivated spillover, by which supranational institutions foster the integration process.

While neofunctionalism can thus not totally be proven wrong, intergovernmentalism and the domination of national interests is also clearly reflected in the setup of the EEAS. This becomes obvious as there is still a ‘continuing pillarisation’ when it comes to the representation of Ashton in various formats, in which the rotating presidency still comes into play. In addition the whole debate around the EEAS was marked by the question in how far a decommunitarization of Commission competences takes place with the emergence of the EEAS, which exemplifies the whole awareness of member state influence on EU policies.

However, these theories leave us especially two unanswered questions. First, the EEAS is not a supranational institution in the classical sense like the European Commission or the European Court of Justice, with a high amount of delegated competences that could lead to actions carried out autonomously from the member states. Nor is it a purely intergovernmental ‘Secretariat’ that only helps to coordinate the diplomatic actions of the member states. Thus, the *sui generis* character of the service can hardly be captured in the traditional dichotomy of integration theory. Secondly, both theories do not provide explanations in regards to the complexity of the divisions of tasks between the Commission and the EEAS in terms of financial programming. Thus, the setup of the EEAS is party inexplicable by the grand theories of European integration.

So which nets could scholars in the coming years throw out, to capture the EEAS and its development? Two brief suggestions:

The fusion thesis\(^\text{48}\), which emphasis on the one hand the need of member states for joint problem-solving in a globalized world and on the other hand the need to preserve their national sovereignty, might help to understand why such a *sui generis* structure located between the Council and the Commission is created. Following from the need of joint problem solving and sovereignty, a complex structure of working networks comprising national as well as EU officials emerges. Thus the complexity and *sui generis* nature of the EU came not by chance, but by purpose. The EEAS setup could provide a textbook example for this development.

Also a view from historical institutionalist perspective\(^\text{49}\) could gain fruitful insights. While the setting up of the EEAS as well as the introduction of a double hatted HR reflected the preferences of the member states at

\(^{48}\) Wessels 1997.

\(^{49}\) Pierson 1996.
a given point in time, they have now to deal with the ‘unintended consequences’ of their former decisions. This is already reflected in declaration 13 and 14 to the Lisbon treaty, but also could explain why they now try to win back the ownership of EU external action and to defend their interest in the institutional setup they created with the Lisbon treaty.

To sum it up, as the emergence of the EEAS is partly inexplicable by the two grand theories of European integration, the coming years will not just be interesting for the practical development of EU external action, but also create pull factors for the theoretical debate in EU politics.
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The evolving features of the EU as a security agency of collective action in Europe and beyond

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1. The elastic contours of regional security formations

Defining the place and identity of the European Union in the tapestry of global security governance raises the question whether the EU can be framed as a “regional arrangement” or “agency” in terms of the UN Charter. The relevant provisions of Chapter VIII in the “constitutional charter” of the universal collective security system refer to frameworks or organisations for dealing with those matters relating to the maintenance of international peace and security which might be appropriate for regional action. Regional arrangements/agencies are presumed to fulfil a useful and primary function in the pacific settlement of local disputes and shall make every effort in that respect before referring the dispute to the Security Council.

No official definition of “regional arrangement”, “agency” or, with the more frequently and generally applied reference, “regional organisation” has been adopted by the political organs of the United Nations. By the use of a more conventional classification, regional arrangements can be classified as treaties or treaty regimes of regional character, regional agencies are perceived as international agencies established by regional arrangements.

The literally understanding of the term “regional” refers to the regional proximity of members as the territorial cornerstone of association. More importantly, the rationale underlying the creation of permanent institutionalised structures of co-operation within certain geographical areas can be more aptly identified on the ground of political affinity, security motives and shared sense of community, rather than on the basis of simple juxtaposition on the map. Consequently, the activities or the competencies of regional organisations are not necessarily confined to the area of its membership or one exclusive geographical region.

2. The European Union as regional security agency?

With respect to one of the necessary component of definition of regional organisations, the European Union clearly corresponds to the requirement of geographical vicinity of members. Member States must be European as laid down in the Treaty on European Union among the fundamental membership criteria. (Wherever the contours of the continent may be drawn.) The regional geographic confines of attention and activities, the “focus on the internal affairs” of the regional agencies assuredly does not apply to the EU.

1 Article 52(1) of the UN Charter.
2 Article 52(2) of the UN Charter.
4 Article 49 (formerly Article 0) of the TEU One apparent example of the decisive significance of the geographical criteria with regard to membership in the European Community/European Union was provided by the application of Morocco for membership, which received an official and unequivocal rejection from the European Commission on the ground of the geographical detachment of the applicant country from Europe.
Although the common policies of the European Union are overwhelmingly “focused internally” within and between its members, nevertheless one of the qualitatively distinguishing aspects of European regional community building—the Common Foreign and Security Policy, including CSDP—within the Union represents its apparently external orientation. The maintenance of peace and security among its members represented the original and underlying strategic rational for the European political and economic integration process. Decades later, after the successful accomplishment of the original aspiration of the “grand strategy”, the Union defines and pursues common policies and actions to preserve peace and strengthen international security as spelled out among the driving objectives of the CFSP.\(^5\)

In addition to the wide range of policies and tools of external relations and international influence such as the common commercial policy, development assistance and humanitarian aid, the inherent potential of the repertoire of its evolving foreign and security policy instruments significantly extends the range of choices for the EU in its external dimension as a conduit for the collective action of its Member States.

The growing capacity and occasional willingness of the Union to take responsibility for crisis management beyond the conventional realm of preventive diplomacy and dispute settlement received enhanced attention and acknowledgement from the central institution of collective security on a global scale. Various UN Secretary General reports (in 2003, 2005 and 2008) and also the General Assembly resolution containing the World Summit Outcome of 2005 recognized the EU as a regional organisation with evolving conflict prevention and crisis response capacities repeatedly mobilised in support of, and in co-operation with the UN. The conclusion of the anniversary (60\(^{th}\)) general review of its achievements and shortcomings in 2005 welcomed the intentions and achievements of the Union in that respect. It stated the support of the UN for “the efforts of the European Union and other regional entities to develop capacities for rapid deployment, standby and bridging arrangements.”\(^6\)

3. Differentiating capacities: the function of the EU as regional security agency in contrast with the other regional structures

Regional and subregional organisations tend to have a greater stake in the prevention of instability and insecurity among their own member states. The regional organisations most frequently referred to in connection to regional conflict prevention –Organisation of Security and Co-operation in Europe (OSCE), Organisation of African Unity (OAU)/African Union (AU), Organisations of American States (OAS), Association of South Asian States (ASEAN)\(^7\) and the Commonwealth of Independent States (CIS)—are counted as actors of mediation, inquiry, confidence building and other measures of preventive diplomacy within the circle of their membership. Acting outside the geographical region of the territory of their constituent members and in conflicts directly not involving any of their member states is not considered to belong to the characteristic competencies of these organisations.

These features of regional organisations have to be remembered when the significance of European regional organisations with security responsibilities and capabilities—either already active (NATO) or currently building up its own identity in this dimension (EU)—come under examination. Their self-definition, existing or fledging military capacity and political willingness to act outside the territory of their member states (“out of area”) by force, if and when appropriate, distinguish fundamentally these institutions of Transatlantic and European security from the regional arrangements known generally in this class.

In very broad terms, two distinctions stand out and determine the purpose and the scope of interactions of regional arrangements with the UN and with other regional formations as well.

First of all, most regional organisations do not possess either the necessary institutional capacity or the instrumental capabilities for crisis management by military and/or civilian means. Although at different levels of preparedness, only NATO, the EU and the African Union can be taken into account in this respect. In many instances, once the sufficient political determination to act has been summoned regional organisations are much more probable to mount faster response to humanitarian emergencies, disruption of order and

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5 Article 21 (2c) of the TEU.
conflagration of violence than the United Nations. NATO, the EU and the AU have either established or are developing rapid response capabilities for conflict prevention and crisis management for regional (AU) and/or trans-regional (NATO and the EU) missions.

The two organisations of the European or, more comprehensively, the North Atlantic region represent the exceptions to the general limits of regional security arrangements or political formations. Once the EU or NATO takes on the assignment of crisis management, they could rely on their own resources, equipment and reserves. With their own capabilities planned and prepared for more demanding contingencies, the North Atlantic or the European regional arrangement are more likely to assemble and apply the tools necessary for the accomplishment of the accepted mission, once the requisite unanimous political decision has been taken by their members collectively. Acting either in concert with other organisations and third states or autonomously, these organisations may mobilise sufficient reserves and reinforcement potential to dominate escalation and fulfil mission mandate even under deteriorating circumstances as long as the underlying political will of their Member States remains firm. Certainly, they also have their own political and fiscal limits, but their capacity accords much larger leeway and latitude for flexibility and enforcement than any other regional organisation possibly engaged in the management of complex crises situations.

The other qualitative distinction relates to the geographic scope of the mandates and activities performed by regional arrangements. Consistent with their internal conflict prevention and conflict resolution vocation, the Arab League, ASEAN, AU, OAS, and OSCE have not yet stated or demonstrated any intention to become active outside the perimeter of their own membership. Besides NATO, only the EU have embarked on expeditionary engagements and security missions far beyond the horizon of their membership areas or even its immediate neighbourhood.

The EU have deployed civilian (police and observer missions in Bosnia, Macedonia, Kosovo, Moldova, Afghanistan, Palestine, Georgia, Congo, Indonesia/Aceh) and military (Macedonia, Bosnia, Congo, Chad/Central Africa and off the cost of Somalia) security operations in closer and more distant theatres of conflicts on three continents. The rise of a multidimensional European security agency capable to act voluntarily beyond its borders in various zones of crises opened new prospects for political and normative influence through the implementation of collective security undertakings by variable coalitions of EU members and their external partners in the course of CSDP missions.

The emergence of an EU equipped and institutionally prepared for more active engagements entails the responsibility and the ability to shape the standards of applicable, appropriate and acceptable international measures and responses. If the institutional capacity and instrumental capabilities are coupled with sufficient motivation, the assumption of the new qualities of a “regional security management agency” by the European Union offers or, rather inevitably, implies an opportunity to adapt or reinforce the rules of the “expected and required” conduct either through direct contribution to the discharge of UN functions in international security or by the collective action of a coalition of willing states through the institutional framework of the EU.

The creation and sustenance of organisational capacity and instrumental capabilities to mount crisis management undertakings are requisite and distinctive attributes of international agents of discernible normative impact on the system of collective security. The institutional potential to take relevant preventive or responsive measures –civilian and military as well– has proven crucial in efforts undertaken not only to accomplish the goals of actual engagements, but in the exercise of normative influence on the contours of collective responses deemed appropriate and adequate.

With the added value of inherent multilateralism and the legitimacy of collective action by a regional political association of 27 states, the EU could make distinct contribution to the evolving perception and normative features of responsibility for collective security beyond the immediate perimeters of nation-states. The EU provides the organisational platform and procedure for collective decision-making by all Member States and also the institutional vehicle for the concerted implementation of the adopted decisions even if not every country participates in their actual discharge.

The instances of various EU contributions to the prevention, containment and settlement of violent conflicts not only reflect the declared purposes and ambitions of the Union, but also demonstrate the political resolve and military capabilities which the EU could assemble and mobilise to implement the jointly adopted
political decision. Given the abundance of demands for external protection, reinforcement and relief and the shortage in will and capacity, any European assumption of responsibility is likely to be welcomed as commendable commitment to the preservation, restoration or construction of the necessary conditions of the “international public goods of security”.

The European Union defined and refined the collective repertoires of both types –civilian and military– of crisis management instruments as the feasible compilation of Member State capacities for joint enterprises. These inventories of voluntary contributions determine the range of choices and options for operational engagements. The limits of action on behalf of the EU are set by the national means and instruments assigned to each instance of the practical implementation of declared strategic CFSP goals of collective security for the Union and beyond. These catalogues of designated national capabilities to bolster security functions in conflicts theatres quite accurately reflect the range, the complexity and also the expensive nature of the required tools of peace and security.

The potential to combine the civilian and the military “tools of trade” in security management gained significant added currency along the spectrum of instruments, achieved higher level of relevance within the range of options available for the EU and rose to prominence among the aims of intended progress in EU crisis management capabilities. The European Union as an aspiring security arrangement (with an envisaged comprehensive portfolio) seeks to acquire the means, attain the cohesion and master the confidence to be able to employ the fullest possible range of foreign policy tools. To this end, it embarked on an ambitious course to set up the organisational framework, define the procedural choreography and forge the adequate devices for the pursued tasks. What can really make the EU a particular and potentially highly capable purveyor of and contributor to international security is its capacity to deploy civilian and military resources for conflict prevention, crisis management and post-conflict reconstruction. The completion of the CFSP spectrum of policy instruments with the CSDP arsenal (civilian and military tools) conveys a distinctive character onto the European Union as a regionally composed “security agency” of multiple means with vested interests in collective security well beyond the perimeter of its own membership.

4. The defining purposes of the EU in its international security undertakings

In terms of conceivable missions the geographical disposition of European borders does not confer primary relevance on the acceptance of even extra-European responsibility by the EU for the preservation or restoration of order and security. No clarification of European spatially defined identity is considered necessary for the articulation of a conclusive definition –with reference to the Security Strategy of the European Union (ESS)– of CFSP purpose and responsibility in the age global/trans-regional diffusion of violence and inhumanity, particularly endemic in certain regions and under certain social-political conditions.

From the end of the 1990s, the growing emphasis on the “security” component of CFSP, the “securitisation” of foreign policy indicated the increasing awareness among EU Member States of the utility and the necessity of collective undertakings by civilian and/or military means as appropriate response to disruptions in international public order. The expanding political community of EU members states formerly generally perceived as “civilian power” unmistakably embraced the military means of security, including the potential use of force, with the intention to exert the maximum impact on the circumstances of individual conflicts and shape the general conditions of security in the international system.

In accordance with their driving rationale, CSDP operations are expected and designed to contribute equally to “making peace” –creating the conditions of ceasefires, the termination of atrocities and the protection of vulnerable population (humanitarian workers, refugees, local civilian population)– and “keeping the peace” –observation, implementation and enforcement of settlement frameworks– in accordance with the broadened range of “Petersberg Tasks”. Whatever mission European forces are deployed to undertake, the aims and accomplishment of their tasks should always be assessed in connection to the larger purposes of CFSP. “In fact, however, operations have not been, and are unlikely to be in the future, about major military intervention or even warfare. Rather, they are about keeping the peace mostly in a very traditional PKO (Peacekeeping
Operation) mode, or about helping to establish a modicum of order in states which have fallen apart."8 Although this sort of interpretation of the military dimension of CFSP may define the range of tasks too restrictively, it nevertheless captures the essence of the specific function of armed forces among the means assembled by the EU to achieve the objectives of its shared collective security ambitions and foreign policy aspirations. The effective co-ordination of all instruments at the disposal of the Union is necessary to “achieve maximum impact and exert maximum political leverage through its crisis management operations.”9

Military interventions and enforcement measures also play their role in the promotion of shared security interests and the projection of values central to the European vision of a civilised (i.e. violence restrained by the rule of law and universal norms) international system. The use of armed forces traditionally wielded to advance power politics and national interests in zero-sum geopolitical games can be also perceived and applied in the European concept of foreign and security policy as a potent instrument of value oriented change and normative power. Actions and measures of policy implementation by CSDP means –military and civilian alike– and through their aggregated effects are intended to leave an imprint on the shape and content of evolving normative framework for conflict resolution and the resulting regulative foundations of security. It can be concluded that that the external security function of the EU “is not about traditional military power, it is about international order.”10

5. The place and role of the EU as a regional agency in the fabric of collective security

The activities or the competencies of regional organisations are not necessarily confined to the area of its membership or one exclusive geographical region. Under Chapter VIII of the UN Charter regional arrangements and agencies are conceived to serve as the primary framework for pacific settlements of disputes among their members through mediation, inquiry, confidence building and other measures of preventive diplomacy. The significance of European regional capacity and security responsibilities –either already active (NATO) or currently building up its own identity in this dimension (EU)– can be properly grasped only against this backdrop of conventionally limited and peaceful regional contributions to conflict resolution.

The decision on the creation of an autonomous European military capacity to respond to international contingencies testified to the European quest for appropriate means to discharge international responsibilities stated in several European Council conclusions since 1999 onwards and in the European Security Strategy as well. The declared acceptance of collective international political and moral responsibility reflects the sense of duty and the perception of necessity to act collectively.

As the EU pursued the process of institutional and operational evolution in ESDP, it looked for and found its role as an organisation capable of carrying out tasks and responsibilities supportive of or complementary to those of the United Nations. From this perspective, The European Union represents an example that tends to confirm the tendency –an inherent potential in Chapter VIII of the UN Charter– of delegation of responsibility and authority from the “central directorate” of collective security to regional complementary arrangements/agencies. Ideally and primarily, regional organisations should seek the authorisation or the approval of the Security Council before their preventive or enforcement action, unless the lack of consensus in the Council becomes evident resulting in the failure to exercise its primary responsibility for the maintenance of international peace and security. The motivation and the potential role for the EU is not to undermine or replace the UN as the repository of universal legitimacy, but rather complement and reinforce UN action whenever it is possible or substitute regional initiatives for Security Council measures if necessary in case of abandonment of responsibility at the universal level of authority.

Although its ambitious regional role as a political magnet, point of orientation and economic centre of gravity has already been achieved, the credibility of the EU and its capacity to shape the international normative order of collective security depends on its potential to make constructive and discernible contributions to it. In various fields of global multilateral co-operation –such as trade, humanitarian aid, development assistance and

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10 Hanns W. Maull, pp. 167.
environmental protection– the EU has left its mark on the standards and regulations of these issues. The Union played leading role in the definition of their content and normative contours. The latest additional plane on which the European Union aspires to attain the necessary qualities –institutions, concept and instrument– of a full-fledged participant in the most sensitive dimension of multilateral co-operation, the maintenance and adaptation of the rules of international collective security.

The mobilisation and deployment of the necessary elements of European civil and/or military arsenal could carry remarkable legal significance. If applied coherently and effectively, these capabilities might play an instrumental role in the formation of reference examples or precedents of collective security actions and in the implementation of coercive security measures which few regional organisations or occasional “coalition of the willing” could match.

With the insertion of an institutionally consolidated and operationally improved CSDP with its civilian and military instruments into the range of CFSP tools available for the EU, the Union has been set on a course towards acquiring the qualities of a genuinely multidimensional regional arrangement or security agency with potential capacity to cover almost the entire (with the exception of a high intensity conventional conflict) spectrum of missions as identified by the extended task list in the reformed TEU.

6. Possible modalities of EU operations in support of the UN

The launch and conduct of an EU operation in support of the UN and under the political control and strategic direction of the Union represents the other main option envisaged as a modality of provision of European capabilities.

The EU could conduct operations under a UN mandate, either as a "stand alone" operation –as illustrated by Operation Althea in Bosnia-Herzegovina– or as a "specific component" –so called “modular approach” modelled of the arrangement of KFOR under NATO command– within the structure of a UN mission. Within this arrangement, the EU component is understood to operate under the political control and strategic direction of the Union11.

In the specific cases calling for quick response, the rapid reaction capability of the EU would bring a particular added value. Experience gained by EU Member States related to the use of high readiness forces would also be helpful in assessing the modalities for EU support to the UN in military crisis management. In the views of the UN Secretariat, two broad categories of rapid response operation in support of the UN could be identified and provided by the EU. These have come to be known as the bridging model" and the stand by model"12.

a) The "Bridging model"

The "bridging model" could help to provide the UN with the necessary space and time to mount a new operation or to reorganise an existing one. This model calls for rapid deployment of appropriate military capabilities for an agreed duration and purpose. Operation Artemis in DRC demonstrated the utility and the EU capability to accomplish this kind of missions to fill the security vacuum at a critical stage of international crisis management efforts.

The deployed EU force tailored to the mission can be withdrawn from this kind of engagement on the arrival of a UN force able to take over the duties from the European Union. In order to facilitate the timely transfer of mission to the UN, the dispatch and the operation of the expeditionary EU force have to be complemented by a range of other activities in support of the deployment of the UN force. On the political front within the UN framework it must be made sure that the UN force would be given the appropriate mandate together with the capabilities corresponding to the stated purposes of the intended operation. All this should take place in due time. To this effect, the European Union could make full use of the provisions in the TEU on the duty of Member States to co-ordinate their actions and act in concert in international organisations13. In the field of technical assistance, an exchange of information ought to be sustained with the UN and the UN troop contributing

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11 Ibid. Para. 7.
12 Ibid. Para. 8.
13 Article 19(1) of the TEU.
countries to facilitate the deployment of the UN forces and the hand-over of responsibilities between the EU and UN forces.14

The efficient and smooth transition between the EU and the UN mission can be ensured by the maintenance of continuity between the two operations when some of the EU forces could stay on to take part in the next phase as well. With the accomplishment of the EU mission to hold the ground, the assignment of European troops to the UN mission or the sustained operation of enabling capabilities in theatre of action would require national decisions as to the commitment of contingents to the UN after the end of the EU operation.

b) The “Stand by model”

The “stand by model” as envisaged by the UN Secretariat consists of an “over the horizon reserve” to serve as an “extraction force” provided by the EU in case of emergency in support of a UN operation.15 Its particular relevance in an African context has been demonstrated on occasions when either the actual intervention of EU Member States (for instance in 2000 in Sierra Leone the rescue and evacuation operation of British troops saved UN troops taken as hostages by local rebel forces) or the deployment of a rapid reaction contingent ready for intervention (the presence of European forces in Gabon to provide emergency back-up for the EUFOR RD Congo in Kinshasa during the elections of 2006 in DRC) became necessary.

Since such type of operations call for immediate reaction, they represent very demanding tasks at the high-end of the spectrum of crisis management responses. In addition to the difficulties of military and technical implementation, these supportive operations would normally require complicated co-ordination between the EU and the UN. This model raises a number of issues related to its feasibility concerning the involvement of the EU in the planning of the UN operation, command and control, situation awareness and transfer of authority arrangements.

7. The conceivable range of EU tasks in crisis management

The Lisbon Treaty extended the range of “Petersberg Tasks” and set up a combination of old and novel forms of potential engagements: joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peace-keeping tasks, tasks of combat forces in crisis management, including peace-making and post-conflict stabilisation. All these tasks may contribute to the fight against terrorism, including by supporting third countries in combating terrorism in their territories.16

On the basis of the above expanded list –“Petersberg Tasks Plus”— of conceivable future military crisis management undertakings, the horizon of the preparations for possible ESDP enterprises involving armed forces should be cast broader than before. The operational deployment of expeditionary forces in peacekeeping, crisis management or humanitarian missions typically comprise the following variety of tasks on the basis of experience and lessons of peace support and international security assistance mission in the recent years:

- Preventive deployments to forestall violence between communities or states
- Enforcing sanctions
- Monitoring or supervising a tense situation, stalemate, cease-fire, or settlement
- Establishing, monitoring, or supervising cantonment areas, demilitarised zones, and buffer zones between warring parties, which may involve interposition by the field force
- Support, supervision, and implementation of a process of disarming and demobilizing warring factions
- Protection and support of humanitarian assistance efforts
- Non-combatant evacuation under threat
- Establishing protective (‘safe areas’) zones
- Protection and support of national reconstruction and reconciliation efforts, including the conduct of elections

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14 EU-UN co-operation in Military Crisis Management Operations - Elements of Implementation of the EU-UN Joint Declaration, Doc. 9638/1/04, 9 June 2004, Para. 10.
15 Ibid. Para. 13.
16 Article 43 of the TEU.
- Helping to restore and maintain general civil order
- Train and equip local forces in the course of their modernisation, reinforcement or reorganisation

8. EU crisis management undertakings as missions of variable coalitions

Multinational in composition and collective in the execution of tasks, EU-led crisis management with the involvement of third states exemplify occasional regional or even trans-regional coalitions with the same organization—the European Union—at its gravitation centre in every variation. Collective actions by multinational coalitions are likely to become complicated endeavours unless the cluster of willing countries is not directed by some “lead nation” or “lead organization”. International practice offers illustrations of both solutions to steer coalitions of willing and able states in ad hoc formations under the command of an individual country taking the initiative or rallied around the flag of a particular organization. Similarly to NATO in charge of ISAF in Afghanistan or the AU orchestrating AMIS in Darfur, the EU has conducted operations as the institutional hub of coalitions to connect and direct the involved EU and non-EU countries in their joint security endeavours.

The combination of EU members and third states in crisis management missions result in multinational coalitions of variable composition that can be best described as a sort of hybrid form of usually practiced modalities for collective security action at regional level. Typically, either ad hoc regional group of states (for instance, Operation Alba with Italy as the lead nation of UN mandated security action for the restoration of order in Albania in 1997) as temporary alignments of partners to assemble capabilities and instruments for concerted measures, or standing regional arrangements (illustrated by the recent or ongoing African Union missions in Sudan and in Somalia) as institutionalised forms of commitment to collective action may be mobilised to carry out preventive, crisis response or peacekeeping operations.

ESDP coalitions of contributors from within and without the Union demonstrate a particular blend of characteristics of the two regularly applied solutions. Although each acting group of states is temporary in its composition, but the organizational template of all these joint security undertakings is permanent as the Union provides the framework for operation in the case of crisis management missions to which the EU label has been attached. To render these coalitions more particular, ESDP missions, whether military or civilian, can assume not only regional, but also transregional character in terms of composition of participants and destination of deployment. As a matter of fact, most EU security undertakings have been dispatched to regions and countries outside Europe by variable coalitions of European states in combination with numerous occasional or a few recurrent partners (such as Canada and Norway).

9. The function of the EU as a security agency for crisis management missions

In most cases of EU crisis management missions, the plenary participation of Member States is neither achievable nor necessary. In these instances, not all of the EU MS find it in their interests to commit military or police forces to undertakings. The reasons vary from the absence of appropriate resources to the involvement of available capabilities in other operations or political caution. The lack of willingness or capability to get involved in an CSDP mission on the part of certain EU members does not necessarily signal a conflict of approaches to such an extent that would preclude the elaboration of a collective position and the adoption of a mandate for action. Even in case of clashing or diverging political positions among the Member States, the decision of the Council endorsing an operation conducted on behalf of the Union could be adopted with the “constructive abstention” of the unwilling or discordant members. The collective approval of operative measures conducted by any particular set of EU members intent on preventive or responsive action with regard to particular international crisis situations is not only desirable for the maximum political gravity of action, but a necessary condition for the use of the “EU trademark” by “the coalition of the willing and able states” in their concerted security mission.

In addition to the political and legal value of the conferred legitimacy, the political approval from the Council implies that the Union could place its collective assets and capabilities (for example, planning and co-ordinative capacity of the Civ/Mil Cell within the General Secretariat or the information collecting and analytical capacity of the EU Satellite Centre) at the disposal of security missions on its behalf. Importantly, CSDP military and civilian missions carried out by groups of EU members and their external coalition partners
under the aegis of the entire Union could always increase its “visibility” in international affairs and enhance the political significance of collective action.

Any acting coalition of EU members and their external partners could embark on the task of implementation of the relevant CFSP decision on crisis management with enhanced legitimacy as conveyed on them by the common stance of all EU MS and supplemented by “the associate partners of the Union”, third states identifying themselves with the adopted EU position. The legal relevance of a unified position and its implementation on behalf of the political union of 27 states lies in the normative choices and values reflected in the declared and pursued objectives. The supervision and/or implementation of humanitarian protection, forcible delivery of assistance, power-sharing settlements, enforcement of multiethnic peace agreements, support for demobilization and reintegration of combatants as well as contributions to the reconstruction of shattered state functions represent only few of the shared objectives of collective preventive or responsive security engagements under EU command. Additional legitimacy springs from the association of every new participant in, or contributor to EU security enterprises reinforcing the multilateral consensus underlying collective actions by the Union.

Coherent EU actions through concerted and consistent policy measures may carry remarkable potential to exercise discernible influence on international “emergency treatment” or “recovery therapy” applied to issues and areas of articulated concern for the security of the European Union and its Member States. The political legitimacy and legal relevance of EU actions would be further enhanced by those states –as associates or candidates of the EU, but also others without formalized status in the “EU galaxy”– that identify themselves with the CFSP political position and even participate in CSDP operation. Participation by third states in EU crisis management manifests examples of multilateral action by coalitions of variable composition.

The list of the participants from within the EU and from circles of potential partners from outside remains open and inclusive in order to recruit all those states that are willing and able to offer useful voluntary contributions. Their contributions can prove significant, even perhaps occasionally decisive for the assembly and delivery of all the adequate and necessary resources –assets, expertise and capabilities– for the launch and successful accomplishment of CSDP missions.

The international legitimacy and political endorsement of collective security enterprises depend, to a great extent, on the authoritative value of the adopted decision defined by the procedural (institutional) and the substantial (aims and means) determinants of the chosen course of action. Third country participation is bound to enhance the credibility and the normative value –the “legal imprint”– of collective measures undertaken by the acting cluster of states composed of EU members and their external partners in conflict prevention and crisis management. In the instances of CSDP missions with the support of third states, the EU performs its role in these endeavours as the “lead organization” around which composite and occasional formations of interested states can be forged to accomplish their shared goals in collective security.

This sort of “coalition of the willing and able states” is more likely to be organized when one main “institutional shareholder” –such as the EU in our case– assumes the direction of the entire joint security undertaking. Once the Council has decided to take collective measures in a particular crisis situation, the EU as the “gravitational centre of action” may be able to generate interest and engage its occasional or regular partners and associates in the course of CSDP enterprises when the Union provides the organizational impetus for concerted endeavours. By virtue of this generative effect, the manifestation of the willingness of Member States to act in their collective capacity through the EU as their agency for security missions –beyond its borders or even outside its regional context– could exert catalytic impact on other states ready to assume their shares in the management of international public order.
The EU’s response to the financial crisis – A mid-term review

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Two years after the London G-20, the EU is well advanced in delivering upon the commitments made for the 2013 target date. Important steps were taken on the institutional side, and regulatory changes are moving ahead. On some issues, such as remuneration, the EU has made even more pronounced headway than the US. But some sensitive matters remain, such as bank resolution or structural changes.

By early 2011, the EU’s response to the financial crisis was well advanced. The ‘de Larosière’ institutions had been established, and proposals related to the G-20 commitments to regulate all markets, products and institutions and further streamline the single market had been adopted or were making progress in the discussions.

The rapid adoption of most proposals, all of them in single reading so far, indicates the great sense of urgency on the part of the European Parliament and the Council. Both institutions, together with the European Commission, have performed a huge task in delivering on the commitments undertaken. The continuing sovereign debt crisis in several European countries added greater impetus to advance on the commitments undertaken.

The question that remains is whether most of the measures will be fully implemented and operational by 2013, as promised. The amount of regulation has increased hugely, and more is to come, in primary and secondary legislation. In addition, the new European Supervisory Authorities (ESAs) have been mandated to implement a single rulebook, which is facilitated by the Lisbon Treaty’s provisions on comitology.

This article will first discuss the role of the new ESAs, followed by a review of the measures adopted or currently under discussion, to conclude with the financial stability issues raised by the sovereign crisis.

1. The ‘de Larosiere’ institutions

The new regulations creating the European System of Financial Supervisors (ESFS) were adopted by the EU in time for the new bodies to start functioning in 2011. The final compromise did not fundamentally alter the decision reached by the Council in December 2009, but added further tasks for the authorities, such as the possibility to prohibit or restrict certain financial products or activities (Art. 9), and clarified and strengthened their mandate, such as specifying their role in emergency situations (Art. 18). For the European Systemic Risk Board (ESRB), the most important change was the addition of an ‘independent’ element, with the creation of a Scientific Committee, and the requirement to second a delegate of this Committee to the Steering Committee of the ESRB.

A fundamental change as compared to the ‘Lamfalussy’ Committees is that the authorities have become executive agencies under the control of the European Commission. Before, the Committees (CEBS, CESR and CEIOPS) functioned fairly independently from the European Commission, but only in an advisory capacity.
Now, the authorities will have fully-fledged regulatory, and to some extent supervisory powers, but they can only exercise them to the extent that they derive from the powers attributed to the EU under the Treaty. In other words, the authorities’ powers are limited to what the European Commission can do under the EU Treaty to contribute to the effective functioning of the internal market. “The purpose and tasks of the Authority – assisting competent national supervisory authorities in the consistent interpretation and application of Union rules and contributing to financial stability necessary for financial integration– are closely linked to the objectives of the Union acquis concerning the internal market for financial services” (Recital 17, ESAs regulation). The Meroni doctrine, going back to an EU Court judgement of more than 50 years ago, is still with us.

The profound changes that the authorities are bringing about for a more integrated financial market cannot be overstated. Without exaggeration, they can be considered as embryonic federal supervisory authorities, but all will depend on the management of the authorities and the cooperation they establish with national supervisors. Given what the Lamfalussy Committees achieved with limited personnel and budget, there are grounds for optimism. It has been suggested that the first appointments to the authorities are too low key for the depth of their tasks or the sea change they should bring about, but I would argue that they should be given the benefit of the doubt.

The tasks of the authorities can be subdivided into regulatory, supervisory and institutional functions (see box below). The regulatory powers are based upon the need to achieve a much greater degree of regulatory harmonization in the EU through the achievement of a single rulebook. In practice, the single rulebook will be composed of regulatory and implementing technical standards. Both standards can only be adopted by the ESAs to the extent that they are part of delegated powers, based upon Art. 290 and Art. 291, respectively, of the Treaty on the Functioning of the EU (TFEU). Both shall be “technical, shall not imply strategic decisions or policy choices and their content shall be delimited by the legislative acts on which they are based” (Art. 10 and Art. 15 ESA regulation). Formally, both standards are adopted by the European Commission, following a procedure as described in the regulations, and are limited in time, but the powers may be revoked at any time by the European Parliament or by the Council. In practice, the process of regulatory and implementing technical standards will be entirely in the hands of the authorities, with the Commission rubber-stamping the proposals, and limited control by the European Parliament. The ESAs can also adopt guidelines and recommendations, which have no force of law.

The supervisory powers of the new authorities can be subdivided into direct and indirect powers. Indirect supervisory powers relate to those that contribute to improve the financial supervision from an EU perspective. It is composed of mediation between national authorities, and eventual delegation of powers amongst them, the participation in colleges of supervisors, and the supervision of supervisors. The latter is probably the most important element, as it allows for effective comparison of the performance of national supervisors (Art. 30), and the possibility to adopt recommendations. The ambition is to arrive at a common European supervisory culture (Art. 31).

Direct supervision is composed of decisions on individual cases in emergency situations, and specific supervisory tasks, which are most developed for ESMA for the time being. ESAs can only take individual decisions in situations where there is a manifest breach of EU law by national authorities, following the procedure described in Art. 18. However, such decisions may not impinge upon the fiscal responsibilities of the member states (Art. 38), an issue that provoked heated discussions in the EU Council. In practice, it can be expected that ESAs will take on the role of arbiter in case of disagreements between national authorities.
Box 1. Powers of the ESAs

- Formal rule-making powers
  - Regulatory technical standards (Art. 10)
  - Implementing technical standards (Art. 15)
  - Guidelines and recommendations (Art. 16)
- Mediation, binding delegation betw supervisors (Art. 21, 28, 31)
- Individual decisions in emergency situations (Art. 18)
- Participation in College of Supervisors (and operational standard setting for Colleges)
- Supervision of national supervisors (Art. 30)
- Control of financial activities and products (Art. 9)
- Sanctioning powers (Art. 30)
- Constitution of supervisory data bases (Art. 8)
- Specific supervisory tasks: ESMA to license credit rating agencies (CRAs), trade repositories and automated publication arrangements (APAs); participate in the supervision of Central Counterparties (CCPs) and Centralized Securities Depositaries (CSDs); and decide upon eligible OTC derivatives for central clearing and EU access of third country hedge funds and managers (under the AIFMD)

The momentum the authorities have already generated is clear from the specific supervisory tasks, which are rapidly emerging, especially for ESMA. ESMA is the sole authority to license 1) credit rating agencies in the EU, and, under draft legislation, 2) trade repositories for OTC financial instruments (draft EMIR legislation) and 3) automated publication arrangements (APAs) or data vendors (under the MiFID review consultation). ESMA will also participate in the supervision of Central Counterparties (CCPs, draft EMIR legislation) and soon also of Centralised Securities Depositaries (CSDs). ESMA will, jointly with the Commission, decide which OTC derivatives are eligible for central clearing in CCPs and give advice on access of third country hedge funds and managers under the AIFMD. ESMA is thus certainly an embryonic federal securities authority.

A remaining problem is the division of labour among the three ESAs, and with the European Systemic Risk Board (ESRB). The division of roles amongst the three ESAs is functional, but some tasks may fall through the mazes, as they do not clearly belong to a certain authority. This relates to certain horizontal financial services matters, such as consumer protection, retail investment products, or the supervision of bank-insurance companies. In the US, the foundation by Dodd Frank of a new agency, the Bureau of Consumer Financial Protection comes to meet these demands. As regards interaction with the ESRB (and indirectly the ECB), for some issues, the ESAs regulations and financial services directives require coordination; for others, it is not necessary. It is too early at this stage to say how important the role of the ESRB will be; it all depends upon the authority that the entity will exert, and how its mandate will be fulfilled. Given the macroeconomic implications of ratings, however, it is surprising that the ESRB is not given any role in the supervision of CRAs, which is the only exclusive ESA competence for the time being. The assessment of the methodologies used by CRAs is an instance where the ESRB’s know-how could be useful. On the other hand, the close participation of the ECB in the stress test in July 2010, demonstrates that in practice, there will have to be close cooperation with the most reputed European financial institution (but also that the ESRB will need to position itself carefully in the cooperation with the ESAs).

Another problem arises in the cooperation between the ESAs and the ESRB in the collection of data. Formally, the ESAs are tasked to “provide a centrally accessible database of registered financial institutions in the area of its competence” (Art. 8), i.e. data that should be shared with the ESRB. “Data related to individual undertakings should be provided (to the ESRB) only upon reasoned request” (Rec. 47, see also Art. 36). It should be recalled that, initially, the ECB wanted this to be a task of the ESRB, but the EU Council decided differently1. The ECB has continued to insist that it lacks adequate and timely information on the banking sector.

Notwithstanding the creation of the ESAs as a form of executive agencies of the European Commission, it will be extremely important in the start-up phase that the European Commission respects their independence ‘in practice’, to allow them to emerge as federal supervisory authorities over time. The former ‘level 3’ committees always insisted on their independence, which was, in the case of the Committee of European Securities Regulators (CESR), embedded in its statutes. The independence as stated in the ESA regulations, however, is limited to the Chair, the supervisory and management board (Art. 42 and 46), but does not apply to the ESAs as

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1 See Lannoo (2009), p. 2.
institutions. Respecting the independence of the Committees will be even more important for the supervisory tasks of the new authorities, as the EU Commission has limited expertise in this domain.

2. The G-20 follow-up and single financial market completion

As regards regulatory matters, the consensus among the EU member states was greater on the G-20 commitments than on the single financial market improvements. The progress achieved on the former seemed more clearcut than on the latter, which led some commentators to argue that ‘Europe’ had disappeared as an objective for rule-making. But it also indicates that the European Commission should have acted the same way as the G-20 did at a global level, garnering support at the heads of state or prime minister level for a new ‘Financial Markets Action Plan’, but this was not done with sufficient determination. The urgent single financial market reform matters received very little attention in the Europe 2020 Agenda, unlike the place of the financial services action plan in the Lisbon Agenda. It was not interwoven into the Europe 2020 objectives of smart, sustainable and inclusive growth2.

By early 2011, new rules related to many elements contained in the G-20 commitments had been enacted or proposed, with discussions at a well advanced stage (see table in annex). The only element remaining was the implementation of the new Basel III rules, which were published by the Basel Committee on 15 December 2010. In this sense the EU and the US, which adopted the Dodd-Frank Bill in June 2010, containing its response to the crisis and the G-20 commitments, seem to be progressing more or less in parallel. On core single market issues, several proposals have been made, but the consensus among the member states was less convincing, and the compromises less advanced. This was exemplified in the discussions on the reform of deposit protection and the harmonisation of bank resolution schemes, both of which demand a fundamental change if the EU wants to move to a truly single market. Both elements will be discussed briefly below, after a review of the G-20 commitments.

The most important G-20-related measures concern the regulation of hedge and private equity funds in the Alternative Investment Fund Managers Directive (AIFMD), the introduction of a mandatory licence for rating agents in the credit rating agencies (CRAs) regulation, and the centralised clearing of derivative financial instruments in the draft European market infrastructures regulation (EMIR). The AIFMD, on which a compromise was reached in November 2010, is very comprehensive in regulating the alternative investment fund industry, comprising hedge and private equity funds, and private placements. This industry was previously not regulated at EU level. Although some parts of the industry were extremely vocal in trying to counter the proposal, these efforts backfired, leading to a much more detailed proposal (see Table 1). The clearest example of this failure is the third country rules, which have become ten times as long as they were in the initial Commission proposal! Access of third country alternative fund managers to the EU market is subject to a five-year long transition period, and may still be refused at the end of that period3. The third country access had provoked an open letter from the US Treasury Secretary Geithner to Commissioner Barnier. Also the US strengthened the regulation of hedge funds in the Dodd-Frank Act, through amendments of the 1940 Investment Advisers Act, but it maintained important exemptions from registration, such as for venture capital funds4.

Table 1. A comparison of EU proposals inspired by the G-20 initiative

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Number of articles</th>
<th>Articles open to delegated acts</th>
<th>Total word count (including recitals) level 1</th>
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</thead>
<tbody>
<tr>
<td>AIFMD Commission proposal</td>
<td>56 articles</td>
<td>24</td>
<td>15,271</td>
</tr>
<tr>
<td>AIFMD final compromise</td>
<td>66 articles</td>
<td>20</td>
<td>55,464</td>
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<tr>
<td>CRA Commission proposal</td>
<td>36 articles</td>
<td></td>
<td>11,100</td>
</tr>
<tr>
<td>CRA regulation</td>
<td>41 articles</td>
<td>4</td>
<td>21,906</td>
</tr>
<tr>
<td>EMIR draft regulation</td>
<td>72 articles</td>
<td>20</td>
<td>19,465</td>
</tr>
</tbody>
</table>

3 See Mirzha de Manuel (2010).
4 See Clifford Chance (2010), p. 27.
Credit rating agencies were the first victim of the crisis, with a regulation adopted in a period of six months; a record by EU standards. The regulation subjects EU-based CRAs to a mandatory licence and strict conduct of business rules, whereas, unlike the US, no rules had been in place before. As with the AIFMD, rules on third country CRAs are very restrictive, requiring every rating produced outside the EU to be locally endorsed by an EU-licensed rating agent for it to be allowed for use by banks and investors. So far, however, the rules do not seem to have deterred market entry, as 23 CRAs have submitted an application for a licence with ESMA, whereas over 90% of the global market is dominated by the ‘big three’. Unlike the US, which has mandated to remove any reference to credit ratings in regulatory acts (under the Dodd-Frank Act), the EU has not done so yet, and ratings continue to be used for determining the risk weights in the capital requirements directive (CRD, implementing Basel II) and in the credit providing operations of the ECB. The updated US rules for rating agents, the nationally recognized statistical rating organization (NRSRO), introduce stricter conduct of business rules, but do not go as far as the EU regulation.

The key challenge with the EU’s draft derivatives regulation (European Market Infrastructures Regulation, EMIR) is to find a balance with the US in the requirement of eligibility of derivatives for central clearing, and the governance and risk control procedures of clearing houses (CCPs). Derivatives is a global business, and slight differences in approach between both blocs can rapidly drive business the other way. For the time being, US legislation, contained in the Dodd-Frank bill, is much more detailed than the draft EU legislation, and is seen as more constraining. EU legislation requires derivative financial instruments to be eligible for central clearing (opt-in), a decision that is left to ESMA, whereas in the US a financial institution must explicitly opt out of central clearing. Additional matters of divergence relate to risk standards (minimum capital and margin requirements), governance and membership of clearing entities (or central counterparties, CCPs), where more detailed rules may make interoperability between systems more difficult. The related trading rules (price transparency) will be tackled in the MiFID review, on which a consultation has started, but may prove to be even more difficult to settle. Non-equity financial products are today not subject to formal price transparency requirements in trading, as the products are much less homogeneous and trade less frequently than equity.

The biggest difference with US financial sector legislation so far is on structural matters, where the US has adopted the ‘Volcker rule’ which restricts proprietary trading by banking groups, and prohibited federal assistance to any swap dealer or major swap participant. Nothing similar has been decided in the EU so far, nor is anything on the cards. There is only a convincing report of the Vickers Committee in the UK, tasked by the coalition government to examine, among other things, the separation of banking activities that could bring the issue back on to the table in the EU. The first draft of the report, released on April 11th, proposed no fundamental structural changes, however.

On the single market-related measures, there is less consensus among member states on the necessity for further reforms. Two examples should suffice. Regarding the reform of deposit guarantee schemes (DGS), although the Commission was moderate and did not propose a single EU-wide fund, for example, as the European Parliament had done so in its reading of the ESAs, even mutual borrowing between national funds –a step towards joint liability and a single fund– went too far for several large member states, including Germany and France. A minimum level of ex-ante funding of DGS, as is in place in the US, was not debatable either. The related discussion on bank resolution was still at the level of consultation at the time of writing, but promises to be just as difficult, if not more so. As long as there is no unified approach to problem banks, there will be no level playing field, and no single market. Hence banks headquartered in member states with bigger treasuries will have an advantage over those from smaller states. The EU’s state aid policy can only bring limited corrections to bear in this case.

A symbolically important measure is the EU-wide regulation of mortgage credits, on which a proposal was made by the European Commission on 31 March 2011. Real estate bubbles are seen as one of the causes of the financial crisis, and the non-existence of EU-wide rules contributed to the disintegration of the single financial market. Problems in some markets remained no longer confined to national boundaries, but had EU-wide ramifications, either affecting banks headquartered in other jurisdictions, or deteriorating the country’s fiscal position as a result of bank bail-outs. A harmonising effort is part of the measures to improve and further align banking supervision in the EU, and to avoid spill-overs for lax regulation of mortgage credit markets in certain jurisdictions, affecting the reputation of the sector as a whole.

5 See Karel Lannoo (2010).
On Basel III, it is incorrect to say that nothing has been done so far. The EU has already adopted urgent changes to the capital requirements directive (CRD) in the CRD II and III that were adopted in the course of 2009 and 2010. Some of these rules, such as those on the 5% retention for securitization, are also contained in the Dodd-Frank bill. But with the rules on bank remuneration, adopted in July 2010, the EU has dared to legislate in a domain in which the US has not yet ventured. These rules require banks to have sustainable remuneration policies in place and to defer bonus payments over several years. Similar rules are in place in the AIFMD (Art. 13). An issue that will have to be monitored closely in the CRD IV proposals is the degree of uniformity of the new rules, in line with the objective of the ESAs to arrive at a single rulebook. The CRD currently allows for 141 national discretion or implementation options (see EBA website). The broader question remaining is whether the US will implement Basel III, as it never implemented the predecessor, despite many commitments (see Table 2).

The reduction of leverage and the risk profile of banks is also the objective of the controversial proposals for a bank tax, which are being actively considered by the EU. The EU failed to place this on the agenda of Toronto G-20 (July 2010), but has not abandoned its resolve, considering recent European Council conclusions. Several EU member states introduced a form of balance sheet tax (or financial services contribution, FSC), and the European Commission is now considering two options: a financial activity tax (or a form of value added tax for the financial sector) and a financial transaction tax. The local FSC is seen to be distorting from a single market perspective, but the Commission’s challenge will be, given the G-20 reluctance, not to disadvantage the EU’s banks globally. President Obama had initially proposed a Financial Crisis Responsibility (FCR) fee in January 2010, but the proposal was not retained in the Dodd-Frank bill, but watered down to a contribution of the financial sector to the supervisory set-up.

A remarkable development from a single market perspective is the increased use of regulations rather than directives. A regulation is an EU instrument that is directly applicable, unlike a directive that needs to be transposed into national law. Although this possibility of relying more heavily on regulations had often been raised before the financial crisis as a means to achieve greater harmonisation, it took a financial crisis to change attitudes, and already five of the adopted measures are regulations, with more on the way. As stated above, all of the financial crisis-related measures that have been adopted so far passed in a single reading of the European Parliament and the EU Council, demonstrating the consensus amongst these institutions in the urgency to respond.

While the use of regulations eases the job for the European Commission and the new authorities, as they will be directly applicable, the amount of rules covering the financial sector has grown enormously, and more is to come. Generally speaking, we are only at level 1; we will see more regulatory and implementing technical standards. This raises the question whether all the measures will effectively be in place by 2013, and whether citizens’ confidence will be restored.
Table 2. The Dodd-Frank Act and EU regulatory reform compared

<table>
<thead>
<tr>
<th></th>
<th>Dodd-Frank Act</th>
<th>EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit rating agencies</td>
<td>Upgrade of NRSRO regime (Title IX, Subtitle C)</td>
<td>CRA regulations</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>Important exemptions remain (Title IV, amending 1940 Investment Advisors Act)</td>
<td>AIFMD, very comprehensive</td>
</tr>
<tr>
<td>Clearing derivatives, CCPs, trade repositories</td>
<td>Clearing and exchange trading of most derivatives transactions (Title VII)</td>
<td>Draft European market infrastructures regulation (EMIR)</td>
</tr>
<tr>
<td>Trading derivatives</td>
<td></td>
<td>(MiFID II)</td>
</tr>
<tr>
<td>Basel III</td>
<td>? (rules on securitisation, risk retention)</td>
<td>CRD II, III, (IV)</td>
</tr>
<tr>
<td>Mortgage products</td>
<td>Mortgage Reform And Anti-Predatory Lending Bill</td>
<td>Draft mortgage credit directive</td>
</tr>
<tr>
<td>Bank structure</td>
<td>Volcker Rule</td>
<td>-</td>
</tr>
<tr>
<td>Bank tax</td>
<td>FSC, but scrapped</td>
<td>(FAT or FTT expected)</td>
</tr>
<tr>
<td>Remuneration rules</td>
<td>-</td>
<td>CRDIII and AIFMD</td>
</tr>
<tr>
<td>Bank resolution</td>
<td>Orderly Liquidation Authority provisions (enhanced powers for FDIC)</td>
<td>? (enhanced powers for ESAs)</td>
</tr>
<tr>
<td>Institutional aspects</td>
<td>Financial Services Oversight Council (FSOC), enhanced powers for the Federal Reserve, Consumer Bureau</td>
<td>ESRB, EBA, ESMA, EIOPA</td>
</tr>
</tbody>
</table>

3. Financial stability matters of the sovereign crises in the euro-zone

The sovereign debt crisis in some eurozone countries and the new eurozone stability mechanism (ESM) shed another light on several of the financial regulatory matters discussed above. It reinforced the determination to tackle short selling and legislate hedge funds, and convinced policymakers of the need for strict supervision of rating agencies. It highlighted the continuing fragility of the banking sector in the EU, and the dependence of the financial system on the quality of the sovereign. Over the last year, the markets have been reminding policymakers that also from their perspective, a single capital market requires a more integrated fiscal policy. The new European Stability Mechanism (ESM) will be useful to support temporary liquidity shortages also in the affected domestic banking systems, but whether it will help them in the long term remains an open question.

As part of the decision to create a permanent European Stability Mechanism (ESM), it was agreed that the private sector will have to participate in debt restructuring programmes of the eurozone sovereigns. To this end, future government bond issuance in the eurozone will need to contain uniform collective action clauses (CACs) from mid-2013 onwards, affecting the terms of payment (standstill, extension of the maturity, interest-rate cut and/or haircut), once a qualified majority decision is reached amongst all creditors. As a result of this agreement, government bond prospectuses will become more aligned as well. The European Council has not clarified how the CACs will be introduced in practice, but the easiest form may be an EU prospectus directive for government bonds. The EU’s 2003 prospectus directive took a big step forward towards a single regime for securities issuance in primary markets, but the public sector remained excluded from the scope of the directive.

A second part of the ESM agreement may further undermine the domestic banking sectors in the affected countries, however. In order to protect taxpayers’ money, the ESM will have a preferred creditor status, and private sector claims will be junior to ESM loans. This will in practice mean that the latter will end up paying the entire haircut in case of a debt restructuring, which will affect the local banking sector (or citizens) as the most important holders of government debt. Local banks’ debt securities are locked up as collateral with the ECB, or would lead to huge bank losses when sold at current prices. And retail investors will only realize this when it is too late.
The benign attitude towards government debt has been helped by lax EU rules, and by the generous ratings given by credit rating agencies. Under the CRD, implementing Basel II rules, sovereigns were assigned a 0% risk weighting, irrespective of the rating, whereas under Basel II, they were 0% until AA-, 20% until A- and 50% from BBB+, the level at which Greek debt is now rated. The ECB differentiated more between the quality of the sovereign in credit providing operations, also dependent upon ratings, but not sufficiently. But the market is also to be blamed, with rating agencies giving AA ratings to countries with large unsustainable deficits. However, it is not through launching attacks against CRA’s that the situation will improve, as some policy makers have done, but rather, as the US did with Dodd-Frank, to abolish the reference to ratings in regulation.

**Figure 1. The three new key institutional components of the European Framework for Safeguarding Financial Stability**

Source: Adapted from Masera (2011)

4. **Conclusion**

The combined effect of a new institutional structure and new and more direct rules is introducing a **sea change** into EU financial markets. It should bring the single financial market project back on track, and make European financial integration move forward once again. But much remains to be done to make it work on a day-by-day basis, and it is too early to pass judgement on this today. The response to the financial crisis was a remarkable example of global regulatory cooperation in the G-20, which seems not to have lost too much of its steam yet. The same commitment is not so convincingly noticeable, however, with regard to remedying the single market imperfections as revealed by the crisis.

The EU’s response to the crisis has been complicated by the sovereign crisis. It strengthened the resolve to tackle some issues, but complicated a solution for others. A permanent crisis mechanism improves the coherence between euro financial systems in the short term, but may render them more fragile in the long term, because of the CACs and the preferred creditor status. The central role of the ESM for local financial systems will require close cooperation with the new ESFS (see Figure 1). The new governance structure of European financial markets is thus becoming even more complex, with not only the ESAs and the ESRB, but also the ESM taking part.
5. References and bibliography

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De Manuel, Mirzha (2010), Third Country Rules for Alternative Investments: Passport flexibility comes at a price, December, ECMI Commentary.


“15. To this end we are implementing the Action Plan agreed at our last meeting, as set out in the attached progress report. We have today also issued a Declaration, *Strengthening the Financial System*. In particular we agree:

- to establish a new Financial Stability Board (FSB) with a strengthened mandate, as a successor to the Financial Stability Forum (FSF), including all G20 countries, FSF members, Spain, and the European Commission;

- that the FSB should collaborate with the IMF to provide early warning of macroeconomic and financial risks and the actions needed to address them;

- to reshape our regulatory systems so that our authorities are able to identify and take account of macro-prudential risks;

- to extend regulation and oversight to all systemically important financial institutions, instruments and markets. This will include, for the first time, systemically important hedge funds;

- to endorse and implement the FSF’s tough new principles on pay and compensation and to support sustainable compensation schemes and the corporate social responsibility of all firms;

- to take action, once recovery is assured, to improve the quality, quantity, and international consistency of capital in the banking system. In future, regulation must prevent excessive leverage and require buffers of resources to be built up in good times;

- to take action against non-cooperative jurisdictions, including tax havens. We stand ready to deploy sanctions to protect our public finances and financial systems. The era of banking secrecy is over. We note that the OECD has today published a list of countries assessed by the Global Forum against the international standard for exchange of tax information;

- to call on the accounting standard setters to work urgently with supervisors and regulators to improve standards on valuation and provisioning and achieve a single set of high-quality global accounting standards; and

- to extend regulatory oversight and registration to Credit Rating Agencies to ensure they meet the international code of good practice, particularly to prevent unacceptable conflicts of interest.”
## Annex 2. Financial crisis related regulation at EU level

<table>
<thead>
<tr>
<th>Measure</th>
<th>Purpose</th>
<th>Status</th>
<th>Context</th>
</tr>
</thead>
</table>
| Credit rating agencies regulation | • Introduce single licence  
• Adapt to existence of ESMA | • Adopted April 2009  
• Amendments June 2010 | G-20 |
| Capital requirements directive (CRD) amendments:  
• Securitisation, large exposures  
• executive remuneration, trading book and complex products  
• leverage ratio, capital buffers, liquidity regulation | • min. 5 % retention ('skin in the game'), higher capital charges for re-securitisation and market risk  
• part of the bonus packages need to be deferred; higher capital charges for securitisation  
• higher capital charge for trading book, more and better capital, minimum liquidity | • Commission directives (CRD II, adopted April & June 2009)  
• Directive (CRD III, July 2010)  
• Consultation (April 2010), draft directive July 2011 (CRD IV) | G-20 |
| Alternative investment fund managers directive (AIFMD) | Regulate non-regulated segment of fund industry (hedge funds and private equity) | adopted November 2010 | G-20 |
| Depositaries of funds | Segregate fund managers from depositaries | Consultation (May 2009) | Single market |
| Regulation on OTC derivatives, central counterparties and trade repositories (European Market Infrastructure Regulation, EMIR) | Transparency, mandate central clearing for eligible OTC derivatives, licence for trade repository | Draft September 2010 | G-20 |
| Short selling regulation | Prohibition of naked short selling of all types of financial instruments, including credit default swaps on government debt securities | Draft September 2010 | Single Market |
| European Systemic Risk Board regulation | Identify macro-financial risks | adopted November 2010 | G-20 |
| European Banking Authority regulation | Coordinate banking regulation and supervision | adopted November 2010 | Single Market |
| European Insurance Authority regulation | Coordinate insurance regulation and supervision | adopted November 2010 | Single Market |
| European Securities Markets Authority regulation | Coordinate securities markets regulation and supervision | adopted November 2010 | Single Market |
| Omnibus directive | Adapt existing rules to ESFS | adopted November 2010 | Single Market |
| Deposit guarantee schemes directive | • Increase minimum level to 50,000 | • adopted October 2008 | Single |
World Economic Crisis and its Impacts on Turkish Economy

Bahri Yiilmaz
EU Jean Monnet Professor and Professor in International Political Economy, Sabanci University

1. Introduction

This paper aims to examine impacts of current world economic crisis on Turkish economy which has been seriously affecting the country since October 2008. As a result of the fact, the present government stands under heavy pressure in solving and overcoming the fundamental economic problems emerged primarily by world wide financial crisis. In this context we will additionally attempt to identify Turkey’s major economic and political challenges connected with one of the most dramatic and serious economic crisis in the history of

The paper has been divided into three sections: In the first the main characteristics of the global world recession will be briefly underlined and current economic issues of the world economy with help of main macroeconomic indicators will be demonstrated. In the second we will focus on the following questions in order to show how deep is the ongoing global recession and how far the global recession has affected Turkish economy? Is there any action plans of the Turkish government aimed at overcoming these challenges in the medium and long term? In the third we will deal with the capability and willingness of Turkish governments to follow right policy measures to tackle these serious economic issues.

2. Global World Recession: Storm and strong Turbulences

Since September 2008 the following questions have been frequently asked by many economists: How deep is the current Global Economic Recession? How does it look for next years?

The report titled as “The Global Economic Crisis” published by UNCTAD in 2009 argued which is overwhelmingly shared by many economists that:

Market fundamentalist laissez-faire of the last 20 years has dramatically failed the test... Blind faith in the efficiency of deregulated financial markets and the absence of a cooperative financial and monetary system created an illusion of risk-free profits and licensed profligacy through speculative finance in many years.1

MIT economist Daron Acemolu pointed out that

Three notions impelled to ignore these impeding problems and their causes. The first is that the area of aggregate volatility had came end...Our second too-quickly-accepted notion is that the capitalist economy lives in an institutional vacuum, where markets miraculously monitor opportunistic behaviour...we mistakenly equated free markets with unregulated markets. The third notion we could trust the long-lived large firms...We need to rethink the role of the reputations of firms in market transactions taking the general equilibrium into account.2

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According to the World Economic Outlook and Global Financial Stability Report published by IMF in April 2009:

- The world economy is for the first time in the state of very deep recession since the Great Depression 1929. Economies around the world have been heavily affected by the financial crisis and they slump in economic activity.

- This time the heart attack occurred in the centre of world economy, namely in the USA. The economic slump covers not only the advanced economies but also the emerging markets and developing countries too. Now we are all in the same boat.

- The economic slow down has shown up during the year 2007. In the beginning of 2008 it was confined to the USA and spill over to the other countries. The financial crises shown up in the USA in September 2008, which culminated in bankruptcy of investment bank “Lehman Brothers”, has immediately encroached upon the real sector and finally covered almost all other countries.

2.1. Main Challenges to World Economy in spring 2009

- The global economy is experiencing its deepest downturn in 50 years. As a result of slow down of the economic activities the advanced economies the real GDP dropped 7.5 percent during the fourth quarter of 2008 and it is estimated that the output will continue to decrease almost as fast during the first quarter of 2009.

- The industrial production has been dropping since October 2008 sharply;

- Collapse of global trade and capital movements;

- The unemployment rate has the tendency to increase sharply in everywhere;

- The very slow recovery of financial markets;

- Decreasing tendency of prices around the world;

- World output is projected to decline by 1.3 percent in 2009 as a whole and to recover only gradually in 2010, growing by 1.9 percent.

- The economic recovery will depend on three main factors: Stepping up efforts to heal financial sectors; sustained monetary and fiscal policies; close economic cooperation among countries. Apparently the strong effort will be needed to support the recovery. In order to get out of global economic crisis, Acemoğlu suggests that instead of bailout plan, we should focus on issues of economic growth, namely innovation, reallocation of resources and political economy foundations of the capitalist system.

The following diagrams show how the world economic conditions have been developed since the beginning of the world economic crisis in September 2008 until the last quarter of 2009.

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4 See World Outlook April 09, pp. 1-15.

5 M. Ayhan Köse, Research Department IMF Presentation at the Tusiad - Koc University ERF conference on “Global Economic Crisis and the Turkish Economy”, April 30, 2009.

6 D. Acemoglu (2009), Ibid, pp. 7-10.
Diagram 1: Main Economic Indicators of World Economy*

Diagrams in this paper has been adopted by presentations of the Governor of Central Bank of Turkey, Dursun Yılmaz to Council of Ministers on 16 November 2009 and his presentation at World Bank-IMF Meetings in Istanbul on 7 October 2009. See for more detailed information: Governor's Remarks on www.tcmb.gov.tr.

Diagram 2:
3. Economic Development of Turkey (2001-2007): An impressive economic recovery but the economy still remains vulnerable to external and domestic turbulences

The 2001 Stabilization Program seemed to be the last chance for the Turkish economy to get out of a state of permanent crisis. With uninterrupted and determined implementation of this IMF-guided stabilization program since 2001, the Turkish economy had the chance to break through the deep-routed vicious cycle and to reduce still-existing serious economic imbalances. Improvement of economic conditions and establishment of economic stability provided the government with self-confidence for the necessary political reforms put in force in 2000s.
The Turkish economy recovered from the 2001 crisis in an impressively short time. Over the period from 2002 to 2007, average annual economic growth exceeded 7 percent. Inflation was brought down from 70 percent to single digits in 2004 for the first time in three decades. Net public debt decreased from over 90 percent of GNP in 2001 to 45 percent in 2006. Turkey's remarkable economic performance based on a credible and sustainable stabilization program imposed by the IMF improved confidence by foreign investors and thus created a favourable climate for a higher level of FDI.

It is a commonly accepted opinion that the impressive economic performance between 2002 and 2007 was supported by three basic factors: (i) a favourable international environment based on expanding world trade, relatively low inflation, low interest rates and strong demand for emerging market assets; (ii) the important role of two external anchors, namely the IMF and the EU in the implementation of the structural reform process and in establishing macroeconomic stability through sound fiscal and monetary policies throughout the past six years; (iii) the reforming of economic institutions under the pressure of external anchors and the full engagement and participation of the state apparatus in the reform process.

The major economic reforms implemented by the government during the period from 2002 to 2007 can be summed up as follows: In the financial sector, the establishment of the Central Bank's independence, the restructuring of the banking sector and the strengthening of banking control through the Banking Regulation and Supervision Authority. In the public sector, the creation of transparency in public finances through the Public Financial Management and Control Law, enforcement of privatization and establishment of the Competition Authority.


4.1. Macroeconomic Stability

In this chapter we will discuss how far the recession has spread to Turkish economy and how deep the ongoing recession has damaged Turkish main macroeconomic indicators. Macroeconomists usually use the six main macroeconomic indicators to explain whether policymakers pursue stable macroeconomic policies, which are closely connected with political and social stability in a country: They are: real economic growth rates; the unemployment rate; the inflation rate, which indicates whether resources are efficiently allocated within the economy; balance of payments, especially the current account balance; public finance; and regional and personal income distribution.

4.1.1. Economic Growth

The Turkish economy has demonstrated a tremendous growth performance and remarkable recovery after the 2001 economic and financial crisis. If this growth path will not be interrupted in the coming years, this is a significant breakthrough from the past decades of short-term booms and bursts as recorded in 1994 and 2001. In the period from 2002 to 2006 the Turkish economy grew impressively, at an average of 7.3 percent on. Its GDP reached approximately US $ 450 billion, and GDP per capital reached approximately US$ 6.625 in 2007.

Today Turkey is regarded as one of the world’s 20 largest economies and as a regional power. Turkey's recovery and success story between 2002 and 2006 was heavily dependent on favourable international economic conditions, characterized by strong world trade, intensified international capital movements both in the form of FDI and portfolio investments, and relatively low inflation and interest rates despite the rapid increase of oil prices. It is obvious that not only the favourable international environment made a remarkable contribution to

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10 See for Diagrams: Central Bank of Turkey, Presentation made by Durmus Yilmaz, Governor of Central Bank of Turkey the Council of Ministers/The Planning and Budget Commission of Great National Assembly of Turkey on 16 November 2009.
the rapid economic growth but also the pressure of double external anchor, IMF and the EU on decision making process, and the insistence of Turkish government in power on the stabilization policy played an important role for the stabilization of Turkish economy.

It is notable that since the second half of 2006 the annual real growth rates have been slowing down, and that the 2006 growth rate of 6.1 percent had gone down from 7.4% in 2005. In 2007, growth decelerated to 4.5 percent. The expected real growth rate for 2008 is around 5.0 percent. Domestic demand, which consists mainly of private consumption, investments, and external demand (exports) were the driving force behind the unusually high annual real GDP growth rates in Turkey between 2002-2006. Domestic private consumption and investments have slowed down since the second half of 2006 as a result of monetary policy tightening, and a change in the risk estimations of the international financial markets due to the financial turbulences of May-June 2006. The Turkish economy was significantly affected by external disturbances so that the following economic consequences were observable: New Turkish Lira (YTL) significantly depreciated against hard currencies in the short-term, long-term interest rate increased sharply, and inflation was moving upwards again. The slowdown in domestic demand appears to be partly alleviated by strengthening external demand. Real economic growth slowed down slightly, but remained moderate.

Diagram 2: Real Economic Growth Rates in Turkey (2006-2009): Unstable growth rates between economic boom and bust cycle

The medium-term projection of economic growth of the Turkish economy is estimated at an average 5 percent annually during 2007-2012 under the following assumptions: (a) as in the past nine years Turkey needs strong external anchors such as IMF and he EU in order to continue the present transformation process; (b) uninterrupted continuation of macroeconomic stability which would induce domestic demand; (c) climbing performance of export which would help to cover imports and make essential contribution to production growth; (d) stronger external capital inflow which would help to close the domestic savings gap and to increase domestic output by FDI12.

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Sharp Declines in economic growth and industrial production (Diagrams 2-3):

Starting from September 2008 the Turkish economy is experiencing a downturn of historical dimensions. The annual economic growth rate fell from 4.6% in 2007 to 0.9% in 2008 over all. Industrial production has fallen around -25.9% in 2008 and -12% in January-November 2009 remarkably. In the three quarters of 2009 the Turkish economy expected to record a sharp decline -8.6% in terms of year-on-year GDP growth, the lowest rate of growth on record since 2001. Next year the Turkish economy is expected to show the decreasing tendency with a rate of growth at -5.4%.

Diagram: 3 Industrial Production Index and Capacity Utilization Ratio

4.1.2. Balance of Payments

Exports became an increasingly important stimulating factor to the Turkish economy between 2002 and 2007. Looking at merchandise trade and services Turkey has a significant export share in GDP of almost 30 percent and the growth rate of merchandise export was unusually 30.9 percent in 2007. Nearly 94 percent of merchandise trade was covered by manufacturing products in the same year. Impressively, export revenues increased in terms of US$ from 42.4 billion in 2002 to US$ 107.1 billion in 2007. Interestingly, the increase in export revenues was closely related to the price increase of export commodities due to the depreciation of the US $ against the Euro, rather than to any significant changes in the quantities of exported goods.

Meanwhile the growth rate of merchandise imports was faster than that of exports in the period 2002-2007. The share of imports of merchandise goods and services in GDP reached almost 38 percent in 2007. The share of intermediate goods, fuel oil and natural gas in total imports is around 71 percent in 2006. Between 2002 and 2007 merchandise import expenditures increased in terms of US$ from 69.3 in 2003 to 170.0 billion. The foreign trade deficit began widening with the beginning of the recovery in 2003, which was partly matched by net service incomes such as tourism revenues.

The current account deficit (CAD) has been widening since 2002. Strong import demand caused by higher oil import prices and imposed by the appreciation of the national currency led to the growth of current account deficits. The current account deficit increased from 6 1/3 % of GDP in 2005 to 8.2% of GDP in 2006.

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the first half of 2007, however, strong exports, slowing domestic demand and a moderate recovery in tourism revenues contributed to a slight reduction of the deficit to approximately 7.4% of GDP in 2007. In 2008 the CAD is estimated to be around 8 percent again.

Until now Turkey has been able to finance its current account deficit without facing any serious difficulties from external sources through its own foreign currency reserves and large capital inflows which was caused by the higher interest rates for financial assets in Turkey and surplus of liquidity in international financial markets. Moreover the current account deficit was also driven by higher investment, which should over the medium term further enhance the production and export capacity of the economy. Until now CADs were sizeable and manageable, but the financing became more sustainable. The current account deficit could be matched with the help of non-debt creating and debt-creating capital inflows. The share of non-debt-creating inflows (FDI plus net errors and omissions) in total capital inflows jumped to 51 percent in 2006 from 27 percent in 2004.


Net FDI inflows continued to increase in 2007 and reached a high level of US$19.9 billion, which makes up almost 60 percent of the CAD. The net FDI/GNP ratio is now around 5 percent. But the share of debt-creating inflows in total capital inflow is still very significant. The long-term corporate and banking sectors (real sector borrowing) are the main debt-creating inflows.

Non-residential investors are becoming an important partner of Turkish financial markets, with a share of 31 percent of total market debt and ownership of almost 72 percent of Turkish equities. The unexpected turbulences in the international finance markets as in early-to-mid 2006 can change the risk expectations of international investors and accelerate the outflow of capital from the country. Therefore, the Turkish economy remains vulnerable to external and domestic disturbances. The flexible exchange rate regime and official reserves held by the Central Bank can reduce the risks against market volatility and slow down the adverse effect of sudden reversals.

As a result of accumulated CAD, Turkey's external debt increased in absolute terms in 2007 by US$ 240 billion, but the external debt-to-GDP ratio fell from 77 percent in 2001 to around 52 percent in 2007. The share of the private sector (including the banking sector) in total debt was 62 percent in November 2007. The share of private external debt to GDP accounted was 32.2 percent in the same year, corresponding to 75 percent of long-term external debt. As long as the CAD would continue to widen, it is expected that the external debt will increase in absolute terms in the coming years. Overall the CAD remains one of the main economic concerns of the Turkish economy.
Closing of Current Account Deficit (Diagram 4): All in all, export is forecast to decline by 25.9% in the first 11 months of 2009, making the worst performance of the Turkish economy since the last economic crisis of Turkey in 2001. Even more dramatic are the developments in imports in the same period that is estimated to shrink by 34.1%. So the foreign account deficit dropped by 16.2% in January-October 2009 significantly. So the export/import ratio increased from 66.4 percent to 70.6% in the same period of 2008 and 2009 respectively. On the other hand, the inflow of foreign capital to Turkey has been showing a decreasing tendency. As a result of narrowing international liquidity for emerging markets makes it difficult for banking sector and private enterprises to receive external funds from international finance markets. Interestingly, world recession seems to be helped to Turkey by softening of its serious and widening current account deficits.

4.1.3. Inflation Rate

One of the basic pillars of the stabilization policy followed since 2001 was high growth and a low inflation rate. The Central Bank was successful in lowering the hyper-inflation rate from almost 70 percent to a single digit rate (9.3 percent) in 2004 due to sound fiscal and monetary policies for the first time in the last three decades.

Diagram 5: Inflation Rate in Turkey (2007-2009)

The Central Bank aimed to slow down the inflation rate to 4 percent in the period from 2006 to 2010. In 2006 and 2007 CPI inflation was moving between 8.39 percent and 10.0 percent due to higher energy prices, which is higher than the Central Bank’s target and above the upper uncertainty band of 6 percent. The future CIP inflation will overwhelmingly depend on food and energy prices and the government’s willingness to pursue the stabilization policy by implementing tight monetary and fiscal policies in the coming years uninterruptedly until then the macro economic stability is established. However, it should be kept in mind that the restrictive fiscal and monetary policies may cause stagflation and can negatively affect the economic growth in the long run.

Inflation on Decline (diagram 5): The inflation is showing a decreasing tendency and year-on-year inflation rate (CPI) slowed from 11.9 percent to at 5.8 percent in the last quarter of 2009. The projections also assume continued moderate decrease in the inflation rate around 5.0 percent in 2009 and 2010 stepwise.

16 www.dpt.gov.tr Main Economic Indicators published by DPT on 5 January 2010.
19 See www.dpt.gov.tr (Main Economic Indicators).
4.1.4. Public Finance

Turkey’s recent macroeconomic problems were mainly home-grown and stemmed to a large extent from excess aggregate demand generated in the public sector to force the economy to grow faster than private savings would allow.

The gross public debt to GNP ratio fell over 100 percent in 2001 to 60 percent in 2006. The public budget was almost balanced and the PSBR dropped from 16.7 percent to -0.7 percent in 2005 and 2006 respectively. The primary surplus for the public sector averaged 6.7 percent of GNP in the period 2003 and 2006. But the budget deficit increased slightly, due to populist expenditures during the general elections in 2007.

The success of closing the budget deficit was mainly achieved through the cutting of expenditures at the expense of public investments including education, infrastructures and Research and Development (R&D) rather than through increasing budget revenues. This means that the most important part of expenditures was spent on salaries and wages for civil servants and workers, covering the social security deficit and servicing of public debt. It is notable that the share of indirect taxes in total tax revenues was around 70 percent in 2007. In other words, even though several tax reforms were introduced in the past, the governments were not able to increase the direct and corporate taxes through efficient and comprehensive tax control system.

The establishing of long-term stability of public finance depends on three basic factors: the level of interest rates, the exchange rate of YTL against hard currencies, the continuation of tight fiscal policy together with monetary policy, and a favourable external environment. It is estimated that under favourable conditions Turkey can reduce the gross public debt to GNP ratio from about 63.2 percent at the end of 2007 to around 31 percent in 2010.

Strong increase in Budget Deficit (Diagram 6): Following a period of tight fiscal policy and consolidation in the public finances under strict supervision of IMF, government budget balances are set to drastically deteriorate this year and next due to a combination of lower

Diagram 6: Public Finance (2009)
4.1.5. Employment/Unemployment

The most important economic problem of the Turkish economy is a high level of unemployment caused by a rapid annual population growth of about 1.0 percent. The total labour force (15+ 64) to total population ratio is about 69 percent in 2005. The participation rate to labour force ratio reached 50 percent in the same year. The employment to total labour force ratio is 45 percent, while the official unemployment rate accounts for only 9.1 percent, or 2.3 million people. Almost half of the labour force consists of housewives, students and others. It is interesting to note that the participation rate of women fell from 35 percent in 1988 to 25 percent in 2006. The basic reason for a high unemployment rate may be the huge number of unqualified or unskilled workers in and outside of the agricultural sector and a lack of demand for these two groups.

The high economic growth rate of 7.3 percent between 2002 and 2006 created only 0.7 percent average annual increase in employment in the Turkish economy. The lower growth rate of the agricultural sector forces peasants to emigrate to industrial regions and thus the size of the unqualified labours force is seeing further growth in urban centres. In order to reduce the number of unemployed workers the Turkish economy must create 550 thousands new jobs in non-agricultural sectors each year. This is particularly essential for young workers (aged 20-34), whose share of the total number of unemployed workers is 57 percent. Thus, open and hidden unemployment remains one of the most serious and sensitive issues on the Turkish economic agenda.

Serious increase in Unemployment Rate (Diagram 7): During the world recession the official unemployment rate jumped up from 10.2 percent to 18.0 percent in non agricultural sector. Actual effect of the recession on unemployment is however higher than headlines figures suggest. According the estimated figures the unemployment rate reached around 20 percent. Especially women and young workers are heavily hit by the economic crisis.


4.1.6. Income distribution

Another important indicator of an economy’s well-being is the distribution of income amongst persons or classes. In other words, it is very important to see how the created wealth of a country is distributed among regions, economic sectors, and classes. Various empirical studies indicate that income distribution in Turkey has been worsening at the expense of the working population and that income differences between rich and

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poor people are widening. There are also huge differences between regions, as well as between urban and rural areas. The “Stabilization Program” introduced in 1980 could only be realized at the cost of the working population, whose real income decreased steadily in the 1980s, whereas the real profits of the private sector and banking system have increased tremendously.

Table (1) shows that the 20 percent of households which belong to the highest income group claimed almost 45 percent (1963:57%) percent of the available income in 2005, whereas the remaining 80 percent of households were sharing the remaining 55 percent (1963: 43%) of national income. Just 1 percent of the population owns 65 percent of total savings. It is interesting to note that the distribution of income among households has not changed significantly within the last four-five years.

Turkey’s income concentration had a Gini coefficient (which measures inequality) of 38 in 2005 (45 in 1994). Although poverty has declined from 28 percent in 1994 to 17.8 percent (equivalent to almost 14 million people) in 2006, it remains nonetheless an object of great concern in the coming years. As far as regional income distribution is concerned, Turkey has significant economic and social disparities between the Eastern and Western part of Turkey. If the average income of Turkey as a whole is taken to be 100, then the average income in advanced regions such as Istanbul would be -143, Ankara would be -128, Izmir -150 and Marmara region -191, whereas in the Eastern part of Anatolia –Batman, Siirt would be -29, Hakkari, Muş -35 and Erzurum -50.

**TABLE 1: Income distribution of Turkey based on the number of Households**

<table>
<thead>
<tr>
<th>Groups (%)</th>
<th>Turkey</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (%)</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>1. The first 20% (1)</td>
<td>4.5</td>
<td>6.1</td>
<td>6.4</td>
</tr>
<tr>
<td>2. The second 20%</td>
<td>8.5</td>
<td>11.1</td>
<td>10.8</td>
</tr>
<tr>
<td>3. The third 20%</td>
<td>11.5</td>
<td>15.8</td>
<td>15.2</td>
</tr>
<tr>
<td>4. The fourth 20%</td>
<td>18.5</td>
<td>22.6</td>
<td>21.4</td>
</tr>
<tr>
<td>5. The fifth 20% (2)</td>
<td>57.0</td>
<td>44.4</td>
<td>46.1</td>
</tr>
<tr>
<td>Gini coefficient</td>
<td>- 0.38</td>
<td>0.39</td>
<td>0.37</td>
</tr>
</tbody>
</table>


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22 A comprehensive and detailed research on the income distribution in Turkey was done by Erol Çakmak and Stanislaw Kot for the period of 1963–1987, see “Türkiye’de Gelir Dağılımı” (Income Distribution in Turkey”, Iletme ve Finans, No; 109, April 1995, pp. 42-56.


4.1.7. Assessment

The final destination of the economic downturn is not yet in sight. Main macroeconomic indicators currently suggest that the recession will prevail in the coming two years. A number of turbulences are expected to continue to negatively affect the economic outlook of the country. One of the good news is that Turkish banking system proved itself stable and strong due to the “Banking Reform” and rehabilitation of banking and financial institutions in 2001.

The core problems remain: The high unemployment rate, the strong increase in budget deficit, and still remaining unequal income distribution and dependency on external sources will continue to appear at the top of the economic agenda in the coming years.

Main economic challenges to Turkish economy may sum up as follows:

**High level of unemployment due to rapid growth of population:** The most important economic problem of the Turkish economy is the unemployment issue caused by a rapid annual population growth of about 1.0 percent.

**Strong increase in Public Deficit:** Turkey’s recent macroeconomic problems were mainly home-grown and stemmed to a large extent from excess aggregate demand generated in the public sector to force the economy to grow faster than private savings would allow. As we know from Keynesian Economics, during the recession, fiscal policy can be particularly effective in shortening the duration of economic difficulties, whereas the impact of monetary policy is reduced. The expansionary fiscal policies cause fiscal deficits which are expected to widen sharply due to the decreasing in tax revenues and increasing government expenditures and transfer payments during the next years.

**Worsening Income Distribution:** Another very serious problem of Turkish economy is the worsening of the distribution of income amongst persons, regions and classes due the increasing rate of unemployment mainly in non-agricultural sectors.

**Dependency on External sources:** As result of current account deficit and low domestic savings make the Turkish economy heavily dependent on foreign capital and international liquidity. The present financial turbulences have been affecting the Turkish economy due to the change in favorable global liquidity conditions, external credit facilities, and portfolio and FDI investments.26

In order to overcome the serious short and long term economic difficulties the present Turkish government published three main documents on Turkey’s vision for the future development of the Turkish economy, which point out Turkey’s primary development aims, the medium-term reform program, and specific actions and responsibilities within the government.27 The Ninth Development Plan for 2007-2013 stated that “…with the future economic policies, Turkey would be “a country of information society, growing in stability, sharing more equitably, globally competitive and fully completed her coherence with the European Union”.28

According to the framework of these three key government documents, the future action plan is based on three main pillars: (i) improved competitiveness and employment opportunities; (ii) equitable human and social development; (3) efficient provision of high quality public services.29

With an avoidable time delay, Turkish Prime Minister Tayyip Erdogan presented long-awaited economic incentives package aimed at recovering economy, slowing down unemployment and attracting domestic and foreign investments on June 7 2009.30

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He stated that

*We are going to implement this package in order to turn the crisis into an opportunity and to increase our competitiveness. Therefore our aim is to start the implementation as soon as possible. Our target is 2010. So it should have started by this time,* he added. "The new system was divided into three categories, Large Project Investments, Regional Investments and Sectoral Investments, in addition to other incentives that are aimed at promoting employment."

The New Economic Recovery Package declared by Prime Minister Erdogan consists of:31

- The tax breaks under the Large Project Investments category will be applied to those greater than 250 million lira ($160 million) in twelve sectors including transit pipeline, air vehicles, metals, mining, transportation, oil refining;
- The investors will be supported with cuts in social security premiums for workers, free land and cheap credit;
- For Regional Investments, Turkey was divided into four regions and more incentives will be applied for investments made to poorer regions, he added. Corporate tax rates will be reduced to 10 percent from the existing 20 percent for investments in the first region, 8 percent for the second region, four percent to the third region and two percent to the fourth region;
- Under a revised system of incentives, Turkey will encourage investment in agriculture and textiles in its poorest southeastern provinces while backing electronics and automotive investment in the countries wealthier west;
- He did not give any figure on the financial aspect of the package, but earlier media reports suggested the new economic stimulus package could be worth 60 billion lira ($39 billion).
- Erdogan also unveiled a package to increase employment, adding the cost of the employment package is close to 1 billion Turkish lira ($648.1 million);
- The package includes renovating schools and hospitals, support for vocational schools and apprenticeship schemes and environmental reforms in a bid to increase employment.

On other hand, the negotiation process for a new stand-by agreement between Turkish government and the IMF is still going on. As far as crisis management is concerned, the Turkish government on power gives the impression which underestimates the seriousness of world recession and its negative impacts on Turkish economy. Therefore, it is really difficult to follow the intention of the government regarding to anti-recession policies. During the present stage of economic development it seems to be very meaningful to prepare a new “stabilization package” in cooperation with the IMF in order to soften economic difficulties and open new perspectives for the coming years. This would help Turkey in increasing capital flow from international financial markets and can create a positive political and economic conditions and environment both national and internationally for economic recovery in the coming years.

5. The Challenges to the Turkish Economy

Regardless of its spectacular recovery during the past 6 years (2002-2008) the major economic problems of the Turkish economy which we have already discussed to a large extent remain unsolved. The high unemployment rate, increasing current account deficit, and unequal income distribution will continue to appear at the top of the economic agenda in the coming years. Additionally Turkey is facing very serious demographic, economic and democratic challenges, such as rapid population growth, poverty, deficiencies in infrastructure, and natural disasters such as earthquakes, education and research, health services, energy resources, environmental degradation, rule of law, human rights and reformation of economic and political institutions. Apart from the country’s still unresolved economic problems, the widespread nepotism in the state-owned enterprises, ongoing corruption, abuse of power by many politicians, and bribery have hit the headlines and top the domestic policy agenda.32

31 See Ibid.
32 See William Chislett (2009), ‘Turkey’s EU Accession Reaches an Impasse’, Working Paper nr 34/2009, Elcano Royal Institute, p. 1: ‘In Turkey, the pace of reform has stalled. By June 2009 only around one-sixth of a self-developed list of legal reform measures announced in April 2007 had been passed. Global rankings show that the country is seriously underperforming in a wide range of areas. It stands 59th in the World Bank’s latest Doing Business Report, 58th
It is a fact that none of the Turkish governments after 1950 until today were able to establish a long-standing macroeconomic stability by following sound economic policies for more than ten years. Political imperatives generally dominated economic imperatives for a long time and this has been the fundamental dilemma faced by all former and present governments.

It is obvious that the need for political and economic change and its implementation made the initiation of radical reform measures in all fields of political and economic life inevitable. Therefore, the changes in political attitude and the rethinking process seem to be pre-conditions for an adjustment process on the new international order after the collapse of the bipolar system, which existed since 1945. Turkey has been challenged both domestically and internationally and thus, pressure on Turkey has been mounting. At this stage, the country’s need for a political power with long-term perspective, vision, determination and willingness has become very urgent, as the country wonders who would be able to realize internal political stability and to solve the current problems with well-prepared programs within a democratic pluralist system.

- By taking a close look at the history of modern Turkey, we can draw the following major conclusions concerning the political and economic reformation movements: most of the institutional reforms realized by the political power had been induced by external anchors and to a certain extent initiated by military governments. Since 1950s almost all institutional reforms initiated in Turkey have been realized and carried out within the stabilization programs designed by international organizations such as the World Bank and/or the IMF. Signing almost 20 standby agreements with the IMF since 1958 and statements, declarations, reports and communiqués made by the EU Commission and the European Parliament can be cited as examples.

- Turkey has literally adopted all political and economic institutions, rule of law, and accepted fundamental principles of the Western type democracy, especially from Western Europe. But Turkey’s political power was not able to allow it to increase the quality of these institutions by maintaining highly qualified civil servants and experts. In other words, the institutions were not fully respected and could not gain a strong upper hand. The basic problem seems to be the unwillingness, weakness and operational inability of political power to restructure the state apparatus from bottom to top over time, under changing national and international circumstances. Knowing what is the right policy is not enough, it is also necessary to have both the political will and the power to implement it.

- There is an intensive and interesting ongoing academic discussion about the relations between institutions and development based on two major views. The Grand Transition and the Primacy of Institutions both of which are involved in research to find out the correlation between institutions, democracy and economic growth. One of the basic questions which have been put forth by researchers is whether the higher quality growth can be achieved under authoritarianism such as East Asian countries or under democracy. Rodrik believes that “…taken together, these results provide a clear message: participatory political regimes deliver higher-quality growth…they produce superior institutions better suited to local conditions.” By the way, the empirical findings of research works made by supporters of these two views give the impression that it would be insufficient and incomplete to explain the economic development mainly with help of institutional development by confining econometric methods. In our opinion, it would be more helpful and understandable to discuss the relationship between institutions and economic development under historical, sociological and cultural aspects for each special country as was done for

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36 We define the political power as a set of politicians, political parties and represented by free elected governments. Definitions of political and economic institutions. See Daron Acemoglu, “Political Economy of Development and Underdevelopment- What are institutions”, Gaston Eyskens Lectures, Leuven, October 10, 2005 and Daron Acemoglu - Simon Johnson and James Robinson (2005), “Understanding Institutions” Lionel Robbins Lectures, LSE, Feb.23-25.

37 We plan to test both views for Turkey, Greece, Portugal, Spain and South Korea. (Research in progress).

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example by Michio Morishima for Japan, rather than taking a sample of 90 heterogeneous economies and putting them in the same pool in order to explain the close relationship between democracy, institutions and economic growth.

- According to the Primacy of Institutions (PoI) view the key factor is the political power which is determined by political institutions, and indirectly by economic institutions so that political institutions become a dominating factor. Then it can be concluded that “the level of income may be affected through two channels: Directly and indirectly through quality of institutions.” This means that if the quality of political institutions is high, then the long-run economic growth would be faster.

- In the case of Turkey, most of the institutional reforms were overwhelmingly induced and implemented with the help of external anchors, this time by the EU. The creation and the reforming of present institution were made according to the blueprint approach with “more haste and less speed” principles. The established parties, without making any distinction regarding their political attitude from left to right and philosophy as well as programs, tried hard to settle the country's huge economic, political and social problems heaped up over the decades, however unsuccessfully. In other words, the governments which were led by the parties of the existing system demonstrated neither the determination for carrying through right policies nor the political will and resolution any more than the necessary clarity for carrying out radical institutional reforms.

- In short, political power in Turkey remained far behind the radical changes taking place at home and in the international arena. Interestingly, everything is changing in and around Turkey, but the quality of Turkish political power—with its "two steps forward and one step backward" rhythm— is moving upwards very slowly. Therefore, policies became unpredictable, and threatened to put the government's reputation at stake.

- Even though the share and the importance of the State in the Turkish economy is decreasing, it has still retained a dominating role as a player and as a coordinator by shaping and stimulating market and non-market institutions. The basic problem of the Turkish economy is the state apparatus itself, characterized by inefficiency, over employment, disorganization and corruption. As long as the present state apparatus can not be reformed and restructured by political power in a radical way, long-term success in economic development cannot be achieved. Then the central question arises: how can the quality of political power, and political and economic institutions, be upgraded within the pluralist democracy and bought up to the level of modern European institutions?

- Here we have two basic approaches:

  (1) with the help of an irresistible pressure on political power from bottom to top, including farmers, trade unions, business associations and the middle class to force the political power and institutions to gradually implement political reforms with its own willingness and efforts (gradual/experimental approach). As Siebert pointed out: "...but this requires a deep breath for the transformation...if willingness to reform is lost in the course of time, the transformation process can come to a halt". Turkey's experience, at least until the present day, indicates that political power in Turkey generally does not respond promptly to any reaction from the bottom and/or it resists any movement which would disturb the existing status quo (self-defence mechanism);

  (2) Improving the quality of institutions quickly and easily by putting strong pressures on political power by external anchors (external anchor-approach). The EU Commission and the European Parliament are in favour of the "external anchor" approach. Some Turkish academics share the same opinion and support

40 See Martin Baldam and Erich Gundlach, Ibid, pp. 7-9.
41 The definition of the blueprint approach is "largely top-down, relying on expertise on the part of technocrats and foreign advisers". See D. Rodrik, Ibid, pp.166.
42 In fact, that the "professional politicians" disappear for a while after one of the general elections defeat and the same faces came unexpectedly back after certain of time under different names of political parties with new colorful dresses.
the same approach. They believe that transformation of the Turkish economy and the improvement of institutions can only be achieved with the help of external anchors.44

- The negotiation process for EU membership appears to be the best chance not only to reform Turkish institutions, but also to improve the political system by changing the political culture in Turkey. In this respect the Turkish governments in power have to put their own house in order and continue to enforce and to promote the so-called “Europeanization Process”- restructuring and modernization policies in all realms. Even independent from full membership in the EU, implementation of EU legislation, norms, standards, and regulations state are essential. As long as this does not happen and Turkey is not able to keep its own house in order, Turkey’s full membership will remain only a distant possibility.

6. Conclusion

The adjustment of the Turkish economy and political system to the Copenhagen criteria and the restructuring of economic and political life through the adaptation of “acquis” by Turkey depend on four fundamental factors: (i) the creation of a new institutional framework and reformation, as well as the functionality of existing institutions according to the EU’s requirements. This means, first of all, further economic liberalization and fully integration into the Single European Market. Turkey has begun the process of readjusting its economy and taking the necessary legal measures and bearing the economic costs without receiving the expected financial help from Brussels.; (ii) continuation of the macroeconomic stability program with uninterrupted eagerness and determination; (iii) the readjustment of firms, including state-owned enterprises and sectors, to a market economy.; (iv) a broad consensus among the main interest groups, political segments of the society and readiness of cost-sharing in implementing economic and political changes among social groups are pre-conditions for a successful restructuring and reform policies in the country.

The EU’s Foreign Policy Towards its Southern Neighborhood: From a Pro-Active to a Defense Position towards its Southern Border?

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1. Introduction

Deterrence since the end of the Cold War has changed from the predictable actors, i.e. the “West” and the “East”, and from predictable threats to security, i.e. mostly traditional military (including nuclear), to asymmetrical warfare (including cyber) and the unpredictable results of regional de-stabilizations. Today, the speed of economic, information, people (including trafficking) and capital (incl. money laundering) movements changed the paradigms of security sectors and levels (Buzan, Waever and de Wilde 1998).

Pertaining to the Mediterranean, this region has historically been the stage and avenue for war and peace, as well as trade throughout millennia. To transcend millennia of clashes, this chapter explores the possibility of changing the assumptions about peace in the Mediterranean definition of security to identify post-structural, sub and supra-state agents (such as terrorist groups, NGOs and of course the post-Westphalian EU) post-Cold War. Although the traditional referent object in matters of war and peace has been the state, its centrality is questioned as criteria like the mutual co-constitution of interests, identities, agency and structure of the individual or society have been identified as decisive in the security community discourse (Bicchi 2001).

In the post-Cold War environment, despite the continuing nuclear and terrorist threat, mutually assured destruction is not necessarily assumed by state actors - and hence deterrence, as a Realist response, is not necessarily a primary motivation in foreign policy any longer today. Rather, the possibility of escaping from this limited (military) perspective is explored by IGOs, acknowledging other securitizing sectors, e.g. threats to the environment or citizens’ welfare (e.g. food and water security), the destructive effects of ideological extremism, biological warfare, or accelerating nuclear enrichment for military purposes, these being carried out on differing levels, whether by non-state- or state actors, as threats to not only states but entire regions, civilizations or genders.

Specifically, emanating from meetings and negotiations started on October 30, 1991 at the Peace Conference in Madrid, following the suggestions of then U.S. President G.W.H. Bush and Soviet President M. Gorbachev, following the Iraq-Kuwait war, the structure of the Madrid Framework for a bilateral and a multilateral negotiating track was developed. It enabled the first-ever direct talks between Israel and her immediate Arab neighbors on November 3, 1991. These negotiations focused on key issues of concern to the entire Middle East: water, environment, arms control, refugees and economic development (e.g. Boening 2008). These negotiations led to the first Euro-Mediterranean Conference of Foreign Ministers of the future EuroMed Partnership member states in Barcelona in November 1995, and marked the official starting point of the EuroMed Partnership (EMP). Its main objectives focused on the political, economic and social-cultural
rapprochement among its member states (compare Appendix 1). Some authors (Aliboni et al. 2006, 7) have pointed out that the role of the EMP in conflict prevention is systematically supported by the EU, but has appeared to be of limited interest to the EMP’s southern partners in the early years, despite their agreement to it in common EMP accords. To give new impetus to this intergovernmental organization, the Union for the Mediterranean (UfM) was launched on July 13, 2008 at the initiative of French President Sarkozy to add saliency in addressing the political, economic and social threats to Euro-Mediterranean stability, and to further the region’s prosperity and peace amid recognition of the evolving security structures in the region between political new moderates and radical foreign policy actors.

The diagram below sketches the “Euro-Mediterranean regional security complex” dynamics superficially, with the following sections outlining some of the evolving intra- and inter-regional dynamics affecting Euro-Mediterranean security, leading to the potential significance of the UfM in contributing to the maintenance of stability and prosperity for the people residing there - over the political ambitions of a few.

**Figure 1: Euro-Mediterranean Regional Security Complex**

![Figure 1: Euro-Mediterranean Regional Security Complex](adapted from Boening 2008)

Security is not a zero sum game, especially regionally (e.g. Deutsch). Hence a security community, especially in view of the last decades’ proliferation of weapons of mass destruction (WMDs) and accelerated threats post-Cold War, such as illegal drug, arms and human trafficking, and the myriad of other man-made and natural threats to humans must be viewed ever more urgently, beyond national borders, also region-wide. Specifically, previous research (e.g. Boening 2008 and 2009), particularly when viewed from within the structures of the EMP, also confirms Attina’s (2004) suggestion that the Mediterranean region has been progressing from a security partnership to, potentially, a security community. While the concept of a security partnership, developed in Europe following the Helsinki Process, is structured as an approach to international security involving the majority of states in the region as well as extra-regional powers in a single arrangement (Attina 2004), it is often constituted by countries which are “characterized by conflict divisions, irregular flows of transactions and communication, and a small sharing of values and institutions” (Attina 2004, 5). A security community, by contrast, originates from the consensus of a region’s states to cooperate from the recognition of “war as an obsolete instrument of conflict resolution” (Deutsch et al. 1957, quoted in Attina 2004, 4). The UfM then could be considered as evolving in the direction of a loosely coupled pluralistic security community (compare Adler and Barnett 1998, quoted in Ibid.). The EU would represent internally a more tightly coupled portion of the UfM as an evolving security community, as divergent approaches to national security, which converge institutionally and procedurally, especially from the socio-economic angle, as is anticipated for the UfM in the future, but currently proceeding primarily through the ENP while the UfM gains traction.

Aliboni et al. (2006, 7) suggest that the multilateralism of the broad security relationship among actors in the Mediterranean, such as between UfM-partners can be viewed as potentially shifting to a “more pragmatic set of ‘hub and spokes’ type of relations, which the ENP has been establishing in the region” keeping in mind that the joint ownership, on which the UfM was based, is reflected in the ENP. The objective of the ENP’s action

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plans, despite their individual variances in weight and detail, are “stability and security through shared values and security policy cooperation (shared security objectives), plus the reduction of the North-South prosperity gap through development” (Senyucel et al. 2006, 13).

Aliboni et al. (2006, 8) point out the dialectic between donor and recipient countries (as was the case among the memberstates (MSs) within the EMP), and the relationship between their respective interest and objective convergences, stating that “joint ownership is based on, first, a convergence of will and, second, the empowerment of recipients to implement the common will.” This could also be addressed as “taking ownership” of the process, i.e. taking responsibility for the commitment to one's actions (not simply in being a recipient, but also in terms of contribution. Hence “will” is not only the “self/state,” but in an IGO, such as the UfM, it would be the collective effort based on trust, reflecting the “will” for the ideas (the “desire” by MSs for stability and prosperity in the most simplified terminology) to materialize, and the assurance, built on trust among MSs, that the own/state interest will be satisfied through the common success of the project. This would represent a neo-liberal/social constructivist analysis of the EMP formerly, and now the UfM in theory, and could also be viewed as self-determination to further human wellbeing beyond that of the state.

2. The European External Action Service: Diplomacy and Hard Power in the Mediterranean

As the EU’s External Action Service (EEAS) addresses both diplomatic and hard security concerns, the EU's security modus operandi post-Lisbon Treaty continues to be soft power, in accordance generally with UN security mandates, with continuing “back-up” of its cooperation with NATO under the Berlin Plus-Treaty (mostly for crisis management during natural and man-made disasters, including cyber security, human security such as trafficking, piracy (e.g. Operation Atalanta), and other sectors affecting security, such as food and water security, and illegal immigration), and most recently of course Operation Odyssey Dawn.

The EU’s role towards its southern neighbors was during the past couple of decades expressed through soft power, such as in the harmonization of many EU policies vis-à-vis its southern neighborhood (compare EMP program overview in Appendix 1), such as in terms of environmental regulation pertaining to the clean-up of the Mediterranean, economic assistance as discussed in terms of the EMP’s and UfM’s Association Agreement process with southern MSs, and the social-cultural rapprochement, such as through the efforts of the Anna Lindh Foundation, or benchmarking standards attached to these projects in terms of civil liberty expansion in the southern partner countries, civil society capacity expansion, and education (besides e.g. gender equality enhanced i.a. through internet access, and the increase in freedom of speech this entails).

The EU had been critiqued for not addressing the human rights "compromises" and the democratic deficit in many countries in its southern neighborhood. Yet, I would argue that the benchmarking and conditionality of programs availed to these countries under the EMP/UfM did increase e.g. civil society capacity, by contributing relatively quietly in the background to i.a. developing civil society, democratic values, journalistic freedom (important not only on principle, but also to open the “public sphere” to democratic debates), as well as the development of human capital, which contributed to the consciousness and determination demonstrated in many of the democratic transitions witnessed currently in the MENA, especially e.g. in Tunisia, Egypt, Bahrain, Libya, Saudi Arabia, Qatar and Yemen.

During the current democratic transitions in MENA, a unified EU-level response had initially been halting, as the EU “consolidated” a supranational response beyond the initial response at the EU MS-level, such as by France and Italy, who had moved quickly to ensure their privileged relationship with affected former colonies. However, very soon the EU on both the inter-governmental levels (the Council and the Parliament), as well as on the supranational level via the EEAS responded definitively in supporting Tunisia and Egypt in calling for a non-violent response by the existing regime, freezing the assets once the latter was deposed of, such as Ben-Ali’s in Tunisia, Mubarak’s in Egypt and Gadhafi’s in Libya. Hence the EU, in the most challenging test for its EAS since its inception through the Treaty of Lisbon in December 2009 has shown that its soft power has been quite pro-active once the situation in its southern neighborhood became critical (even if the Union for the

1 For example, the three-year 2004 Egypt – EU Association Agreement and Action Plan entailed euro 558mil via the European Neighborhood and Partnership Instrument (ENPI) for Egypt to support its reforms in the areas of democracy, human rights and justice (Abdel-latif 2010, 1) (and to fight religious extremism and illegal immigration), while euro 120 mil/year in “MEDA funding is directed towards economic, trade and educational reform” (Ibid., 3).
Mediterranean’s potential in pro-actively easing a potential democratic transition since its inception 2008 was not capitalized on up to that point.

The EU’s hard power (i.e. via the European Security and Defense Policy (ESDP)) has also supranational and intergovernmental aspects: while EU defense falls technically (post-Lisbon) under the EEAS, national interests, such as the French-UK defense treaty of 2010, reflect the sui generis character of the EU overall, i.e. a mixture of the supranational, intergovernmental, and, in the case of the Euro-Mediterranean region, aspects of the Euro-Mediterranean regional security complex characteristics (e.g. Boening 2008 and 2009) in terms of EU-NATO defense cooperation within the 2002 Berlin Plus-agreements involved. The ESDP represents a relatively new structure for cooperation among EU MSs, still “a project in progress” in terms of being as inclusive of all MSs as possible, to expand trust among all to contribute equally (which has been successfully deployed in approx. twenty-seven civilian (peace-keeping, peace-making, and policing) missions, such as in Kosovo and Bosnia-Herzegovina. It is in this sense that the EU has been acting consistently with the 2004 Consilium’s Strategic Partnership Policy with the Mediterranean and the Middle East, combining soft power both within the Three Baskets of the EMP (and now the UfM), and the ENP’s explicit agenda to promote “democracy and human rights, rule of law, good governance, market economy principles and sustainable development”.

However, following the escalading popular revolts in the greater MENA region (i.e. including some Gulf Cooperation Council MSs), and the instability this represents for the EU’s southern border, the EU, both on the supranational level through the Commission, and on the inter-governmental level through the European Parliament and the Council of the European Union, began hastily investigating approaches for greater security cooperation (i.e. on a larger number of security sectors and levels between the Northern and the Southern Mediterranean), as well as increasing and accelerating funding for many projects on a larger scale, and accelerating those, which had been stalled for years, such as the import of MENA agricultural products and more flexible business visa regimes for its citizens. One asks, that had these steps been taken at the latest upon the founding of the UfM within its mutually reinforcing three-basket structure, could some of the unrest in MENA have been pro-actively and more peacefully been avoided? And will now another new Mediterranean modus operandi by the EU start from “square one” in its security strategy towards its southern borders, one which expands High Politics diplomacy rather than bureaucratic piecemeal approaches perhaps, or will it satisfy itself with the Commission’s “Partnership for Democracy and Shared Prosperity with the Southern Mediterranean” of 8 March 2011, which represents simply “new wine in old bottles” (i.e. a new wording of previous EU/ENP approaches towards its southern border), rather than utilizing those detailed strategies, which were well thought out (e.g. such as building on the Marseille Declaration of November 2008, which is much more sophisticated from an International Relations theory-perspective)?

3. Hard Power in the Mediterranean?

Buzan, Waever and de Wilde (1998) define security as a negative, i.e. “as a failure to deal with issues as normal politics.” Attina (2001, 42) posits this in the EMP in that “[p]revention and avoidance of military conflict among dyads of countries is the prime goal of security dialogue in the Mediterranean,” suggesting the utility of confidence building measures (CBMs) as outlined in action plans and association agreements of the EMP, as well as NATO’s non-article 5 CMMs and missions, especially in the MENA. Buzan, Waever and de Wilde (1998) write further that “de-securitization is the optimal long-range option.” Attina (2001, 42) relates this process to the Euro-Mediterranean region in that:

“the exchange of views on security and military organisations has the merit of making public the aims of national armament policies and the conditions and processes of national security policy-making. This objective is important in order to put under scrutiny national military policies and avoid misunderstanding the purpose of the military policy of the single state.”

As the EMP has security and defense implications, the European Security and Defense Policy (ESDP) has, reciprocally, a Mediterranean dimension (Heisbourg 2001, 5). However, while the UfM is primarily concerned with soft security, the ESDP will involve hard security approaches. In the Mediterranean, this occurs beyond bilateral, institutional private interests also in coordination with NATO’s Mediterranean Dialogue and Istanbul Initiative, its missions re-defined upon the unveiling of NATO’s new Security Strategy 2020 in Lisbon in November 2010:
“as the world has changed significantly since 1999, when the current concept was adopted. Most dramatically, the 9/11 and subsequent attacks demonstrated the deadly connection between technology and terror, triggering a response that has drawn NATO troops far from home, illuminated the need for timely intelligence-sharing, and complicated planning for defence. Further, the global nuclear non-proliferation regime is under increasing stress; incidents of instability along Europe's periphery have revived historic tensions; innovative modes of gathering, sending and storing information have brought with them new vulnerabilities; the security implications of piracy, energy supply risks and environmental neglect have become more evident; and a worldwide economic crisis has spawned widespread budgetary concerns. Meanwhile, the Alliance has grown to twenty-eight, enlarging both NATO's capabilities and its commitments (NATO 2020: assured security; dynamic engagement analysis and recommendations of the group of experts on a new strategic concept for NATO: 17 MAY 2010).”

Since not only EU MSs are NATO members, in addition to the trans-Atlantic link connecting the U.S. (and Canada) to the Mediterranean, but there are also some MENA NATO-members (beyond NATO's Mediterranean Dialogue and the Istanbul Cooperation Initiative as confidence building approaches with some MENA countries), i.e. Turkey at the time of writing, projecting a hard-power dimension to address the shared security challenges of the 21st century (even if this is predominantly technical rather than exclusively military hardware-based). Egypt for one, though not a NATO member, is a member of the Mediterranean Dialogue, and we can surmise whether e.g. whether the norms-transfusion in terms of equitable and democratic militaries played a role in the Egyptian military's recent "cooperative" stance vis-à-vis the peaceful demonstrators and in aiding their demand for Mubarak's resignation by representing a credible actor to fill the void left by him as the top executive of Egypt.

As the confidence building measures of NATO's non-Article 5 programs in the Mediterranean, such as the Mediterranean Dialogue and the Istanbul Cooperation Initiative (ICI) are heavily focused on the prevention of terrorism (in addition to trafficking, which can also be viewed as supportive of terrorism in terms of weapons smuggling, money laundering and the undocumented transit of humans) (Borgomano-Loup 2005, 2) with of the strongest supporters in the MENA authoritarian regimes, such as Morocco and Algeria, to strengthen their regime's stability in light of dissenting voices (in the past often associated/equated with Islamic extremists), there has been little response from NATO as to a potential shift in these programs. However, these programs, despite their non-Article 5 objectives, securitized the Mediterranean much more than the EU's programs towards its southern neighborhood, as the soft power sectors and levels addressed by the UfM lacked political will, vision (compare Heisbourg 2001, 7) and urgency in the implementation phase to coordinate it with the EU's 2004 Strategic Partnership with the Mediterranean and the Middle East (http://www.consilium.europa.eu/uedocs/cmsUpload/Partnership%20Mediterranean%20and%20Middle%20East.pdf) .

In the absence of appropriate coordination between the EU's hard (as its MSs are NATO members) and soft power, the EU was caught off-guard and unprepared to face the escalating security threats to it from the southern periphery —something which could perhaps have been dampened, if not prevented, had the UfM (and even the EMP) been implemented as foreseen for it by President Sarkozy in 2008. On the other hand, perhaps some regional actors were not nearly as surprised by the democratic revolts in the MENA, as Saudi Arabia placed a $60 mil. military aircraft order with the U.S. in October 2010— better to assist the Al Khalifa ruling family in Bahrain and other friendly regimes against their Shia revolts?

4. **Avalanching Instability during the MENA's Democratic Transitions in the Greater Context of Emerging Intra- and Interregional Hegemons**

4.1. **Select “Intra-Regional” Players of Interest**

A. Turkey

Turkey's relationship with the EU has been hindered by political, and some claim religious, insecurity on the part of the EU, despite Turkey's official EU candidacy status. Nevertheless, Turkey has confidently positioned itself as a very effective economic partner to, and skilled political mediator with its neighbors around the Black Sea, as well as with Iran, Syria, and Greece (Allessandri 2010, 6; Evin et al. 2010, 14), while
upholding its values vis-à-vis its old ally Israel, i.e. not succumbing to security blackmail by the latter (e.g. during the first “Gaza flotilla” in the spring of 2010), yet supporting the Palestine-Israeli peace process.

Some authors have suggested that the major powers in the Mediterranean will have to shift their understanding of operations to take into consideration the leverage of emerging regional hegemons, such as Turkey in this case, to find solutions to joint political and economic challenges (which translate into security concerns).

Having voted positively on its new constitution in September 2010, Turkey’s role to modernize itself, i.a. in preparation for its EU-accession, this led simultaneously to the broadening of its foreign policy presence towards its southern and eastern neighbors recently under Foreign Minister Ahmet Davutoglu’s “Zero Problems Policy” with its neighbors. Not only is this policy beneficial to Turkey’s trade, but also represents a significant step in its EU-accession process, as one of the requirements for an EU-candidate country is not to have conflicts with its neighbors. Hereby better integrating Turkey and the Middle East into the global economy and increase interdependence in the region may additionally help the region to solve some of its persistent political and economic conflicts and problems (Kirisci 2011, 21).

This new foreign policy involves e.g. visa-free travel i.a. for Albanians, Syrians, Jordanians, and Russians to strengthen their strategic relationship, not only representing an assertive openness and independence from its Western allies to the extent perhaps of “if not as an EU-member, than without the EU” to the point of suggesting an alternate “Middle Eastern Union,” or at least a “Shemgen” economic area with visa-free travel for many of its neighbors (as counterpoint to the EU’s “Schengen” area). Extra-regionally, Turkey’s regional foreign policy is more forcefully asserted, such as was demonstrated during its recent deal with Brazil to control Iran’s nuclear enrichment.

Its relationship with the U.S. has been traditionally very constructive, especially as a NATO member, despite its reservations over the U.S.’ use of its airspace during the latter’s military action in Iraq 2003. NATO’s Istanbul Cooperation Initiative (ICI), for its part, which

“extends to Bahrain, Kuwait, Qatar, and the UAE … engages its partners on a 26+1 basis, and equips the [Mediterranean Dialogue] MD with both a multilateral and a bilateral dimension … [to promote] regional security and stability, better mutual understanding, and the dispelling of misperceptions among NATO and partner countries” (Schumacher 2010, 6).

Yet, “Turkey has to reckon that in some cases of the Arab Spring, it just may be on the wrong side of history,” (Barkey, 2011, quoted in Watson and Comers 2011). As much as Turkey might view itself on the side of change, “perhaps it has become a status quo power itself … with its own vested interests, commercial concerns, and close ties with regimes” (Watson and Comers 2011).

While the success of this transatlantic link is difficult to quantify, the demand for –and success of– NATO non-Article 5 missions in the greater Mediterranean inter-regional dynamics is unquestioned, even if NATO cannot guarantee each aligned country’s every security need especially in light of some reduction of U.S. forces in the region, increasing the need –or opportunity– for other actors to step in, be it Turkey, the EU, or extra-regional actors as discussed below.

Nevertheless, as a skilled regional and inter-regional foreign policy actor, who has overall consistently continued to support the security dilemmas of the West, Turkey continues to reach for involvement with Western hard and soft institutional dynamics to ensure its future role in them. While the Cyprus “dilemma” continues to be resolved, albeit in baby steps, irrational religious phobias used by politicians in the West for often political gains should not hinder overall Mediterranean stability and development or Turkey’s pivotal role in enhancing Europe’s energy security/reducing European energy over-reliance on less reliable suppliers. The alternative might otherwise be a marginalization of Turkey to Europe’s periphery politically and strategically, an option which the West may not be able to afford long term in addressing the security of the (greater) Mediterranean

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3 Such as the Greek-Cypriot veto of Turkey’s participation in the European Defense Agency (Alessandri 2010, 11). Compare Figure 2.

4 Starting to a lesser extent with the Egyptian popular uprising and concerns about the reliability of the Suez canal for oil transports, the Libyan uprising has brought energy security to the top of the global “economic stability agenda”. With drastically rising oil and gas prices in the last few weeks, their inverse adverse effect on the global economies threatens a return to recession for many. This will assist the regimes in power (at the time members of OPEC), and politically weaken net energy importers, as their ability to support both soft and hard power is reduced.
regional dynamics—and their consequences on greater European and transatlantic stability as well. Rather, Turkey as an anchor in the greater inter-regional Mediterranean economic and political complexities cannot be overestimated—last but not least for the EU, for its part, not to lose its own influence in its southern neighborhood (Kirisci, Tocci and Walker 201026).

B. Syria

Syria, while still playing to Russia, also aims to establish “best relations” with Iraq (ISRIA 2010b), and is simultaneously being wooed not only by its neighbor, Saudi Arabia5, but also by the West, such as when Europeans and the U.S. decided to end Syria’s international isolation, and facilitate its relationship with Iraq and Lebanon during the past few years. This affected Syria’s potential strength also in international organizations, such as the UJM, and, it is hoped, will lead to a reduction of its support of Hezbollah (traditionally in tandem with Iran). As this shifting tactical alliance certainly does not signal Syria’s break with Iran (note the 2007 Iran-Syria Pact), its success remains to be confirmed in the inter-regional Mediterranean security constellation (Khalaf 2010; ISRIA 2010b) —witness the passage of two Iranian naval vessels through the Suez canal on February 20, 2011 on its way to Syria. We can only surmise whether these are intended to support the current Syrian regime under Bashar al-Assad against the current democratic rebellions for greater freedoms: Should the West support these militarily under an UN “D2P- (Duty to Protect) mandate”, Iran stands likely ready—and become a significant game-changer in the rapidly shifting Euro-Mediterranean security balance in the course (although Iran denied involvement in the Syrian revolution of 2011 at the time of writing).

C. Iran

Iran, in addition to the fact that there is the possibility that it would become part of the “European Neighborhood” should Turkey’s EU-membership bid be successful, exercises its influence in the Mediterranean i.a. through proxies, such as Hezbollah in Lebanon, as Ahmadinejad’s recent visit in Lebanon asserted Iran’s strategic competition in the south-eastern Mediterranean. Beyond this political influence, Iran’s potential economic (which would translate into political) strength could evolve in terms of energy shipments to the Mediterranean via Syria and Turkey—which would compete with its eastward route to—and relationship with China.

Strengthened by the weakening of their old adversaries (the now subdued Sunnis in Iraq following the U.S. military action of the past years) over the newly empowered Shia there, as well as the approaching of weapons-grade uranium production in Iran, and a currently strong mutual trading relationship with China, Iran is also adopting a new approach in its ties to Africa (Isria 2010a). Geo-strategically, this could be interpreted as i.a. supportive of the extensive Chinese economic presence there—perhaps lending teeth to an ally who claims to seek its economic rise “peacefully” (without blood on its own hands?). In terms of potentially increased Iranian engagement in Africa, the significance to the Euro-Mediterranean is significant in terms of potentially supporting narcotics trafficking from Latin America to Europe via West Africa.

While some countries do not appear to be threatened by Iranian nuclear enrichment (whether due to geographic distance or a friendly relationship with it), such as Brazil and Turkey respectively, who together brokered an agreement with Iran earlier this spring to hold about half of Iran’s enriched uranium (permitting it to keep enough to continue to enrich the remainder), after last year’s US-EU-Russian agreement with Tehran was reneged on by the latter. While this “showcases” an example of the nascent regional security dynamics of intra and extra-regional emerging hegemons in the Mediterranean, existing actors involved in the effort to control Iran’s enrichment efforts were not pleased but perhaps admonished to strengthen the priority allocated to their cooperation, acting under UN Security Council decisions, as well as beyond them, if they are to be effective in addressing the arms race anticipated by Iran’s neighbors, who “are wary of falling behind on nuclear technology” (England 2010).

D. Gulf States

The Gulf Cooperation Council reflects the overlapping regional and transatlantic actors and their strategies in the inter-regional Mediterranean dynamics between relying on the soft power of the EU in terms of their economic cooperation agreements (even if these often lag in ratification and implementation) (Schumacher
The Gulf region experiences currently its own popular (Shia) revolts, e.g. in Bahrain, which are quelled with Saudi military assistance to the ruling (Sunni) family, rather than assisted by the West, in light of Western petroleum dependence on the Gulf.

4.2. Select Extra-Regional (“Distant”) Players of Influence in the Euro-Med

A. Russia

Russia’s role in the greater Mediterranean inter-regionalism continues as a paradox between old Cold War patterns of supporting allies directly and indirectly (e.g. shipment of nuclear rods and other supplies for related facilities to Iran, hereby enabling its negotiating power with its proxies, such as Syria, and hereby indirectly Hezbollah). At the same time Russia seeks to continue its involvement in solving Middle East conflicts, such as those bordering the Mediterranean, through its involvement in the Middle East Quartet (which was i.a. the “godmother” for the founding of the EMP following the 1983 Madrid Peace Conference), selective support of the UN’s sanctions against Iran, as well as a strategic “polarizing” position pertaining to oil shipments to Europe, especially those potentially routed through Turkey. Russia’s new role in the Mediterranean is emerging with some changes to its role in the Euro-Mediterranean, compared to during the Soviet era, in terms of utilizing energy as an instrument of state policy (Colombo and Lesser 2010, 4) and if not going westward to the EU (Russia positioning itself in competition with North African producers), Caspian and Central Asia energy flow is increasingly to China.

Figure 2: Eastern Mediterranean and Black Sea Oil and Gas Corridors

(Graph courtesy of Francesc Serra, Universidad Autonoma Barcelona)

Russia’s lack of genuine pro-active involvement in the Middle East Peace Process, as member of the Middle East Quartet, beyond mild support does not camouflage its interest in first-hand involvement—and back it with a fleet presence in the Mediterranean. Part of Russia’s political interest in Mediterranean inter-regionalism also lies in the new sovereignty of former Yugoslav Republics, such as Kosovo, and the international legal precedent its independence sets for former Soviet republics, such as South Ossetia and Abkhazia and hence Russia’s intense lobbying against it in the UN and with the EU.9

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6 As exemplified by the attendance of all GCC states (with the exception of Kuwait) at the 2007 Annapolis conference, together with Israel (Schumacher 2010,15), and the Saudi-Qatari Peace Initiative, presented at the Arab League’s 2002 Beirut, and re-endorsed in 2007 by Jordanian King Abdullah (Ibid. 16).
7 Compare October 2010 U.S. $60 bil weapons sale to Saudi Arabia.
8 The UK is proposing 10-20 percent defense cuts, and Germany aims to reduce its army by thirty percent (Domby and Luce 2010).
9 The Russia-Iran-Syria “axis”: Will it be re-invigorated through its support of uprising Shia in some MENA countries, or will Russia, for its part at least, lie low so not to spread the contagion of popular dissent to its restless regions?
While Russia may dream of being a significant actor in a “tri-polar” Mediterranean, together with the EU and Turkey (Krasnov and Leonard 2010), it may want to hone its foreign policy based on multilateral trust based on cooperation instead, as there are a multitude of potentially significant emerging actors beyond these, such as the newly emerging democracies, e.g. Egypt, in addition to those briefly detailed in this paper. The first step might be increased integration of Russia into NATO beyond the Partnership for Peace to anchor Russia’s multiple current, and potential, near and far security dilemmas in a more transparent multilateralism cemented in the reinforcement which neoliberal institutionalism can provide, such as the Russian joint venture, TNK-BP, vis-à-vis a potential neo-imperial Russian state policy.

B. China

China’s expansion into the Euro-Mediterranean is projected with an appearance of peaceful economic engagement, supportive of UN resolutions pertaining to the Middle East process, and in particular engaging Syria beyond the economic also in the cultural sphere (ISRIA 2010c).

However, “the anti-Chinese sentiment in the markets has become caustic” (Kantai 2010): manipulated Chinese exchange rates, which affect European exports as much as other non-Chinese exports negatively. Additionally, on the African continent, some countries appreciate Chinese investments in infrastructure and natural resource exploration for their speed and price advantage over European investors, although others complain that “no African has ever worked with a Chinese company and seen his life improve” (Lapper 2010): Chinese traders have stifled local traders in some (North) African countries to such an extent, that locals resorted to kidnapping Chinese traders en masse to force their retreat in some areas (Kantai 2010). The impact for the Mediterranean is i.a. its effect on sub-Saharan socio-economic stability and in turn its effect on illegal migration into the northern Mediterranean via Saharan (southern Mediterranean) countries.

In the northern Mediterranean reports accumulate that Chinese investments appear to be less for economic exchanges, but have increasingly strategic and political ends10. China’s assertive and “trigger-happy” (Krugman 2010) foreign policy, for its economic and political destabilizing influence abroad is treated by many other foreign policy actors as a threat. Hence China’s practices and presence in the Euro-Mediterranean are observed with great reservation from the Northern Mediterranean more recently as well: different from the generosity of the Kennedys, China does not seek to share its wealth with humanity (Nass 2010), but to expand at the expense of the West, to strengthen their nation at the expense of any other: while it is claimed not to be militarily aggressive (which can be debated in terms of its extensive naval and its facility expansion throughout Asia), it bears the marks of suffocating the economic bases for other countries’ political and social, and in the end geographic survival. In the words of the People’s Daily (quoted in Hille 2010) “in the process of close contact, the collision of interests between the two sides [the West and China] could increase”. Whether currency wars as a result of politically staged global trade imbalances have been averted only temporarily for now, or long-term, will depend to a large extent on the balance between multilateralism and aggression in Chinese foreign policy. In terms of the Euro-Mediterranean, its proposal to make the Yuan, as an unstable currency according to some authors, a global currency would affect global markets, especially fragile ones, like those in the MENA, negatively by enhancing existing economic fragilities.

These considerations may be minor compared to the potential of the vestiges of a “Jasmine revolution” against the Communist government taking hold in China since early 2011. While there are many differences between the Chinese and the MENA economic situation, with Premier Hu addressing, at least verbally, the need for Chinese to express their misgivings, political stability is not guaranteed for China, as the “virtuous cycle” of democratization may feed from the MENA to China.

5. Conclusion: The EU as a Global Player Among the Shifting Balance of Power in the Euro-Mediterranean Intra- and Interregionally

Samples of intra- and inter-regional dynamics of the Euro-Mediterranean regional security complex were examined in this chapter from a theoretically eclectic perspective, involving both Realism (in terms of the national interests, which could be understood as Neo-Westphalianism (van Langenhove) strongly influencing

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10 Beyond forced transfer of Western know-how in return for European market access to China, Chinese investments in Europe involve i.a. transport routes (e.g. a highway in Poland and a bridge in Serbia), having the character of seeking to gain political influence over sovereigns as a result of huge state subsidies in the form of very low rates for long-term loans from the EXIM Bank, including the refinancing Kazakhstan’s banks (Wiesmann and Schaefer 2010).
other de-securitizing measures in this region, such as the Union for the Mediterranean currently, as well as the EU's southern perspective of the European Neighborhood Policy, Neo-liberalism and Social Constructivism, as well as Regional Security Complex Theory (Buzan and Waever, 2003) as meta-theoretical platform. The analysis was operationalized through a brief sector-and level security framework analysis (Buzan, Waever and de Wilde) to sketch the complex dynamics between hard- and soft power among the actors involved, as well as the “intensity” of levels, starting from personal security, to the “sectarian” level, and national, intra-regional as well as inter-regional levels.

This chapter alluded to the significance of emerging hegemons like Iran (if they are recognized by the newly “emancipated” Shia, such as in Bahrain, as a regional ally, and assuming they will not also fall to internal uprisings, sparked by discontent with the current regime), Turkey, potentially strengthened as a regional ally to compensate for a perhaps lessened influence of the U.S.11, and the Gulf Cooperation Council among the evolving shifts in the Euro-Mediterranean security balance, whose future relevance and extent in toto will not be determined for some time. Beyond international relations, where “the Mediterranean has reverted to its traditional position as a major security nexus at the center of the security interest of NATO and the EU” (Germond and Grove 2010, 18), the research indicates the presence of hybrid governance in the Euro-Mediterranean as a regional security complex.

From Tunisia's Jasmine Revolution to the unraveling of authoritarian regimes in the MENA, it is too early to tell whether they represent tangible beginnings of true democracies in some or all affected countries and a new Euro-Mediterranean regional security balance, or whether the region, following the first time in hundred years for Arabs to move towards self-administration (and away from foreign, e.g. Ottoman and Western, dominance of their politics) (Zaccaria 2/27/11, CNN) will disintegrate into lawlessness, as some sub-Saharan African states did following internal uprisings, or strengthen groups, which played previous a minor political role, but are/will be backed now by African Al Qaeda, taking advantage of new power vacuums?

Within the design of the UfM in a Neo-Westphalian system, where MSs play a significant role on the national level (Dufourcèg 2010), in co-existence with the role of supra-national dynamics intra-regionally (i.e. the EU within the EMP/UfM), and inter-regionally (including the transatlantic link), much could and needs to be done to address these security sectors and levels in the greater MENA region, and its implications for EU security on its southern borders. Some authors such as Joffé (2001, 32) have indicated this necessity before European policies in the Southern Mediterranean can achieve their objectives i.a. where all states can address their security dilemmas, if not in a coordinated manner, then from a cooperative standpoint.12

Certainly a weak EU foreign policy in the MENA benefits the U.S.’ influence there, even if President Obama gladly handed command over Operation Odyssey Dawn to NATO under Canadian control (as the EU could not reach operational and strategic agreement—again—over their position in the Mediterranean). This, as the very latest, should serve as a wake-up call for a strategic re-evaluation of an EU foreign policy based on the lowest common denominator, i.e. besides support for civil societies in the MENA towards a more coordinated and effective position towards a democratic and stable southern neighborhood, exposed to intra- and inter-regional security challenges emanating from emerging regional hegemons. Without a credible strategic formulation, the EU’s economic and political interests with MENA partners will be, if inadvertently, defined by them and dictated to the EU directly, through their proxies, or the absence of stable governments there. The UfM's Marseille Declaration certainly provides a very detailed “roadmap”, inclusive of all MSs and their actors, to serve as a start—while the EU Commission’s "Partnership for Democracy and Shared Prosperity with the Southern Mediterranean" of 8 March 2011 appears as a hasty re-phrasing of past policies, which were obviously in dire need of an update to include a strategic vision, including greater EU institutional capacity to integrate the “new MENA,” as well as the intra- and interregional powers which may continue to, or are starting to emerge as a result of the Arab Spring. Otherwise a “democratization-stabilization dilemma” could become the new status quo (Behr 2011, 9) for the Euro-Mediterranean, north and south.

11 Although anti-American sentiment has been noticeably absent in the discourse of the recent MENA uprisings so far, in contrast to those during the 1980s.

12 In terms of the UfM's success vis-à-vis the Israeli-Palestinian peace process, one might surmise that the current democratic transitions in MENA should in theory strengthen Israel’s security from the perspective of the Democratic Peace Theory (Kant), as its neighbors are becoming more democratic: until this materializes, while several scholars have suggested to exclude the Israeli-Palestinian conflict to enable the UfM to proceed in its mandate in stabilizing the Euro-Mediterranean region to enable it to achieve greater economic prosperity as well as address its myriad of security sectors and levels. The evolving Hamas-Fatah-Palestinian Authority “coalition” might likely give it a stronger voice, which Israel would have to face in the new multi-polarity of the MENA.
Appendix 1: EU Southern Neighborhood List of Projects as of January 2011
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La Asociación Euromediterránea. Un modelo de integración regional –abierto, híbrido y asimétrico–

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1. Introducción

La Asociación Euromediterránea (AEM), creada en 1995, se concibió como una propuesta global, novedosa y ambiciosa para regular las relaciones entre la UE y los Países Socios Mediterráneos (PSM), con la finalidad de establecer una “zona de paz, estabilidad y prosperidad”. Este proceso, supone dos cuestiones relevantes: la centralidad que adquieren las relaciones con los países mediterráneos en la agenda política europea y la adopción de un enfoque innovador para englobar en un todo las relaciones con los países árabes e Israel, desarrollando un modelo de integración regional que se puede considerar, en palabras de la profesora Ester Barbé, como “abierto, híbrido y asimétrico”.

Partiendo de la complejidad y dificultad que entraña el escenario mediterráneo en diversos niveles, esta iniciativa de cooperación multisectorial no ha satisfecho las expectativas despertadas en cuanto a objetivos marcados, a pesar de la validez del proceso, y se caracteriza, 16 años después de su creación, por su baja integración económica, por las débiles relaciones políticas y por la escasa interacción social y cultural. Las relaciones entre la UE y los PSM no se traducen, todavía, en una asociación multilateral vigorosa de alcance, que suponga mejoras sustanciales en la región, actuando como proyecto dinamizador de los retos que representa el escenario mediterráneo. El nuevo marco relacional entre los actores, se asienta en la decidida voluntad de la UE de reorientar su política mediterránea mediante un papel activo, adoptando una perspectiva global, a la vez que más estratégico, superador de las carencias de etapas anteriores.

En su haber positivo, el partenariado supone el desarrollo de unas relaciones institucionales que hasta entonces se venian caracterizando por la fragilidad y por una política de impulsos intermitentes. Por otro lado, la región Euromediterránea se ha consolidado en un sentido de categoría analítica y política, evidenciando las potencialidades que su desarrollo tendría para los actores de ambas riberas del Mediterráneo. Así mismo, hay que acreditar los logros conseguidos en alguno de los capítulos que contempla el proceso, que aunque son desiguales, merecen alta consideración. Además, otro valor añadido, es el funcionar como un marco de diálogo entre los países del norte y el sur mediterráneo, entre los propios vecinos del sur y en su posicionamiento como único foro permanente entre la UE, los países árabes e Israel. Existen evidencias irrefutables para afirmar que el Mediterráneo tiene un futuro común que compartir en múltiples aspectos.

El presente estudio está orientado a analizar los principales desafíos del modelo de asociación Euromediterráneo, nacido en Barcelona, reconociendo que no es fácil escribir algo novedoso sobre el mismo, aunque sigue siendo válido plantear una serie de interrogantes sobre su pertinencia, coherencia y eficacia. De aquí que el objetivo se ciña a intentar responder a estos tres ítem. Para ello, este trabajo se centra en analizar las dinámicas de diferenciación y patrones de convergencia que implica la construcción de la región. El análisis parte de dos premisas: A- la Unión por el Mediterráneo (UPM) como un nuevo instrumento de impulso regional más selectivo y flexible en cuanto a cooperación; B- la plena vigencia de la iniciativa (Proceso de Barcelona), a pesar de la debilidad de resultados, por las potencialidades que encierra en los planos del desarrollo y la seguridad, en un esquema de beneficio mutuo entre los actores.
2. La mutación de la política comunitaria en el Mediterráneo

El desarrollo de las relaciones entre la UE y los países mediterráneos ha pasado por diversas fases13. Será a partir de la década de 1970 cuando la UE considere a la región mediterránea como un tema relevante de su agenda, aunque con una gradación diversificada a lo largo del tiempo, en cuanto a implementación de políticas, en las que ha venido predominando el factor seguridad como eje determinante. La prioridad que ocupa el Mediterráneo en la agenda política europea se justifica en virtud de los grandes desafíos, en distintos planos, que representa la región. Por tanto, será con el proceso iniciado en Barcelona cuando este escenario se posicione como un espacio medular en la política comunitaria, no siendo una novedad y teniendo importantes antecedentes como son la Política Global Mediterránea (1972), que a pesar de su nombre carecía de ambición conceptual y dotación financiera14 y la Política Mediterránea Renovada (1992), que, aunque plantea un cambio de rumbo15, se caracteriza, al igual que la anterior, por una lógica de cooperación al desarrollo.

En las dos últimas décadas, la construcción de un espacio Euromediterráneo refleja la vocación de la UE para contribuir, de manera solidaria, al desarrollo regional. La UE ha apostado por implementar un modelo relacional asentado en la cooperación interregional, pasando de un enfoque fundamentado en la bilateralidad a otro cuyo centro conceptual se asienta en la interregionalidad global. Sin embargo, la construcción de este proceso se viene caracterizando por la complejidad y dificultad, dos características que marcan el espacio Euromediterráneo, al igual que ocurrió en etapas anteriores. En efecto, desde que comenzaron a plantearse las primeras iniciativas comunitarias, por la entonces Comunidad Económica Europea hacia el Mediterráneo sur, el desarrollo de las iniciativas ha sido costoso y plagado de altibajos.

Será a partir de 1995 con la Conferencia Euromediterránea de Barcelona cuando se formalice esta mutación en el plano metodológico, para hacer del Mediterráneo una región estable y prospera, asentada en los conceptos de interdependencia, seguridad y desarrollo. En este sentido, el espacio Euromediterráneo se encuadra como un proceso en construcción fuertemente marcado por la existencia de dos importantes fenómenos en auge en las actuales relaciones internacionales: la globalización y el nuevo regionalismo16. La dinámica internacional de cambios que propicia el fin de la guerra fría beneficia los dos fenómenos aludidos, junto a la ampliación de los conceptos seguridad y desarrollo17. Además, hay que añadir la credibilidad del potencial político y económico que representa la UE. Por tanto, será la ligazón de las propias dinámicas internacionales y las potencialidades de la UE las que posibiliten este nuevo proyecto relacional para la región mediterránea.

Para la UE el Mediterráneo se convierte en una zona estratégica de importancia sustancial, además de un mercado potencial imponente, dado que "representa el 7% de la población mundial y el 13% del PIB del planeta"18. La posición geográfica de este mar, otorga a la región una situación privilegiada geoestratégica, que ha de reflejarse en la agenda comunitaria. Este espacio regional, que ha permanecido asentado por la vieja cultura del desequilibrio norte-sur entre las partes, se redefine en el Proceso de Barcelona, abriéndose a países menos desarrollados, mediante la lógica de la ampliación aunque, por ahora, ha resultado más fuerte que la de la profundización.

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13 En los Tratados fundacionales de la Comunidad Económica Europea el Mediterráneo no aparecía como una región prioritaria para la acción exterior comunitaria. Únicamente, cabe mencionar una referencia, en los anexos, en relación con unos regímenes especiales de naturaleza comercial con Marruecos y Túnez en virtud de las especiales relaciones que ya mantenían con Francia.

14 Se pretendía se un esquema de relaciones permanente, en donde la estabilidad y el desarrollo de la zona serían los objetivos fundamentales perseguidos por Bruselas.

15 Es un nuevo marco estratégico de referencia para el desarrollo de las relaciones entre la UE y los Países Mediterráneos no Comunitarios.


17 El escenario internacional surgido tras la guerra fría conlleva una ampliación de los conceptos seguridad y desarrollo, suponiendo importantes consecuencias para las relaciones de los actores de la sociedad internacional.


La Conferencia de Barcelona marcó el inicio del denominado “partenariado Euromediterráneo” o “proceso de Barcelona”, caracterizado por la creación de un nuevo marco destinado a potenciar las relaciones políticas, económicas, sociales y culturales entre los actores de las dos riberas mediterráneas. Esta iniciativa original, ambiciosa y con un espíritu integral, refleja la apuesta de la UE en reorientar la política mediterránea19, superando las etapas anteriores caracterizadas por los tradicionales esquemas de cooperación comercial y de ayuda a los países de la ribera sur-oriental de este mar, para desempeñar un papel cada vez más activo en la región en clave estratégica, global y de seguridad, que cimienta una zona común de estabilidad y coodesarrollo en el Mediterráneo20.

Diez años después se evidencia que la Asociación Euromediterránea necesita un nuevo impulso que haga avanzar el proceso, superando las desviaciones que se han producido. Este será el objetivo de la Cumbre Barcelona + 10, una evaluación de los logros y debilidades junto con la intención de relanzar el proceso y adaptarlo al nuevo contexto mundial. Apenas dos años después en 2007 el entonces candidato a la presidencia de la República francesa, lanza otra iniciativa con pretensión de relanzar la política mediterránea de la UE21, manteniendo esta propuesta cuando alcanza la presidencia de la nación. Con un carácter excesivamente vago inicialmente, la propuesta francesa, Unión Mediterránea, se basaba en un esquema de cooperación conjunta entre los países estrictamente mediterráneos para cooperar en cuatro grandes programas panmediterráneos22. El lado más positivo de esta iniciativa, que no descontaba relanzar la política árabe del país galo con altas dosis de nostalgia, hay que situarlo en el acierto que supuso colocar el Mediterráneo tanto en el debate doméstico como en el comunitario23.

El lanzamiento en el 2008 de la Unión por el Mediterráneo (UpM)24, refuerza el Proceso de Barcelona en el partenariado Euromediterráneo25, al aportar otro nuevo impulso en el desarrollo regional, mediante la aplicación de una mayor visibilidad, corresponsabilidad, ciertas dosis de pragmatismo y realismo, según la Comisión Europea. Por tanto, el resultado final debería verse enriquecido con un sustancial avance hacia una etapa de mayor vigor y complejidad, integrado en el plano bilateral por la Política de Vecindad (PEV) y en el multilateral por la UpM, en la que participan 43 países. La UpM ha de ser el instrumento que haga posible otro futuro, tanto o más complicado que el precedente, pues a pesar de los grandes objetivos26 políticos y económicos, está casi todo por hacer27. El papel que puede desarrollar la Unión Mediterránea como pieza clave y vertebradora que implemente la construcción mediterránea de la UE se enmarca en procesos anteriores ya definidos, aunque se ve afectada temporalmente por dos grandes fenómenos que actúan de frenos: la persistencia e incluso agudización de conflictos en la región y la crisis económico-financiera actual.

19 AA.VV.: La Mediterránea sans l’Europa (monográfico), en Confluences Méditerranée, septiembre 2010.
21 Pronunciado en la ciudad de Toulon, el 27 de febrero de 2007.
22 Seguridad, medio ambiente, coodesarrollo y diálogo cultural.
23 Pero esta iniciativa resultó estéril por tres razones principales: la vaga estructura del proyecto, el carácter un tanto imperialista por parte de Francia y por prescindir de las capacidades conjuntas de la UE.
24 La Unión Mediterránea se convirtió en la Cumbre de París, celebrada el 13 de julio de 2008, en el Proceso de Barcelona: Unión por el Mediterráneo. En la Conferencia Ministerial de Marsella (4 de noviembre de 2008) se adopta el nombre definitivo de Unión por el Mediterráneo.
25 La Comisión Europea subrayó los logros del Proceso de Barcelona, confirmando la validez de los objetivos. Sin embargo, también confirmó la necesidad de la cooperación con un nuevo enfoque en los proyectos regionales y transnacionales para aumentar el potencial de la integración regional. Esto, establece el escenario para la introducción de la Unión por el Mediterráneo en la agenda política de la UE. Comunicado de la Comisión al Consejo y Parlamento Europeo “El proceso de Barcelona: la Unión para el Mediterráneo”, COM (2008), 319 final.
26 Reforzando los principales campos de cooperación, la UpM tiene como objetivos: actualizar las relaciones UE-PSM manteniendo cumbres bianuales de jefes de Estado y de gobierno; aumentar la copropiedad y las relaciones multilaterales, a través de una presidencia compartida, de estructuras institucionales y de una secretaría conjunta; conseguir que las relaciones sean más concretas y visibles para los ciudadanos, mediante proyectos regionales y subregionales adicionales.
27 Así se desprende del Informe encargado por la Comisión Europea a IEMed, en el que han participado trescientos expertos de la UE. (Barcelona, 17 de Julio de 2010).
La Declaración final de la reunión de Marsella (noviembre 2008) introduce el nuevo marco institucional de la UpM28. La articulación entre la AEM, la PEV y la UpM, se ha convertido en un proceso extraordinariamente complejo, sin estar todavía definidos en su totalidad de manera precisa, cuales son las implicaciones prácticas de la nueva arquitectura institucional de la UpM. En este sentido, dos cuestiones se presentan como decisivas: el gran desafío al que se enfrenta el actual sistema de toma de decisiones y su capacidad para alcanzar el máximo nivel de implicación y participación de los países socios y la gestión financiera, en donde ya se habían producido algunos cambios importantes con la puesta en marcha de la PEV.

4. La lógica del modelo relacional

El tipo de regionalismo que subyace en el Partenariado Euromediterráneo es abierto, híbrido y asimétrico, como lo describe la profesora Esther BARBÉ. El término abierto recubre la idea de una integración “suave” a través de la creación de zonas de libre comercio, más capaces que los Estados individuales para hacer frente a la globalización. Resulta “evidente que se puede caracterizar este nuevo regionalismo de híbrido, dado los altos niveles de heterogeneidad que se dan, por ejemplo en materia cultural y religiosa, y de asimétrico, dada la convivencia de países con niveles de desarrollo muy diferentes como ocurre en la región euromediterránea (12 egipcios equivalenten a un francés en términos de PIB/cápita)”29.

Desde una perspectiva geoestratégica, la región mediterránea (entendida como un área que rebasa los límites estrictamente geográficos) se caracteriza por su alto grado de inseguridad, que supera la noción tradicional de seguridad militar y territorial, a los que se suman el déficiente desarrollo humano, político, económico y jurídico, dibujando una inestabilidad estructural en distintos planos. La estabilidad regional ha sido durante demasiado tiempo la principal preocupación la UE30, refrendada por la colaboración interesada de unos regímenes políticos más preocupados en preservar sus privilegios que en la suerte de las poblaciones. El cuadro potencialmente desestructurado que ofrecen los Países Mediterráneos No Comunitarios (PMNC) se caracteriza por la falta de desarrollo, el agravamiento de los desequilibrios sociales, políticos y económicos junto a la coexistencia de unos modelos políticos agotados, con un proceso de deslegitimación de los gobernantes y un crecimiento económico insuficiente para absorber las necesidades sociales de la población.

La estabilidad de la zona mediterránea, en todas sus vertientes, es decisiva para la seguridad colectiva, por lo que en un contexto de globalización, la UE afronta las relaciones con los vecinos de la ribera sur en términos de región building, junto a una política de prevención de conflictos, en un arco geográfico caracterizado por la potencial conflictividad. El interés de Europa comunitaria por la seguridad global de la región mediterránea, es más reciente y no ha hecho más que aumentar desde el final de la guerra fría31. Será a partir de esta etapa, cuando se modifiquen los postulados tradicionales y el vínculo de la seguridad abarque aspectos políticos, económicos y sociales que anteriormente no estaban en el centro del concepto. El Mediterráneo perdido como riesgo securitario viene ocupando un lugar destacado en la agenda exterior de la postguerra fría de UE, aunque se apliquen dos orientaciones diferentes: la estrategia con los vecinos del este contempla la posibilidad de integración en la UE, mientras que la “mediterraneidad” no significa plenamente “europeidad”.

La lógica empleada por la UE para la región Euromediterránea se asienta en la ligazón seguridad-desarrollo (social, político y económico) como la vía más sólida para lograr la estabilidad, tanto a nivel interno de los países de la Asociación mediterránea como a nivel regional. La línea de actuación general pasa por un avance equilibrado entre los cuatro “cestos” de cooperación. Este enfoque, contempla la seguridad europea desde “la paz perpetua” entre actores que comparten valores comunes32, estando la estrategia europea hacia el Mediterráneo influida por esta corriente, al menos en lo referente a los principios teóricos sobre seguridad. La UE, inmersa en un proceso de profundización de su integración política y económica, no quiere verse afectada por la desestabilización33 de sus periferias inmediatas, en este caso concreto la del Mediterráneo sur.

28 Celebración de Cumbres bianuales de jefes de Estado y una Comisión conjunta permanente, compuesta por representantes de las co-presidencias, que preparará las reuniones de altos funcionarios y ayudará a las co-presidencias en la preparación de cumbres y en temas de política exterior. La Asamblea Parlamentaria Euromediterránea, establecida en 2004, fue reafirmada. A la Secretaría y a la Co-presidencia, les fueron otorgadas funciones centrales, con la finalidad de fomentar la participación equilibrada de los socios europeos y los mediterráneos. Se nombra un Secretario General y 6 Secretarios Adjuntos.
30 KHADER, B.: Europa por el Mediterráneo, Icaria, Barcelona, 2009.
Diversas causas motivan el nuevo enfoque de la política mediterránea de la UE. El contexto internacional a mediados de la década de 1990 posibilita reorganizar las relaciones que la UE tenía con sus vecinos del sur, máxime cuando las actuaciones anteriores no habían surtid los efectos esperados. Por tanto, en esta búsqueda de modelo relacional se va a optar por generar un nuevo proceso, iniciado en la Conferencia Euromediterránea de Barcelona, mediante políticas mucho más activas de carácter multisectorial, a través de la cooperación, bajo el principio de que los beneficios serán mutuos para los actores y la responsabilidad compartida. La base de la estrategia europea será triple:

- Exportación del modelo de integración europeo como aval de estabilidad para la región, a través de la colaboración cooperativa en distintos ámbitos.
- Consolidación del regionalismo para hacer frente a los retos de la globalización y el desarrollo.
- Integración en la estrategia europea de los principios que van a configurar un orden internacional en el ámbito de la seguridad.34

5. La complejidad del escenario sur mediterráneo

La ribera sur del Mediterráneo es una entidad regional compleja en virtud de factores políticos, culturales y económicos. El espacio Euromediterráneo se posiciona como una de las fronteras más determinantes entre el mundo rico y el subdesarrollado. A modo de ejemplo, las diferencias en términos de renta per cápita eran hace una década de 1 a 15 a favor de los países europeos y las previsiones subrayan que llegarán a ser de 1 a 20 al final del presente decenio. Estas disparidades han ido creciendo, manteniéndose como una constante, pese a las sucesivas iniciativas comunitarias para favorecer el desarrollo de la región. La orilla sur-este mediterránea ofrece una gran riqueza en recursos naturales –agrícolas, minerales y energéticos–, un considerable mercado potencial y un casi inexistente comercio entre los países del sur, elementos que vienen desempeñando un papel importante en la estrategia de globalización de la economía europea.35

Los indicadores económicos muestran niveles bajos de renta per cápita y unas caracterísicas económicas muy complejas, con un elevado peso del sector primario en la economía (agricultura, minería o petróleo, según los casos). La deuda externa continúa hipotecando el crecimiento de la región. A diferencia de otras regiones del planeta, los países del Mediterráneo sur no han llevado a cabo una reforma económica estructural y sigue siendo constante la intervención del Estado, con un poder de corte paternalista y con un fuerte peso de las empresas públicas en las economías nacionales. La administración es ineficiente, estando excesivamente burocratizada. Los sistemas fiscales son regresivos. Aunque algunos países han firmado acuerdos comerciales con la UE tendentes a la creación de un área de libre comercio, la política comercial es muy proteccionista.

La pobreza absoluta y la desigualdad tienen menor incidencia al ser más reducidas que en otros espacios regionales, lo que puede explicarse por las variables religiosas y culturales. Los Informes sobre el Desarrollo Humano demuestran que esta región no es la de menor desarrollo del planeta, quedando delante de África subsahariana y de Asia meridional en un cómputo general. Sin embargo, ponen de manifiesto una larga trayectoria marcada por la inercia y por las políticas ineficaces implementadas, cuyo resultado son los grandes desafíos actuales. Las amplísimas disparidades económicas entre los países árabes se consagran como uno de los rasgos más característicos del conjunto regional. En términos generales, la promoción del desarrollo en las últimas décadas ha tenido resultados limitados, destacando como causas principales cuatro tipos de déficit: el de la gobernanza, el de la libertad, el del conocimiento y el de la emancipación de las mujeres.

34 Derivados de la Carta de París para una nueva Europa (1991), auspiciada por la CSCE, en la actualidad OSCE.
35 A modo de ejemplo respecto al enorme abismo de riqueza en el lado septentrional y meridional de la cuenca, es reseñable, que cuatro países mediterráneos comunitarios –España, Francia, Italia y Grecia– acaparan más del 80% del PIB de toda la zona, pese a representar menos de la mitad de su población total. En 2008, la divergencia del PIB per cápita entre los países del norte y sur del Mediterráneo es cinco veces mayor.
36 El comercio entre los cinco países que componen el Magreb, apenas representa el 5% del comercio total de sus miembros, lo que indica el bajo grado de integración comercial de la zona. Si ampliamos a los países del sur mediterráneo (PMS) miembros del Proceso de Barcelona, la cifra no llega a 7 %.
En el aspecto político, la región no se identifica por la democratización y las timidas reformas que algunos países han emprendido, sino por la lentitud y la falta de proyectos integrales. Por otro lado, la resistencia de las élites a favorecer procesos políticos democráticos y sociedades abiertas, se presenta como uno de los principales retos de estos países. En el plano internacional, el conjunto de conflictos latentes y la aplicación de políticas de hegemonía regional, suponen un obstáculo de gran magnitud para el desarrollo económico y la integración regional sur-sur. Tampoco han contribuido al crecimiento regional las escasas cifras de inversión extranjera y la dependencia comercial respecto de la UE –los países socios mediterráneos envían globalmente el 51% de sus exportaciones a la UE y el 53% de sus importaciones proceden de Europa comunitaria–.

Otra variable llamativa en el terreno de las diferencias se centra en el aspecto demográfico, puesto que los PMNC ostentan cifras de crecimiento mucho más altas que los europeos. Además, en los primeros, se está produciendo una continua avalancha hacia las ciudades, que no se corresponden con incrementos sustanciales de los servicios públicos. Estos contrastes económicos y demográficos, están desembocando en un conjunto de consecuencias sociales que preocupan tanto a los gobiernos europeos como a las autoridades comunitarias, pues son considerados como potenciales riesgos a la estabilidad de la región y, por tanto, a la seguridad global y humana. Por un lado, la emigración clandestina hacia la UE se ha convertido en la respuesta de amplios sectores poblacionales. Por otro lado, la masiva emigración a las ciudades genera desempleo, pobreza y paro. La tasa de crecimiento de los países del sur mediterráneo que en un cómputo global se sitúa en algo más del 3% en el último quinquenio, resulta totalmente insuficiente para lograr y mantener niveles de vida de calidad para la mayoría de la población.

6. **La Asociación Euromediterránea como referente**

Disponemos de suficientes elementos de juicio para evaluar el recorrido y apuntar algunos elementos de prospectiva de la Asociación Euromediterránea, que presenta una posición delicada, dibujando un futuro muy abierto, en parte debido a la dificultad implementación de los objetivos a conseguir, pero también por la falta de voluntad política de los actores, tanto comunitarios como los de la ribera sur. En este sentido, no todos los déficits se pueden imputar al partenariado, puesto que están de carácter estructural y los derivados de cada país socio. Sin embargo, teniendo en cuenta los objetivos planteados en 1995, sigue resultando pertinente preguntar ¿qué ha fallado y qué ha aportado el proceso al escenario mediterráneo?. Es evidente que el impacto de la Asociación Euromediterránea no ha sido el mismo en cuanto a países, que parten de situaciones diversas, o si tomamos en cuenta los resultados tangibles de los cuatro cestos o capítulos marcados, dado que influyen otras variables difíciles de cuantificar.

Existe un amplio consenso en relación a que el Proceso iniciado en Barcelona ha ido cimentando las bases de un marco de cooperación y diálogo permanente, y es posible, gracias a ello, corregir las deficiencias actuales, por lo que la revitalización y las mejoras entran en la lógica fundacional. Así mismo, hay que situar en su haber la instauración de un sistema de mayor confianza entre los actores, tanto comunitarios como los de la ribera sur. Aunque quedan muchas cosas por hacer, no se puede olvidar que también es la única tentativa existente en el conjunto de la región que intenta crear un espacio de paz y estabilidad, fundamentado en valores comunes, representando una nueva aproximación en las relaciones internacionales. En suma, se percibe como un proyecto ambicioso, moderno y relevante, siendo “hoy, por hoy, el único instrumento posible para impulsar las reformas en los países del sur de una manera sensible y graduada”.

La iniciativa de la Asociación Euromediterránea fue recibida con un clima de optimismo generalizado, tanto en sectores institucionales, políticos o académicos. Las críticas también resultan más agudas dado que el listón, en cuanto a expectativas, estaba alto. Sin descontar las dificultades que enfrentaba el proceso, se subestimó en cierta medida la extraordinaria complejidad que entraña la región. En este sentido, el carácter multisectorial del proyecto refrendaba los variados retos del escenario mediterráneo, la vocación de la UE con los desafíos

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39 “A pesar de todos los avances producidos durante los primeros siete años del Partenariado, los resultados en términos de movilización de inversiones europeas fueron bastante escasos, apenas un 5% de la inversión europea en el mundo, lo que redujo en unas tasas de crecimiento y creación de empleo bastante discretas en un contexto en el que el Banco Mundial subrayaba que sólo para absorber el incremento demográfico, los países del Sur deberían crear 45 millones de empleos”. FLORENSA, S.: “Del Proceso de Barcelona clásico a la Unión por el Mediterráneo: la consolidación del partenariado Euromediterráneo”, en BENEYTO, J. M. (dir.): *La apuesta por el Mediterráneo: Un reto para el siglo XXI*, Biblioteca Nueva, Madrid, 2010, p. 55.

40 La evolución demográfica de estos países genera problemas de estabilidad interna, que deriva en mayor presión migratoria hacia los mercados laborales comunitarios.

7. Objetivos ambiciosos de difícil implementación

El balance de estos años de partenariado conduce a evaluar los resultados en función de los objetivos fijados en 1995, demandando un análisis más amplio de lo que permite este estudio. Por tanto, hemos optado por responder a tres preguntas generales, que posiblemente múltiples matizaciones: ¿son mejores las condiciones de vida de la población?; ¿es mayor la convergencia económica entre los socios?, ¿la colaboración en los ámbitos social, cultural y humano se ha incrementado?. La filosofía que inspira Barcelona 1995 es un proceso de largo recorrido, aunque el tiempo y las necesidades inmediatas pidan resultados sustanciales. La UE ha utilizado su modelo interno como instrumento de acción exterior para su periferia esperando que se reproduzca, aunque los resultados finales están todavía por cuantificar.

Por lo que respecta a la primera pregunta que enlaza con el pilar de cooperación política y de seguridad, el objetivo se presentaba especialmente complejo, puesto que se percibía la región mediterránea sur como un escenario conflictivo, cargado de focos de tensión de gran intensidad, que supera los conflictos estrictamente territoriales. Siguen persistiendo los conflictos latentes con toda su potencialidad, siendo especialmente significativo el palestino-israelí, que es el más impactante. Se ha avanzado en el refuerzo del diálogo político, además de progresos parciales en materia de colaboración entre instituciones. Sin embargo, en los socios del sur, la percepción dominante es que la UE sigue primando las cuestiones relacionadas con la seguridad en detrimento de los planos económicos o de desarrollo, de mayor atractivo para estos países.

El diálogo político junto a la promoción del Estado de derecho y la democracia, el respeto a los derechos humanos y la diversidad, se posicionaron como esenciales para conseguir la confianza mutua entre los socios. Uno de los temas en el cual el avance no ha resultado positivo es el de los valores democráticos, puesto que la democratización regional todavía sigue sin asentarse. Se critica a la actitud complaciente de la UE con algunos
regímenes autoritarios mediterráneos, “donde los esfuerzos realizados por la UE para promover la democracia y los derechos humanos, a pesar de la validez universal de este tipo de valores, han sido limitados en escala”47. Los tímidos avances en el terreno de la liberalización política de algunos países de la cuenca sur mediterránea, hay que situarlos antes del Proceso de Barcelona48, con un carácter marcadamente cosmético.

Reconociendo que es un tema controvertido y que encuentra muchas dificultades para su efectiva operatividad, la cuestión de la condicionalidad política, tanto positiva como negativa, ha sido poco efectiva y no se ha aplicado. Los incentivos no resultan suficientes para promover reformas en los países del sur, optando por promocionar instrumentos en torno a las denominadas políticas indirectas49. Ha resultado más positivo el diálogo político norte-sur, adquiriendo su institucionalización, frente al sur-sur que se sigue caracterizando por la desconfianza, a pesar de la binomía que puede resultar de una mayor cooperación entre estos actores, además de verse reforzados por estrategias de integración entre ellos ante otro interlocutor.

En cuanto a desarrollo humano los avances del sur-este mediterráneo, pueden considerarse como reducidos. Según el último Informe de Desarrollo Humano elaborado por el PNUD en 2010, los países de la UE se encuentran en un ranking calificado como muy alto junto a Israel (el 15), mientras que los países de la ribera sur se mantienen sin apenas sufrir variaciones: en una posición alta –Líbia el 53, Túnez el 81, Jordania el 82, Argelia el 84– y media, –Siria en el 111, Marruecos en el 114–. En el percentil considerado como bajo está Mauritania ocupando en número 136. Así mismo, los sucesivos Informes sobre Desarrollo Humano específicos sobre los Estados árabes identifican una serie de déficit un tanto consagrados, en el sentido de permanecer como constantes.

Pese a que no se ha cumplido la hipótesis de partida, que consideraba que el desarrollo económico haría evolucionar positivamente a los socios del sur hacia un modelo de sociedad abierta también en el plano político, el segundo cesto, cooperación económica y financiera, es el que ha obtenido un mayor desarrollo, que ha afectado al sector gubernamental y al privado, mediante una actividad más intensa. En relación con el primero, se han aproximado políticas sectoriales con el fin de converger en una zona económica Euromediterránea, de las que son partícipes sectores como la energía, el agua, el turismo, la pesca, la industria, las pequeñas y medianas empresas, los transportes marítimos o la sociedad de la información, consiguiendo avances relevantes en cuanto a una mayor aproximación y modernización. En el sector privado las iniciativas han recaído en el conocimiento recíproco o el refuerzo institucional, aunque los resultados son menos tangibles.

En el ámbito económico se incluye la cooperación económica, la ayuda financiera y la creación de un área de libre comercio Euromediterránea, que debería estar completada entre 2010-2012. El establecimiento gradual y progresivo de una zona de libre comercio mediante los acuerdos de libre comercio, “que se han convertido, para bien o para mal, en el núcleo de los Acuerdos de Asociación, más por las carencia de otras cestas que por las propias virtudes de la liberalización comercial”50, y cuyo contenido varía de un socio a otro a pesar de existir elementos comunes entre todos, se inscribe en el objetivo de una zona de prosperidad compartida que aminore las desigualdades y aumente el nivel de vida de las poblaciones. El logro de estos objetivos supone la ampliación de los mercados, así como facilitar la libre circulación de bienes y capitales, sin que resulte fácil, teniendo en cuenta la debilidad estructural de sus economías, la escasa diversificación de las mismas o la falta de infraestructuras.

Aunque se suele achacar que el partenariado ha activado la lógica comercial, la intención de la UE ha sido precisamente lo contrario, potenciando igualmente la cooperación política y social, en un intento de equilibrio que huya de los esquemas estrictamente comerciales que caracterizaron la Política Mediterránea Renovada y en mayor medida la Política Global Mediterránea. Respecto a la integración comercial de los socios podemos extraer dos conclusiones: primera, “la evolución del Proceso de Barcelona, incluyendo las nuevas iniciativas, surgidas en paralelo y su configuración bajo la figura de la UpM, muestra cierta continuidad. Los progresos son lentos y fragmentarios, mayores en unos países que en otros, pero existen. La segunda conclusión es que

48 Desde que a finales de la década de 1980 algunos países comenzaron con tímidas liberalizaciones políticas, los procesos se convirtieron en reformas de carácter cosmético, en donde la emergencia o radicalización del fenómeno islamista abortó esta liberalización hasta la actualidad.
la UE debería reconsiderar el tamaño, la secuencia y el alcance social de los incentivos que ofrece a cambio de las reformas\textsuperscript{51}.

La tercera cesta de la Asociación Euromediterránea partía de dos ideas eje: la necesidad de superar los estereotipos negativos existentes entre civilizaciones tan próximas, en pro de potenciar los numerosos rasgos comunes, bajo el epígrafe de la diversidad y el interés por implicar a la sociedad civil en el desarrollo de la Asociación Euromediterránea, en cuanto a desarrollo social, cultural y de asuntos humanos. Aunque se han implementado programas e iniciativas, la tónica dominante se sigue caracterizando por no responder a las expectativas cifradas. Las dificultades en este terreno tan delicado no sólo son achacables a la escasez de recursos financieros disponibles, que resultan marginales en comparación a otras políticas, sino también a las resistencias de los socios del sur para facilitar un desarrollo autónomo de la sociedad civil, con sensibilidades distintas a las del poder político.

Así mismo, hasta 2005, se aprecia una importante descompensación entre los diversos temas que integra este capítulo, especialmente el dossier migratorio, cuya gestión se abordaba desde el prisma bilateral y no sería hasta esta fecha, cuando el partenariado genere una estrategia en este sentido, añadiendo una cuarta cesta referida a justicia y asuntos de interior. Las políticas desplegadas no han sido suficientemente efectivas para desarrollar una estrategia común acorde con los retos que representa el fenómeno migratorio, pese a que la región Euromediterránea se ha mostrado como un espacio especialmente activo en procesos multilaterales\textsuperscript{52} que han abordado el factor migratorio. Se ha mejorado sustancialmente en cuanto al enfoque global de este fenómeno\textsuperscript{53}. Será tras la Conferencia Euromediterránea de Barcelona 2005 y la reunión ministerial de Albufeira (noviembre 2007), cuando la inmigración se incorpora explícitamente a este ámbito de acción de la UE, tratando de ordenar estos flujos y conseguir que tengan unos efectos favorables sobre el desarrollo de los países sur\textsuperscript{54}.

8. Conclusiones

La iniciativa que arranca de Barcelona 1995, original y ambiciosa, sienta las bases de un nuevo enfoque regional, tanto en el plano político, económico y social, mediante un prisma más global y estratégico, que superara las carencias de etapas anteriores. Por tanto, y a pesar de que el proyecto Euromediterráneo, en conjunto, ha sido modesto en cuanto a resultados tangibles y no ha avanzado la velocidad deseada, contiene dos méritos indiscutibles: se ha logrado crear y mantener cierto espíritu de asociación entre los actores, además de institucionalizar un marco cooperativo. La garantía del éxito está ligada a tres factores: la necesidad de activar la voluntad política más que crear otras nuevas “criaturas”, el sentirse de considerar como propios los proyectos existentes por parte de los socios y mejoras sustanciales de carácter económico, es decir, mayor dotación para implementar las políticas y los proyectos propuestos.

Resulta evidente la necesidad de un nuevo impulso que haga avanzar el proceso superando algunas desviaciones. El planteamiento básico del modelo relacional entre los actores sigue siendo muy válido, aunque necesita consolidarse y perfeccionarse. Por tanto, la AEM es el marco de referencia válido para dar respuesta a los desafíos de la región y contiene elementos suficientes para atender a los desafíos de la zona, desde una perspectiva de cooperación multidisciplinar e interconectada, para aminorar significativamente las asimetrías existentes, en diversos planos, entre ambas regiones. El desarrollo de unas relaciones fructíferas y mutuamente beneficiosas, es la mejor forma de garantizar un futuro común.

Sin un Mediterráneo estable y próspero, es difícil garantizar la seguridad colectiva. La región sur mediterránea representa un panorama efervescente en el plano de la seguridad internacional y del regionalismo mundial. En esta nueva etapa postbipolar, el auge del terrorismo de carácter islamista, la radicalización religiosa, la seguridad energética, la debilidad en cuanto a socialización democrática, los desequilibrios provocados por la falta de desarrollo humano y económico, la lucha por la hegemonía regional, la escasa integración regional, la emigración clandestina, por enumerar algunos de los capítulos más sensibles, constituyen importantes trabas y configuran un marco de actuación delicado.

\textsuperscript{51} Op. cit., p. 46.
A modo de exposición sintética podemos señalar una serie de puntos dentro de la reflexión general de que la cooperación Euromediterránea es un proceso, expuesto a cambios y adaptaciones, sobre la base de un partenariado que se inscribe en la responsabilidad compartida y en la igualdad entre los miembros: 1º. Los objetivos del Proceso de Barcelona siguen siendo válidos, aunque impliquen una revisión de los métodos de trabajo. 2º. La necesidad de ajustar el perímetro regional mediante la incorporación de nuevos países. 3º. La dificultad de aislar el proceso de los conflictos y no sólo del árabe-israelí, que es el más importante. 4º. Un desarrollo más armonioso entre los distintos cestos o capítulos de cooperación, que evite desequilibrios entre ellos y garantice los diversos objetivos de cooperación. 5º. Mayor cooparticipación de los países del sur, para evitar un sistema de percepciones negativo. 6º. Aumento de la financiación para superar el eterno dilema este-sur en la atención de la UE y para implementar los proyectos. 7º. Incorporación plena de las sociedades y de los ciudadanos al proceso, lo que significa mayor visibilidad del mismo. 8º. Apropiación de los beneficios de la cooperación por parte de los ciudadanos del sur, es la forma más directa de percibir los beneficios de la Asociación Euromediterránea.

Invertir en el proceso es sembrar, para conseguir un futuro relacional satisfactorio para los actores, pues es evidente que la región mediterránea tiene un futuro común que compartir en múltiples aspectos, por su alto grado de interdependencia, por los desafíos comunes y por las potenciales sinergias que comparten los actores.
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Europe and the USA: Diagnosis of the Trans-Atlantic Relationship in the Twenty First Century

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"We want strong allies. We are not looking to be patrons of Europe. We are looking to be partners of Europe". Obama, 2009

1. Introduction. Prospects for the EU and the US in the Post-Cold War Scenario

International relations and international society have significantly changed in the last 25 years. The end of the Cold War marks a milestone and obliges us to shape a new paradigm to understand the world order, a new paradigm which can be defined economically by the advent of globalization, sociologically by the revolution of technologies, politically by the absence of traditional threats and the outburst of the “war on terror.”

Certainly, during the second half of the 20th century the USA and Western Europe have had “a common enemy” to fight –communism–. After the failure of the European Defense Community and the incapacity of European States to be autonomous on military terms, the North Atlantic Organization has held its dominance ruling security and providing the military needs of Western civilization.

With the fall of the Berlin Wall and the emergence of new powers –China, India, Pakistan, Brazil, among others–, the world has stopped being bipolar and has offered a more fragmented or diffused side facing the challenges of the 21st century: terrorism –weapons of mass destruction–, climate change, energy –oil, nuclear–, migration issues...

The transatlantic relationship has to adapt to this scenario. Europe and the USA must improve and develop the necessary tools and strategies in order to respond to these goals effectively. In short, the following paper analyzes the evolution of the US-Europe strategic partnership since its formal establishment paying special attention to current challenges. Certainly, our work casts light on the origins and grounds of the relationship,

57 He phrase War on Terror was first used by former US President George W. Bush and other high-ranking US officials to denote a global military, political, legal and ideological struggle against organizations designated as terrorist and regimes that were accused of having a connection to them or providing them with support or were perceived, or presented as posing a threat to the US and its allies in general. It was typically used with a particular focus on militant Islamists and al-Qaeda. Although the term is not officially used by the administration of US President Barack Obama (which instead uses the term Overseas Contingency Operation), it is still commonly used by politicians, in the media and officially by some aspects of government, such as the Army’s Global War on Terrorism Service Medal. Thomas L. Friedman (13 September 2009). “Foreign Affairs”; World War III, New York Times, Retrieved 10 November 2009. ‘Global War On Terror’ Is Given New Name, Scott Wilson and Al Kamen, The Washington Post, March 25, 2009; Page A04.
examines key documents, the institutional framework, and makes emphasis on tools and mechanisms developed. Finally, this contribution argues that the basis of a strong partnership lies in a European Union able to become a global player—a consistent common foreign and security policy and defense identity—and proposes a co-operative model with NATO.

2. The Partnership between Europe and the USA

2.1. Origins and Grounds of the Relationship

The European Union and the United States of America established diplomatic relations as early as 1953. The United States has long been a supporter of European integration, and it was the first non-EU country to officially recognize the European Coal and Steel Community (ECSC) and dispatch an official representative to Brussels.58

However, the cooperation was formalized for the first time in November 1990 with the Transatlantic Declaration. Since December 1995, the New Transatlantic Agenda, NTA, has provided the foundations of this partnership.

Constant and intensive dialogue has been the key factor to push forward the ambitious agenda of cooperation between the EU and the US. This dialogue has taken place at various levels: annual summit meetings between EU and US Leaders, technical work at expert level...

Within the framework of the NTA and in line with the Transatlantic Economic Partnership (TEP) launched in 1998, the Transatlantic Economic Council (TEC) was created in 2007 in order to boost the transatlantic economy.

It is important to underline that the relationship has been more robust and fruitful in many areas of economic policy—trade, regulation, competition—and in climate change. As a matter of fact, together, the EU and the USA have the largest bilateral trade and investment relationship in the world, roughly 31% of the world trade and over 53% of the world GDP.

What is the real substance that has kept this relationship solid for half a century? Shared Values, Shared Challenges and Shared Achievements59.

“The strategic partnership between the EU and the U.S. is firmly anchored in our common values and increasingly serves as a platform from which we can act in partnership to meet the most serious global challenges and to advance our shared values, freedom and prosperity around the globe. We seek a world based on international law, democracy, the rule of law and human rights and strengthened by broad and sustainable market-based economic growth.”

Certainly, Americans and Europeans share history, culture and values: the values of democracy, the rule of law, human rights, individual liberties and the market economy; the values that have forged a brilliant civilization which have preserved and promoted peace and prosperity in the second half of the twentieth century and nowadays must find solutions and design strategies before the challenges of the twenty first century. The Transatlantic Agenda is a good example of these tools.

2.2. The Transatlantic Agenda

This contribution is still a preliminary work on the topic. In an advanced stage of my research, I will describe a more detailed evolution of the summits and meetings. Now I will focus on the early years of the co-operation—to examine the period when it was formally launched—. I will analyze as well the most recent achievements so as to offer a current view on the subject.

The Transatlantic Agenda was established with the 1990 Declaration. The Conclusions of the 1995 Summit contributed to shape the early design of mutual strategy. The spirit underlying was that for over fifty years the

58 William Tomlinson, Head of the U.S. Liaison Office to the High Authority of the European Coal and Steel Community (1952).
59 “For over fifty years, the transatlantic partnership has been the leading force for peace and prosperity for ourselves and for the world. Together we helped transform adversaries into allies and dictatorships into democracies. Together, we built institutions and patterns of cooperation that ensured our security and economic strength. These are epic achievements.” The New Transatlantic Agenda, 1995.
60 2008 EU-US Summit Declaration.
transatlantic partnership has been the leading force for peace and prosperity in the EU, in the USA and in the world too.

Four major goals can be distinguished:

- Promoting peace, stability, democracy and development a) in Europe – Central and Eastern Europe as well as in Russia, Ukraine and other new independent states–, b) and around the world –the Middle East–. At this respect, the construction of a new European security architecture was also relevant: the North Atlantic Treaty Organization, the European Union, the Western European Union, the Organization for Security and Cooperation in Europe and the Council of Europe would have complementary and mutually reinforcing roles to play;

- Responding to global challenges: the fight against international crime, drug-trafficking, terrorism – stimulating joint efforts between the U.S. and the future European Police Office, EUROPOL–; address the needs of refugees and displaced persons; protect the environment and combat disease;

- Contributing to the expansion of world trade and closer economic relations, strengthening the multilateral trading system through the creation of a New Transatlantic Marketplace where barriers that hinder the flow of goods, services and capital would be progressively reduced or eliminated;

- Building bridges across the Atlantic broadening public support for the EU-US partnership. To that end, commercial, social, cultural, scientific and educational ties will be deepened to nurture in present and future generations the mutual understanding and sense of shared purpose and of commitment to developing a full and equal partnership.

In order to reach those goals, the EU and the USA explicitly mentioned their will to work at a multilateral level, such us within the United Nations and other multilateral fora; and at a bilateral level. These bilateral efforts were organized into the following structure:

- Bilateral summits (initially biannual but annually since 2000),

- Biannual dialogue at the level of EU Foreign Ministers/US Secretary of State,

- A Senior Level Group at the level of US Undersecretary of State and EU Commission Director-General to oversee implementation of the NTA,

- An NTA Task Force at Director level to facilitate exchanges at the operational level,

- The Transatlantic Economic Partnership, with its own steering group and action plan, which was replaced in 2007 by the Transatlantic Economic Council (TEC),

- A Transatlantic Legislators Dialogue (TLD), involving regular exchanges between the European Parliament (EP) and US House of Representatives,

- A series of people-to-people dialogues, including the Transatlantic Business Dialogue and the Transatlantic Consumer Dialogue.

Moving ahead to recent times, in the EU-USA Summit that took place in Lisbon in November 2010, the European Union and the United States reaffirmed their close partnership and made emphasis on shared values, on political experience and on deep economic interdependence. Facing new challenges, they aspire to bring greater prosperity and security to the 800 million citizens on both sides of the Atlantic. The discussion focused on three key areas of cooperation: a) sustainable economic growth paying special attention to the creation of jobs; b) meeting global challenges such us climate change and international development; c) security.

a) Economic growth

On the economy, they discussed the results of the G20 Summit in Seoul and were favorable to fiscal consolidation, financial market reform, but rejected competitive devaluation and protectionism. They also adhered to the Doha Development Agenda to complete an agreement to expand trade and open markets and

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agreed to coordinate efforts in areas such as trade, protection of intellectual property, regulation, investment policy. They recognized the central role of the Transatlantic Economic Council, TEC, and tasked it not only to develop a transatlantic agenda to stimulate growth and create jobs, but also to identify ways to improve transatlantic consultation, develop joint principles and compatible regulation in economically promising new technologies and sectors. In addition, the Energy Council was tasked to enhance cooperation on the development and deployment of clean energy technologies and to promote energy security fostering transparent and efficient energy markets, including the diversification of supply sources and routes. Both the TEC and the Energy Council should report progress in these areas in 2011.

b) Global Challenges

On Climate Change, they stood by the Copenhague commitments and reinforced their cooperation in all relevant fora, in particular, the UN Framework Convention and the Major Economies Forum. Food Security, Health and the Millennium Development Goals are on the agenda too. Other major issue is EU-US Dialogue on Development to produce a work plan for improved in-country cooperation on aid effectiveness with a focus on division of labour, transparency and accountability, ahead of the Fourth High Level Forum on Aid Effectiveness in November 2011.

c) Security

The European Union and the United States agreed on the need to confront major international issues and global challenges with a more comprehensive and strategic approach, and in a more concerted manner. In this regard, they welcomed the agreement in NATO’s Strategic Concept on further strengthening the EU-NATO strategic partnership, and reaffirmed their commitment to enhance EU-NATO cooperation in crisis management in the spirit of mutual reinforcement and with respect for their decision-making autonomy. They also identified a wide range of trans-national areas of partnership:

- the Working Group on Cyber-security and Cyber-crime,
- the fight against proliferation of weapons of mass destruction,
- the promotion of direct talks between Israel and the Palestinian Authority with the aim of forging the framework of a final agreement within a year,
- the support of the Special Tribunal for Lebanon,
- the engagement with Iran while maintaining pressure via sanctions,
- the efforts for stability in Afghanistan,
- the work with Pakistan’s civilian government to help expand trade ties, bolster economic development, and combat violent extremism,
- the need for peace and stability in Sudan, ensuring that the upcoming referenda reflect the will of the populations concerned.

The main axes of the Transatlantic Agenda have not changed since it was set up. Certainly, the areas of work in the 1990’s and today can be summarized in: concern about democracy and human rights; the need to tackle with global challenges and security issues.

2.3. The Institutional Framework

Since its foundation the Transatlantic Relationship has woven a network of channels and bodies which have contributed significantly to ongoing progress and achievements. At the same time, the institutional structure is a good example of the evolution of the Transatlantic Agenda to new developments and priorities.

Annual summits, held alternately in the EU and the U.S., take place between the Presidents of the European Commission and the European Council and the President of the United States.

The Senior Level Representatives Group (SLG), comprising senior officials from the European Commission, the EU Presidency, the Council Secretariat, and the U.S. State Department, meets four to six times per year and prepares reports for summit leaders on achievements and new priorities. The SLG is supported by a task force responsible for the day-to-day implementation of agreements.
The New Transatlantic Agenda has given rise to numerous cooperative instruments, such as the Transatlantic Economic Council (TEC). The Transatlantic Economic Council is a political body to oversee and accelerate government-to-government cooperation with the aim of advancing economic integration between the European Union and the United States of America. The TEC brings together European Commissioners and U.S. Cabinet members responsible for directing and managing economic cooperation in the areas covered by the framework. At the EU-US Summit on 30 April 2007, Commission President Barroso, German Chancellor Merkel and US President Bush signed the “Framework for Advancing Transatlantic Economic Integration between the United States of America and the European Union”. Key elements of this framework were the adoption of a work programme of cooperation, and the establishment of the TEC to oversee, guide and accelerate the implementation of this work programme. The Vice-President for Enterprise and Industry chaired the Transatlantic Economic Council (TEC) from its inception in 2007 until 2009. Currently, the TEC is chaired by European Commissioner Karel De Gucht and Michael Froman, deputy assistant to the U.S. president and deputy national security adviser for international economic affairs. The co-chairs jointly developed a set of working arrangements that should make this Council a useful and effective tool to attain their common objectives. The Summit leaders have tasked the TEC to convene a Group of Advisers, consisting of the Co-chairs of the three existing transatlantic dialogues, the Transatlantic Legislators’ Dialogue, TransAtlantic Consumer Dialogue and TransAtlantic Business Dialogue. The main areas of cooperation are: Regulatory cooperation, Intellectual Property Rights, Secure Trade, Financial Markets, Innovation and Technology, Investment.

As we have already outlined, thematic Dialogues include the Transatlantic Business Dialogue (TABD), the Transatlantic Consumer Dialogue (TACD), and the Transatlantic Legislators’ Dialogue (TLD). These forums ensure that a very wide range of actors contributes to the EU-U.S. policy process by encouraging legislators, business-people, consumers, scientists, academics, and citizens’ groups to reinforce links with their transatlantic counterparts.

The Transatlantic Legislators’ Dialogue aims at enhancing the dialogue between European and American federal legislators, the European Parliament and the American Congress. The TLD is founded on the principle that EU-US relations go far beyond foreign policy or trade issues, and also involve other fields of legislation. Whether economic and financial policies, energy and climate change or issues of civil liberties, much legislation has an effect across the Atlantic, either intentional or unintentional. For this reason, the parliamentary relationship was deepened one step further in 1999, with the creation of the TLD. Taking the existing interparliamentary relationship, which goes back as far as 1972, as its basis, the TLD aims to strengthen and enhance the level of political discourse between European and American legislators. The TLD constitutes the formal response of the European Parliament and the US Congress to the commitment in the New Transatlantic Agenda (NTA) of 1995, to enhanced parliamentary ties between the European Union and the United States. In practical terms, the TLD includes the bi-annual meetings of the European Parliament and the US Congress delegations and teleconferences, organized on specific topics of mutual concern, with a view to fostering an ongoing and uninterrupted dialogue. In a broader sense, the TLD also involves the work of parliamentary committees and their direct contacts across the Atlantic. As legislation is mostly prepared at committee level, it is important that the dialogue starts here. The European Parliament and the US Congress have established a Steering Committee to co-ordinate TLD activities, in which these parliamentary committees are represented.

The Trans-Atlantic Consumer Dialogue is a forum of US and EU consumer organizations which develops and agrees on joint consumer policy recommendations to the US government and the European Union to promote the consumer interest in EU and US policy making.

The Trans-Atlantic Business Dialogue (TABD) is the principal business interlocutor with the U.S. Government and the European Union on the transatlantic economic relationship. The organization was convened in 1995 by the U.S. Department of Commerce and the European Commission to serve as the official dialogue between American and European business leaders and U.S. cabinet secretaries and EU commissioners. Membership is comprised of chief executive officers or chairmen of American and European companies operating in the United States, Europe and globally. The TABD has a unique meeting structure. Meetings are structured to allow candid exchange of views and discussion of policy options among transatlantic business leaders and U.S. and European government officials, which then leads to business-government partnership to resolve specific issues, promote transatlantic cooperation, and enhance business opportunities. The goal is to achieve the freest possible exchange of capital, goods, services, people and ideas across the Atlantic in the conviction that a barrier-free transatlantic market will serve as a catalyst for global trade and investment.
liberalization and help stimulate innovation, job creation, and economic growth. These positions based on issue-specific policy recommendations are developed by TABD Working Groups, reviewed by the Joint Policy Committee and endorsed by the Executive Board.

Other relevant body is the Energy Council. At the EU-US Vienna Presidential Summit on 21 June 2006, the EU and the US agreed to develop strategic cooperation on energy and energy security. On November 4th 2009, the Energy Council was launched in order to provide a new framework for deepening the transatlantic dialogue on strategic energy issues such as security of supply or policies to move towards low carbon energy sources while strengthening the ongoing scientific collaboration on energy technologies. With the Energy Council the European Union and the United States aim to deepen their bilateral energy cooperation and to address the growing challenges of global energy security, sustainability and climate change. The European Representatives in the Energy Council are the EU Commissioners for External Relations, for Energy, and for Science and Research, as well as the EU Presidency. Their counterparts are the Secretaries of State and of Energy. The Energy Council meets annually, alternately in the EU and US, and reports to the EU-US Summit. The work of the Council is structured through working groups of senior officials from both sides that focus on three specific areas: Energy Policies, Global Energy Security and Global Markets, and Energy Technologies Research Cooperation. Examples of energy cooperation between the EU and the US include the initialing of a new Energy Star EU-US Agreement on the coordination of energy-efficient labelling programmes for office equipment, and cooperation on the development of energy technologies such as hydrogen or the ITER project for nuclear fusion.

People-to-People contacts are vital to building bridges across the Atlantic. To increase awareness and promote greater understanding in the U.S. of the EU and its policies, the EU supports eleven EU Centers of Excellence at American universities on the basis of the quality, variety, and depth of their teaching programs, scholarly research, and outreach activities on EU-U.S. relations. Programs such as the EU Visitors Program and the EU Visiting Fellows Program also help build long-term relationships and mutual understanding.

Finally, Cooperation in Crisis Management and Conflict Prevention focuses on early warning and conflict prevention.

3. The Basis for a Strong Partnership: The EU as a Global Actor. The Cooperative Model with NATO

3.1. The EU as a Global Actor. An Active, Capable EU

3.1.1. Preliminary Remarks

Our subject of study is the relationship between Europe and the USA at the threshold of the twenty-first century. The basis for a strong partnership is an EU whole and free, but also internationally influential. The EU influence requires reaffirming its political dimension. We are taking into special consideration foreign affairs and security issues.

Thus, the first question to ask about is whether the European Union possesses security identity and capabilities and is willing to act with a single voice on global issues -international fora and organizations, etc.-. Or else, on the contrary, the EU offers a united image in some -usually economic- international issues, but not on others, in particular on those issues typically considered ‘hard’ politics. For instance, the field of foreign affairs and defense.

The EU performance in the Gulf War led Former Belgian foreign minister, Mark Eyskens, to state in 1991 that the European Union (EU) in the global system could be qualified as an ‘economic giant, political dwarf and military worm’. Eyskens turned once again to this well-known metaphor during the Kosovo crisis in 1999, as the EU –provided already with a Common Foreign and Security Policy (CFSP)– failed to deal with the ethnic

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conflicts in former Yugoslavia\textsuperscript{65}. Twelve years after the first Gulf Crisis, the lack of union and disagreement during the 2003 Iraq war made it clear that the EU –provided now with a European Security and Defense Policy (ESDP) and Mr. PESC– still suffered from its notorious ‘capabilities-expectations gap’\textsuperscript{66}. These events reinforced the idea, both within the EU and outside, that the EU’s role in international affairs and its scope as a foreign policy actor remained rather limited, especially in comparison with the United States\textsuperscript{67}. Therefore, it is convenient to remark that today\textsuperscript{68}:

- The relationship is more robust in many areas of economic policy –trade, regulation, competition– and in climate change;
- Joint approaches to the US, outside the economic domain, are necessary and even desirable;
- On foreign and defense matters, the USA needs to work bilaterally with every European country. EU member states have retained a strong sense of national sovereignty engaging in NATO as individual allies and seldom giving the High Representative his head;
- European security still depends on American protection;
- Europe has failed to shape up as an effective international security actor. The Lisbon Treaty, as I examine above, tries to enhance the global role of the EU.

3.1.2. The Complexity of External Relations in the European Union

The area of External Relations may seem complex or ambiguous for it is projected in two different sides:

The economic perspective and foreign policy and defense; each of them being governed by different procedures and principles.

The competence on external relations has been present since the creation of the European Communities but under an economic nature. The 1957 Rome Treaty attributed legal personality to the EC –art. 281 TEC– in order to conclude international agreements –Article 300– and develop, initially, a common commercial policy –Articles 131 to 133–. The Treaty guaranteed as well that Member States would not contravene the principles and objectives of the internal market. Successive amendments to the Founding Treaty have gradually completed the original competence, extending its scope to other fields or policies\textsuperscript{69}. Moreover, it is important to mention the contribution of the European Court Justice to the development of EC competence on external affairs. For instance, external trade policy was conceived by the ECJ as an exclusive competence, even though it did not cover all areas of trade policy.

I wish to underline that the economic facet of external relations is a major issue. For instance, let’s keep in mind that in the area of trade the EU is the most important power in the world.

Foreign policy, defense and security. There was an aspiration to confer a political and defense dimension to the European edifice in the early years but it was in vain\textsuperscript{70}. Thus, the so called \textit{European Political Cooperation} remained outside the Treaties\textsuperscript{71}.

\textsuperscript{67} However, some scholars argue that EU’s power in the international scenario has been underestimated. Fabienne Bossuyt. An economic giant, political dwarf and military worm! Introducing the concept of ‘transnational power over’ in studies of (the EU’s) power in IR. Draft paper prepared for the 4 ECPR General Conference, Pisa, Italy, 6-8 September 2007.
\textsuperscript{69} The Single European Act inserted new provisions on environment and research –see Articles 174(4) and 170 TEC–; the Maastricht Treaty introduced development co-operation –Articles 177 to 181 TEC– and the external representation of the single currency; the Nice Treaty, economic, financial and technical cooperation with third countries –Article 181A TEC–.
\textsuperscript{70} The failure of the European Defense Community and the associated European Political Community in 1954, and the so called Fouche Plan, concerning political cooperation and defense policy, in 1962.
\textsuperscript{71} The Davignon Report, “Rapport sur les problèmes de l’unification politique”, October 27 1970, established the consultation among Member States on major international problems. In 1973, the COREU –European Correspondence– fostered the exchange of encrypted telegrams between the Member States.
It would be formalized with the Single European Act\(^{72}\) through special meetings of foreign ministers, separate from the EU Council, organized by the rotating Presidency with the help of a small Secretariat based in Brussels. The Commission was fully associated to the works.

In 1993 the Maastricht Treaty gave the Council the power to define a Common Foreign and Security Policy—second pillar, adoption by unanimity of legally binding acts, common positions and joint actions—. The Commission stayed associated to the works and the European Parliament had to be consulted on the main aspects and the basic choices of the CFSP and to be regularly informed on the developments. The Court of Justice controlled that CFSP acts could not encroach on the EC—Article 47—. The functioning was inserted into the Council structures—working groups and General Secretariat—.

In 1999 the Amsterdam Treaty created the office of the High Representative for the Common Foreign and Security Policy to assist the Council in the formulation, preparation and implementation of policy decisions\(^{73}\).

The failed Constitutional Treaty merged into a single Title all provisions on external action—economic and political—: common foreign and security policy, including the common security and defense policy, trade policy, development co-operation, and humanitarian aid. Thus, these policies would apply the same principles, objectives and procedures. However, during the IGC in June 2007 it was settled down that the second pillar would keep separate in Title V of the TEU\(^{74}\), even though most legal basis for EU action had been placed in TFEU in order to preserve the clarity, simplicity and mainly the “constitutional nature” of TEU.

In the field of external affairs, the Lisbon Treaty has introduced some changes in Section 36 concerning external trade policy. It has created the figure of the High Representative for Foreign Affairs and Security Policy and the European External Action Service, too. The High Representative will inject more visibility and stability into the external representation of the EU on CFSP matters and more consistency between the different sectors of the EU’s external action. The High Representative conducts the Union’s CFSP. As Vice-President of the Commission, this figure ensures the consistency of the EU’s external action, and is responsible within the Commission for the latter’s responsibilities in external relations for coordinating other aspects of the EU’s external action. As President of the Foreign Affairs Council, he or she oversees the dossiers of external relations in all sectors. In addition, he or she may rely on the European External Action Service, including the 130 or so Union delegations abroad, which are placed under his or her authority\(^{75}\). The creation of the EEAS has been considered as one of the main innovations of the Lisbon Treaty. It brings coherence to the Union’s various external actions and policies and enhances the character of the EU as a world player. On legal terms, it does not entail new responsibilities to the Union in the area of foreign policy, or alter the current share of power. In few words, it does not represent any transfer of sovereignty from Member States (MS) to the Union\(^{76}\). From a functional point of view it does not introduce changes, except for its integration and coordination facet\(^{77}\).

Regarding the Common Foreign and Security Policy, the Lisbon Treaty has introduced new ways of action, more effective structures and decision-making procedures. These innovations will confer more visibility to the EU enhancing its role as world actor.

First of all, the EU will have a stable and unified representation and leadership. The High Representative represents the Union for matters relating to the CFSP, conducts political dialogue with third parties on the Union’s behalf and expresses the Union’s position in international organizations and international conferences.

Secondly, a single procedure contained in Article 218 TFUE is applied for negotiating and concluding international agreements both for external and foreign affairs—former first pillar and second pillar, respectively—. The natural consequence of the legal personality of the Union is the ability to conclude international agreements in the areas covered by the CFSP.

\(^{72}\) Article 30 allows Member States to formulate and implement a European Foreign Policy.

\(^{73}\) Javier Solana, former Minister of Spain and former Secretary-General of NATO, was appointed as the first High Representative in 1999 for a period of five years and again in 2004.

\(^{74}\) Some member States, especially the United Kingdom, pushed forward this proposal that finally was agreed.


\(^{76}\) Declarations 13 and 14 annexed to the Lisbon Treaty.

In the third place, the Lisbon Treaty extends timidly Qualified Majority Voting (QMV). In addition, the new *passerelle* in Article 31.3 TEU enables the European Council to enlarge by unanimity the QMV rule with the exception of decisions having military or defense implications. In some Member States –Germany and the UK–, the use of the *passerelle* requires previous approval by the Parliament.

In the fourth place, the five types of CFSP legal instruments have been reduced to one type: the decisions.

Yet, the CFSP still holds the nature of a “second pillar” as it is subject to specific rules and procedures, and its definition and implementation lies in the hands of the European Council and the Council, acting unanimously except where the Treaties provide otherwise. The Court of Justice does not have jurisdiction with the exception of monitoring compliance with Article 40 and to review the legality of certain decisions.

The Common Security and Defense Policy has evolved within the CFSP. I will not describe the historic path due to the limited extension of this paper. Instead, I will focus on contemporary times referring to the contribution of the Lisbon Treaty. At this respect, it is convenient to point out that EU civilian and military assets can be deployed outside the Union territory for peace-keeping, conflict prevention and strengthening international security in accordance with the principles of the United Nations Charter. Civilian and military capabilities will be provided by Member states to this purpose. The tasks will consist of joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peacekeeping tasks, and tasks of combat forces in crisis management, including peacemaking and post-conflict stabilization. Decisions can be adopted by QMV in the Council in certain cases. The Lisbon Treaty specifies the types of crisis management, either civilian or military, and identifies new Petersberg tasks such as disarmament operations, military advice and assistance, conflict prevention and post-conflict stabilization.

Moreover, the Treaty introduces the mutual assistance and solidarity clauses. Certainly, Article 42.7 contemplates the obligation for all Member States to give aid and assistance by all means in their power, in accordance with Article 51 of the UN Charter, to a Member State which has been the victim of an armed aggression on its territory. The provision emphasizes that it shall not prejudice the specific character of the security and defense policy of certain Member States, respecting this way their policy of neutrality. In addition, for NATO members –twenty one members of the EU belong to NATO–, commitments and cooperation will be consistent with commitments under the NATO Treaty, foundation of their collective defense and the forum for its implementation.

To sum up, this clause needs to be interpreted as a solidarity clause, not as a mutual defense clause. Therefore, it does neither aim at turning the EU into a military alliance, nor at altering NATO compliance for both NATO and EU members.

Article 222 TFEU states that the Union and its Member States shall act jointly in a spirit of solidarity if a Member State is the object of a terrorist attack or the victim of a natural or man-made disaster. This embodies as well another solidarity clause.

Another innovation of the Lisbon Treaty consists of the possibility for the Council to entrust a group of Member States, which are willing and have the necessary capability, with a CSDP mission to protect EU values and serve its interests –Art. 42.5 and 44 TEU–. As a result, certain operations will be easier to manage for it won’t be necessary for all Member states to get involved.

The Lisbon Treaty introduces as well “permanent structured co-operation” for those willing Member States whose military capabilities fulfill higher criteria and which have made more binding commitments to one another. This co-operation will be open to any Member State which undertakes to proceed more intensively to develop its defense capabilities and to supply targeted combat units under specified conditions. Articles 42.6 and 46 TEC, Protocol n.10. The able and willing Member States will notify their intention to the Council and to the High Representative. Within three months following that notification, the list of the Member States participating –there is no minimum– will be adopted by the Council by QMV after consulting the High Representative. The procedure is rather simple in comparison to the rules for launching an “enhanced co-operation” which require unanimity and the participation of at least nine Member States.

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78 The definition of the membership of permanent structured cooperation, the definition of the structured cooperation, the definition of the statute, seat and operational rules of the Defense Agency and the establishment of a start-up fund for CSDP operations.
Regarding the European Defense Agency, created in 2004, the Lisbon Treaty enables the Council to amend the statute and operational rules using QMV. Again by QMV the Council can establish a start-up fund to finance preparatory activities of EU military operations.

3.2. The Cooperative Formula with NATO

The necessary condition for a partnership in security and defense between the EU and NATO is a solid European Security and Defense Policy (ESDP). Once the ESDP exists, the key question is whether the external dimension of the EU will build up in the same direction as NATO or, on the contrary, will function in a more independent, autonomous way.

Certainly, NATO and EU cooperation on security and defense is a big issue in the design of the Atlantic Alliance’s New Strategic Concept79. In the Strasbourg-Kehl Summit, April 2009, the Heads of State decided to shape a New Strategic Concept. It was convenient to reform the Strategic Concept formulated in 1999 in order to adapt it to the times after 9/11 and the start of military operations in Afghanistan and Iraq. Thus, NATO has defined a broader concept of security that reaches not only military concerns, but also other risks and threats. Nowadays, the main points of reflection to fulfill the New Strategic Concept are: relations with Russia, current partnerships and associations, NATO’s expansion, the nature of the transatlantic bond.

The Alliance supported the ESPD in NATO-EU Declaration on the European Security and Defense Policy agreed on 16 December 2002. The Berlin Plus Agreements were signed to set the strategic association between NATO and the EU. The essential features of the BPA are: (1) the EU’s access to the Allied planning systems; (2) the European ‘Command Options’ within the Alliance (the role and responsibility of the Deputy Supreme Allied Command Europe, DSACEUR, as the European commander of an EU operation); (3) the EU’s use of Allied resources and capabilities; and (4) the development of military capabilities, specifically relating to the way in which the EU and NATO and its member states are to mutually and coherently reinforce each other, when both have the same needs. In few words, the Berlin Plus Agreements inserted the ESDP within the Alliance framework.

Yet, following to the military intervention in Iraq, some European States, particularly France, Germany, Luxembourg and Belgium, proposed an EU Headquarters in Tervuren (Belgium) to provide the EU with permanent planning capabilities; thus, “softening” the transatlantic bond. However, Tervuren initiative did not succeed as a result of intense diplomatic negotiations where the UK played a key role.

The Comprehensive Political Guidance of 2006, approved at the Riga Summit, acknowledged greater cooperation and practical coordination of the EU with NATO.

My formula for the EU and NATO to face global challenges is the cooperative model. It is still an idea I need to work on. This type of relationship should be based on cooperation and coordination and guarantee and be respectful as well with the autonomy and independence of both organizations. Unified approaches do not necessary entail that all members or allies share identical points of view. The goal is to reach common positions on the issues to be decided —operations to undertake, interventions, etc.—.

The relationship today in order to enhance the NATO-EU relationship, ESDP must be strengthened. The EU cannot coordinate or complement with NATO if Europeans are not able to forge a defense and security identity. Unfortunately, once again Europeans have shown sharp divisions in current crisis in Libya.

Turkey is also another point of friction. The relation with the EU is complicated whereas it is a key ally for the US in NATO.

Tensions arise as well among EU members not belonging to NATO –such as Austria, Ireland, Finland and Sweden–. They champion for soft power rooted in non-military instruments such as economic and diplomatic mechanisms.

Concepts such as multilateralism and preventative action often receive different interpretations. In addition, the redistribution of burdens and responsibilities, the complementary action between NATO and the EU, coherence among NATO and EU forces, or better collaboration in crisis management are key factors.

According to Sally McNamara, NATO’s first Strategic Concept of the new millennium has articulated a new security vision for the transatlantic alliance, pledging to address asymmetrical threats including terrorism, cyber terrorism, ballistic missile attacks, and proliferation of weapons of mass destruction. The alliance must now invest resources to implement its vision. NATO must also have sufficient resources to adopt a defense posture that can protect NATO’s borders and act beyond its geography to ensure its security. The EU must not seek to challenge NATO’s supremacy in Europe’s security architecture and should use its extensive civilian capabilities to complement, not supplant, NATO. NATO’s European members should provide additional Operational Mentoring and Liaison Teams, as well as home guard, paramilitary, and armed police resources, to train the Afghan National Security Forces80.

3.3. Barack Obama’s influence on World Politics

NATO-EU relationship is alive, a product of time, of history. The election of Barack Obama as President of the United States of America opened lots of question marks on Obama’s vision of global affairs. Obama’s theories and doctrines –the substance of his policies– and his style –the formal image he would assume– would have an impact on the Trans-Atlantic Relationship. Barack Obama came to power with extraordinary hope and expectation, like a hero for the American people, surrounded by a mythic aura. Europeans also had faith in Obama as the right person to abandon once for all Bush’s direction and transform American politics in accordance with European Idealism81. The best proof of the warm welcome among Europeans is that Obama was awarded the Nobel Prize on October 9th 2009. In his speech on that remarkable occasion82, Barack Obama assumed the principles of Just War and justified war as last resort –on the grounds that world is evil and human nature is imperfect–. He even acknowledged his responsibility for sending young Americans to Afghanistan.

In the first year of mandate Obama increased the defense budget, intensified US participation in Afghanistan, came to an agreement with China in order to reduce CO2 emissions, advocated for Just War83 and defended drone attacks in Pakistan arguing that they were addressed against the Taliban and Al Qaeda84.

Multilateral approaches, which go back to the Washington Summit with George W. Bush, are dubious too. Although G20 Summits and the voice given to emergent nations show this doctrine, military intervention in Afghanistan and Pakistan, dialogue with autocrat nations, climate change or negotiations with Russia offer a more controversial facet of Obama’s multilateralism and would prone me to describe his foreign policy as pragmatic, wise, and even “continuing” in some fields, absolutely not “revolutionary”, in comparison to his predecessor. Anyway, it is convenient to make clear that acting pragmatic –defending US vital interests– is not in conflict with promoting democracy and human rights.

Finally, Europe has been relegated to a secondary position in the Copenhagen Summit. Obama has been portrayed as “the least European President ever” considering that China, the Muslim world, the relationship with Russia are the current US priorities85. As a matter of fact, in the last NATO Summit, November 2010, Herman Van Rompuy, President of the European Council, and Jose Manuel Durao Barroso, President of the European Commission, had a meeting with Barack Obama in order to tighten ties and avoid growing apart86. From my point of view, the fact that Obama has given voice to emergent nations should not discriminate Europe in world affairs. This would be the perfect attitude to stimulate concerted negotiations and multilateral perspectives.

81 Id.est.: Diplomacy, international cooperation, limitation and control of nuclear weapons.
83 Walzer, Michael (2001), Guerras justas e injustas. Un razonamiento moral con ejemplos históricos, Paidós, Barcelona.
85 http://thecable.foreignpolicy.com/posts/2010/10/18/former_spanish_pm_obama_is_the_least_european_president_ever.

Barack Obama has declared that the US has no better partner than Europe. The Transatlantic Relationship is irreplaceable. Acting together, the European Union and the United States, can be a formidable force for good in the world.

Europe and the USA have had a common past and can have a common future. Is the formula “common destiny” too idealistic? As a matter of fact, interests are not always the same and conflict arises. Nonetheless, compromise is required. Europe and the USA must keep in mind that they have forged a brilliant civilization, a model of society –rooted in democratic culture and values– which is to be improved and preserved day after day. International Society should be coordinated, multilateral, where international structures rule and make world decisions. Unlike Robert Kagan argues, it seems to me that Europe and the USA may not always have the same interests or ways to achieve certain goals, but they have the same vision –at least a rather similar vision or essence– of the world and world problems. They have to tighten their bonds and build up flourishing, generous leadership expanding concerted mechanisms in order to bring other nations into a multilateral system.

.- Building up a multilateral system.

In a world of global threats, global markets and global media, security and prosperity increasingly depend on an effective multilateral system. The development of a stronger international society, well functioning international institutions and a rule-based international order should be the objective of the US and the EU.

Therefore, upholding and developing International Law is essential. The United Nations must be strengthened, equipping it to fulfill its responsibilities and to act effectively. Certainly, a multilateral system is based on key institutions –international organizations, regimes and treaties– to be effective in confronting threats to international peace and security. It is necessary to further develop existing institutions but supporting as well new ones. Regional organizations also strengthen global governance.

The voice of most nations of the international scenario should be heard in a multilateral society. World nations must participate in the multilateral system to provide new perspectives, offer a sharp vision of certain problems and phenomena, co-operate with solutions and strategies. The importance that President Barack Obama has attributed to emergent nations is a good example of multilateral networking and functioning.

Spreading good governance, supporting social and political reform, dealing with corruption and abuse of power, establishing the rule of law and protecting human rights are the best means of strengthening the international order. Trade and development policies can be powerful tools for promoting reform. Contributing to better governance through assistance programmes, conditionality and targeted trade measures remains an important feature.

.- Strengthening the Transatlantic Alliance in order to face the challenges of the new century within a multilateral system.

The Transatlantic Agenda represents the current approach, together with the institutional framework launched to achieve the goals established. In keeping with the evolving political and legal personality of the EU, there is active cooperation across a host of sectors: cooperation in justice and home affairs, energy and energy security, environment, science & technology, education & training. However, America hopes for a more unified and effective Europe to engage with the US more robustly, further than issues of trade and economic policy, to influence together the ongoing transformation of the international order in the direction desired. Hence, a more strategic approach is required.

What are the main axes of a more strategic approach? An active, capable EU co-operative with NATO. As I have already noted, the Lisbon Treaty is positive to this respect as it reinforces the external and security dimensions of the EU. The nascent European Defense can complement and be co-operative with NATO avoiding unnecessary duplication of forces and resources and presenting a strong, unified approach before conflict and crisis management. Considering that nowadays NATO embodies a new strategic concept beyond military concerns, European States could make efforts in the medium-term to belong to NATO within an “EU flag”.

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Discurso final del Ex-Secretario de Estado de Asuntos Exteriores e Iberoamericanos

The EU as a global player

I am delighted to have the opportunity to participate in this closing ceremony and to share with you some considerations on the role of the European Union as a global player. Of course, I am conscious of the fact that you already had a full seminar to dwell on this matter, but I can not refrain from giving you some thoughts from the vantage point of my personal and professional experiences.

At this moment of important changes both in the international arena and within the European Union we may indeed ask ourselves whether the EU as such fulfils the criteria to be considered a global player. We are all aware of the criticism being levelled against the EU for its alleged lack of will and resources when it comes to responding to global crisis or even to regional ones. I will not enter into this debate, which is a legitimate one, though sometimes conditioned by the noise and rattle of day to day affairs. On the contrary, let us try to raise our view and consider whether or not the EU is a global player from a perspective above the fray.

Let us start by considering what a “global player” is. The concept of global player is not a consensual one. However, I think that it is commonly accepted that such a player must comply with three minimum standards, namely:

1- To have geo-political conditions at a world level (i.e.: GDP, population, economic and intellectual activity, military capabilities).

2- To have global interests (i.e.: the player must be engaged with the settlement of fundamental problems of international society, thus not being an aloof entity).

3- And thirdly, to have a marked international presence (i.e.: the actor must have the necessary tools to be able to act and wield influence around the world).

Geo-political Conditions

With regard to geo-political conditions, with 27 Member States and a population of nearly 500 million which represents more than the populations of the US and Russia together, and a combined GDP higher than that of any single country, including the US, China or Japan, we can safely say that the EU fulfils this first basic requirement to be considered a global player.

Furthermore, the EU constitutes the world’s largest trading block and the world’s biggest donor to developing countries. Its currency, the Euro, comes second only to the US dollar in international financial markets.

Yet, in the political field the EU is a peculiar kind of global player: it is certainly more than a conventional international organization, but it is not a sovereign State; it has developed a sophisticated institutional framework and important capabilities in the field of crisis management, but they do not amount to a government as such, nor to an army.

In this sense, let me recall you the taxonomy of powers established by Robert Cooper in his essay “The Breaking of Nations". According to Mr. Cooper, powers can be divided into three categories: “pre-modern”, that is, the equivalent of failed or rogue states; “modern”, meaning those which still act following the dictums of
power politics, like the US, China or Russia; and, finally, the so-called “post-modern powers”, whose epitome is precisely the European Union.

In fact, though being a considerable geopolitical entity, the European Union rather exerts its influence through “post-modern”, soft or indirect means. The main one is, of course, the prospect of membership for non-EU countries, provided that they fulfil a set of criteria and are able to adapt the acquis communautaire. But even for those countries that are farther away in the road to membership or do not comply with even the most basic criteria, the EU exerts a sort of vis-attractiva, via norm setting, financial and economic aid or through a myriad of political, social and intellectual channels.

I do not forget, also, that, apart from this positive attraction, the EU has also means to play on a negative one, for instance via strict conditions attached to EU policies or, when the worst come to the worst, via a full array of sanctions, from embargoes, to restrictions of access to the common market or other means adapted to each specific circumstance.

**Global Interests**

With regard to its interests, the EU clearly constitutes an engaged international player. Over more than half a century, European integration has evolved from a primarily economic endeavour to one with a more substantive political and external dimension.

Indeed, the EU has actively contributed to shape international responses to global challenges (i.e.: financial crisis, climate change) through its contributions to effective multilateralism based on international law. Let us pass in review some relevant areas in this regard.

**Human rights**

First and foremost, the EU has played a leading role in promoting human rights and the rule of law. The EU actively works for the mainstreaming of human rights in all aspects of international relations, both in relevant multilateral fora and in bilateral relations and contacts with third countries.

General EU priorities in this field include the rights of the most vulnerable individuals, the abolition of the death penalty, the promotion and protection of freedom of expression, freedom of religion and belief, free media, rights of women and rights of the child, protection of human rights defenders, and cooperation with civil society, non-governmental organisations and international and national human rights mechanisms.

One might even argue that this is and has been a hallmark of EU foreign policy. Indeed, the importance attained by human rights in contemporary international relations cannot be fully explained without the constant attention the UE has paid to this issue throughout the world.

**Effective multilateralism**

The EU does not only promote certain values in international relations; it upholds a conception of international community, based on effective multilateralism rather than in unilateralism. And the United Nations is the cornerstone of this conception of international relations.

To contribute to the achievement of this objective, the EU indeed strives for building a stronger multilateral system, notably by enhancing the representative character, transparency, accountability and effectiveness of the United Nations. To this aim, the EU actively engages and co-operates within the UN System and works not only to enhance the role of the EU in the UN framework, but also to contribute to strengthening the UN through the EU external action.

The EU actively contributes to the development of the new pillars of the international security system. In this sense, the EU is engaged with the promotion of the universality and integrity of the International Criminal Court and wishes for the international community to complete the transition from a culture of impunity to one of accountability. The EU also favours shifting from non-interference to non-indifference in crisis situations through the implementation of the principle of the “Responsibility to Protect” civilian populations, as in the Libyan case.
Although not formally an EU contribution, it is worth mentioning that EU Member States contribute with over 8,000 men and women to United Nations Peacekeeping Operations all over the world.

The EU and the UN co-operate and coordinate their actions in crisis management and have agreed a Joint Statement that sets the basic principles and procedures for this cooperation, which finds its expression in concrete cases like the joint actions of the EU, the UN and the African Union in situations like Sudan or Somalia.

**Peace and stability**

Another major objective of the EU in the realm of foreign affairs, which is enshrined in the Treaty of the European Union, is to preserve peace, prevent conflicts and strengthen international security, in accordance with the purposes and principles of the United Nations Charter.

The EU integration process itself has contributed and continues to play an important role in the stabilization of the European continent. The successive enlargements of the EU have united the whole of Europe after generations of division and conflict. This European perspective- which was so important in the transformations in Southern Europe in the 70’s and Central and Eastern Europe in the 90’s- is now a driving force for the political and economic reform in the Western Balkans and in Turkey.

The EU has also developed the European Neighbourhood Policy as a powerful instrument for promoting stability, democracy, good governance and prosperity in our immediate vicinity. Current events in the Southern Mediterranean have prompted the UE to re-assess this policy in order to focus on the objective of effectively supporting the transformation processes that are taking place in a number of Arab countries.

More generally, the EU plays an active role in international efforts to bring about peace and stability in situations of conflict. Thus, the EU is politically engaged in conflict resolution, for instance in the Middle East Peace Process, particularly through its participation in the Quartet, also in Georgia, through the co-chairmanship of the Geneva talks, or in international efforts to bring about peace and stability in Somalia, to name only a few significant examples.

The EU is also very active in confronting threats to International security, identified in its Security Strategy, such as the proliferation of arms of mass destruction, for example through the role played by the EU High Representative in the talks with Iran on its nuclear program, or in the fight against terrorism, notably in the UN framework and also with its own instruments, such as its plan against radicalization and recruitment. The EU is also increasingly active in confronting threats such as piracy, drug trafficking or other forms of transnational crime.

**Sustainable development**

The EU is also a major player in the fight against poverty worldwide. Our co-operation towards the achievement of the Millennium Development Goals by 2015 constitutes an utmost priority for the EU. The present economic and financial crisis is threatening the achievement of the Millennium Development Goals and risks to undermine progress made so far. In this context, the EU has reaffirmed its commitment to channel at least 50% of collective aid increases to Africa and to meet collectively the target of 0,15% to 0,20% of GNP to the least developed countries.

Furthermore, the EU also emphasizes the importance of policy coherence for development and of improved aid effectiveness in contributing to the achievement of the Millennium Development Goals. Mobilizing additional resources (i.e.: reducing tax evasion, establishing innovative development mechanisms and engaging the private sector) can have a high potential. Consequently, the EU pays special attention to the challenge of promoting innovative sources of financing for development.

**Climate change**

With regard to the fight against climate change, the EU has worked for the adoption of a global agreement aimed at limiting greenhouse gas emissions and was a driving force behind the important progress toward that goal reached at the Cancun Conference last year.
Moreover, the EU and its Member States are implementing their commitment to provide 2.4 billion Euros annually over the 2010-2012 period for fast-start financing to support projects for mitigation and adaptation. The EU and other developed countries have committed to jointly mobilize 100 billion US dollars per year until 2020 to help developing countries fight climate change.

Despite the difficulties of the global negotiation process on climate change, the EU maintained its leadership on this matter, and reiterated its unconditional offer to move to a 30% reduction by 2020 compared to 1990 levels. This constitutes an unprecedented case of self-restriction, unique in an international negotiation process.

International Presence

In order to contribute to the achievement of these objectives, the EU has developed an array of instruments, involving both soft and hard power tools.

In the field of crisis management, much has been achieved by the EU in recent years, in conflict prevention, crisis management and post-conflict reconstruction.

Conflict Prevention

The EU’s approach to conflict prevention is to address the root-causes of conflict, like poverty, degradation of the environment, exhaustion and unequal distribution and access to natural resources, weak governance, corruption, human rights abuses and gender inequality. Thus, all the policies I have already mentioned, including enlargement and neighbourhood policies, contribute to that aim.

Crisis management

As for crisis management, since 2003 the EU has deployed 24 missions and operations all over the world, in the Balkans, the Caucasus, Africa, Asia and the Middle East. Thirteen of them are still ongoing. In its missions, the EU uses a broad range of experts (diplomats, judges, soldiers, police officers, among others). In 2008, the first EU naval mission, Atalanta, was deployed in the Horn of Africa to fight against maritime piracy off the coast of Somalia. The EU is also present in the hot spots for the international community; there is a policing mission in Afghanistan, a mission to promote the state of law and the judiciary system in Iraq and missions present in the Palestinian Territories since 2005; and the EU is presently ready to support humanitarian relief operations as a response to the Libyan crisis.

Post conflict reconstruction

Post conflict reconstruction is also built-in EU policies. To that aim, the EU uses a wide range on instruments. A good example of this is Bosnia and Herzegovina, where the UE has offered not only specific security elements such as EUFOR Althea, which at is highest point was a 7.500 strong military operation, but also the attraction of the European perspective and the modernizing elements that come with it.

To sum up, the EU is indeed a global player, but it is not a conventional global player, and it would be unfair and displaced to ask from it the same kind of military might or political determination that nation states and especially traditional big powers. But not having that kind of “teeth”, as it were, does not mean lacking ambition and influence. Indeed, what the EU proposes to the world is a new model involving a radical change in the nature of international relations. The fact that it does it in a soft, step by step and pragmatic way should not obscure the ultimate aim of the EU with regard to international relations which involves a paradigm change, from a multipolar world based on holding and using power to a multilateral one based on projecting values and rules in order to build a better ordered international society, more responsive to the needs of individuals and peoples throughout the world.