

European Union Foreign Policy

What it Is and What it Does

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To my three wonderful sisters – Yvonne, Helen
and Stephanie – with love and respect

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Abbreviations and Acronyms

ACP	African, Caribbean and Pacific countries
AIPO	ASEAN Interparliamentary Organisation
ALA	Asian and Latin American countries
ALADI	Latin American Integration Association
AMU	Arab Maghreb Union
APEC	Asia-Pacific Economic Cooperation Forum
ARF	ASEAN Regional Forum
ASEAN	Association of South-East Asian Nations
ASEM	Asia-Europe Meeting
BFTA	Baltic Free Trade Area
CACM	Central American Common Market
CAP	common agricultural policy
CCP	common commercial policy
CEEC	Committee on European Economic Cooperation
CEFTA	Central European Free Trade Area
CET	common external tariff
CFSP	Common Foreign and Security Policy
CIS	Commonwealth of Independent States
CJTF	Combined Joint Task Force
CMEA	Council for Mutual Economic Assistance
COMECOM	Council of Mutual Economic Assistance
COREPER	Committee of Permanent Representatives
Cost	Cooperation in Science and Technology with Central and East European Countries
CSCE	Conference on Security and Cooperation in Europe
CSCM	Conference on Security and Cooperation in the Mediterranean
DG	Directorate-General
DPRK	Democratic People's Republic of Korea
EAD	Euro-Arab Dialogue
EAPC	Euro-Atlantic Partnership Council
EBRD	European Bank for Reconstruction and Development
ECHO	European Community Humanitarian Office
ECSC	European Coal and Steel Community
EDC	European Defence Community

EDF	European Development Fund
EEA	European Economic Area
EEC	European Economic Community
EFTA	European Free Trade Association
EIB	European Investment Bank
EJC	European Court of Justice
EMU	European Monetary Union
EP	European Parliament
EPC	European Political Cooperation
EPRD	European Programme for Reconstruction and Development
EPU	European Payments Union
ERASMUS	European Action Scheme for the Mobility of University Students
ERP	European Recovery Programme
ESDI	European Security and Defence Identity
ESDP	European Security and Defence Policy
Euratom	European Atomic Energy Community
EUREKA	European Research Coordination Agency
FDI	foreign direct investment
FPA	Framework Partnership Agreement
FRG	Federal Republic of Germany
Fritalux	French/Italian/Benelux tariff agreement
FSU	Former Soviet Union
FTA	free trade agreement
FYR	Former Yugoslav Republic
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GRULA	Group of Latin American Ambassadors
GSP	Generalised System of Preferences
HSG	Heads of State and Government
IEPG	Independent European Programme Group
IFOR	Implementation force for Bosnia
IGC	Intergovernmental conference
IMF	International Monetary Fund
INOGATE	Inter-State Oil and Gas to Europe
JHA	Justice and Home Affairs
JOPP	Joint Venture Support Programme
KEDO	Korean Energy Development Organisation
KFOR	United Nations forces in Kosovo
LDC	less-economically developed country

MECU	million ECU
MEDA	financial and technical measures to accompany the reform of social and economic structures in the Mediterranean non-member countries
MERCOSUR	Common Market of the Southern Cone [of Latin America]
MFN	most favoured nation
NAFTA	North American Free Trade Area
NATO	North Atlantic Treaty Organisation
NGO	non-governmental organisation
NIS	Newly Independent States – normally referring to Russia and the successor states of the Soviet Union but excluding Estonia, Latvia and Lithuania
OAU	Organisation of African Unity
OECD	Organisation for Economic Cooperation and Development
OEEC	Organisation for European Economic Cooperation
OSCE	Organisation for Security and Cooperation in Europe
Overture	The Programme of Local Government Cooperation East–West
PCA	Partnership and Cooperation Agreement
PHARE	Poland and Hungary: Aid for Economic Reconstruction – the acronym comes from the French. The term now covers aid to all the countries of East and Central Europe
PLO	Palestinian Liberation Organisation
PPEWU	Policy Planning and Early Warning Unit
QMV	Qualified Majority Voting
ROK	Republic of Korea (south Korea)
SAA	Stabilisation and Association Agreement
SAARC	South Asian Association for Regional Cooperation
SACB	Somalia Aid Coordination Body
SDI	Strategic Defence Initiative
SEA	Single European Act
SELA	Latin America Economic System
SFOR	Stabilisation Force for Bosnia
SME	small and medium sized enterprise
STABEX	stability in export earnings
SYSMIN	support for mining sectors
TACIS	Technical Assistance for the CIS
TEMPUS	Trans-European Mobility Scheme for Universities

TEU	Treaty on European Union
TRACECA	Transport Corridor Caucasus Europe Asia
UNHCR	United Nations High Commissioner for Refugees
UNMIK	United Nations Mission in Kosovo
UNPROFOR	United Nations protection force for Bosnia
UNRWA	United Nations Relief and Works Agency
WEU	Western European Union
WTO	World Trade Organisation

Preface

European Union foreign policy is a moveable feast. The scope of activities and even its constituent territory and basic administrative apparatus are in a state of constant flux. When I started this book, however, while a Fulbright scholar at Stanford in 1994/95, it wasn't very fashionable to conceive of the EU as possessing a foreign policy. By the time I had finished it, while I was working with the UN World Food Programme in the DPR Korea (north Korea) in 2000/01, it was much more acceptable to talk about the Union as foreign policy actor – albeit a peculiar one. Today there seems a general acceptance that the Union is more than the sum of its parts when it acts abroad. Certainly for its many partners and competitors, its allies and adversaries, it is an international actor that has to be taken into account – and therefore understood – when considering strategies to manage international affairs. How to explain what the Union has done and is capable of doing abroad – what its priorities are and how it handles them – is the theme of this book.

Unfortunately the debates around EU foreign policy have too often been caught in the awful institutional cul de sac as to whether or not the Common Foreign and Security Policy (CFSP) should be considered as a 'fully-fledged' foreign policy. As the CFSP remains small in scope and based solely around what is discussed within certain (CFSP) procedures, it is self-evident that if the CFSP is taken as synonymous with European Union foreign policy, the Union has little to boast about in terms of its foreign policy activities. If foreign policy is understood, however, as something which includes all the Union's activities abroad, we can suddenly start to see a whole array of sometimes very important activities which, if carried out by a state, observers would have no difficulty identifying as part of that state's foreign policy (offering trade concessions to poor countries to discourage uncontrolled immigration for instance).

This book then is an attempt to chart the development of a Union foreign policy that is much more than that which happens to fall within the treaty provisions relating to the procedures of the CFSP. The book justifies this approach both analytically and empirically. In so doing the book also gives an account of what the Union has been

up to throughout the world in its 50 years or so history. That this is necessary is testament to how much of the literature has been side-tracked into institutionalist scholasticism at the expense of trying to relate to students, scholars, practitioners and the general public just what the Union has achieved and where it has failed abroad and why that might be so.

I want to thank Jean Grugel, Fred Halliday, Chris Hill, Margot Light, Michael Nicholson, Jenny Pearce and Paul Taylor for their constant support, which I have greatly valued. Their high scholarly and ethical standards continue to provide an example to the profession. In this respect I want to again mention John Vincent, former professor at the London School of Economics who is still missed – not just for his outstanding work but also because of his humanity.

Finally, a special mention of Peter Burnham, Shirin Rai and Mark Rupert – fine and ethical scholars – and friends. Many thanks and much appreciation.

1 Does the European Union Have a Foreign Policy?

It seems an odd question to ask, if the European Union has a foreign policy. After all the title of this book presumes it has one and the contents list of this book shows a list of areas of discussion in relationship to that foreign policy. The reason we need to start with the question, however, is that it is by no means accepted as ‘common sense’ by policymakers, academics or students that the Union has a foreign policy as do states – for example, Britain or France or the United States. This chapter therefore sets out to show that the European Union does indeed have a foreign policy and that it can be analysed in pretty much the same way as we can analyse that of any nation-state. This chapter also presents a framework for analysis – a framework that is further developed in Chapter 4 – and which is used throughout the book to help us understand the scope and scale of the European Union’s policies and activities abroad – its foreign policy. First of all, however, we need to look at and dispose of the objections to the *idea* of a European Union foreign policy.

SIX OBJECTIONS TO THE IDEA OF A EUROPEAN UNION FOREIGN POLICY

Criticisms of the concept (the idea) of European Union foreign policy are both structural/institutional and capacity related. Structural/institutional critiques argue that the European Union is so deficient structurally or institutionally that it cannot take and implement foreign policy decisions. Capacity critiques argue that the Union may make decisions but its weak capacities prevent effective implementation and therefore the Union cannot be considered a foreign policy actor in the way that a nation-state can be considered so. The main structural/institutional critiques are that the Union is not a sovereign entity, it is subordinate to the wishes of the 15 member states and it does not have a centralised decision-making authority with a single executive. The three main capacity critiques are that the Union does not have a direct military capacity, that there is a significant capability–expectations gap and that it is

not very effective in international crises. These are not mutually exclusive criticisms but it is useful to deal with them one by one – and then decide whether individually or in aggregate terms they amount to a compelling refutation of the idea of a European Union foreign policy.

The European Union is Not a Sovereign Entity

The European Union comprises 15 sovereign states. It has neither legal sovereignty nor international legal personality. Of the various institutions that together make up the Union only the European Community possesses legal personality and can therefore sign international legal agreements. Yet the Union, as represented by the European Council and the subsidiary Councils which preside over the Union, regularly takes decisions which are then implemented by the Community and a number of different actors. In other words it behaves *as if it were* sovereign. Certainly its partners – both allies and adversaries – negotiate and react to the Union as if it were a sovereign actor. This is because the Union has an impact on both the domestic and international affairs of partner countries such that it cannot be ignored. This is only partly because the member states have given up sovereignty to the Community (as part of the Union) on external trade.

Most importantly, however, the European Union is treated as if it were sovereign because even where the member states have not formally abrogated sovereignty they have allowed the Union, on many issues and with their participation, to take and implement decisions on their behalf. The Union therefore exercises sovereignty, not as something separate from the member states but as something that provides an addition to member state activities in international affairs. This does not mean that the European Union is a simple instrument of member states. Instead its decision-making structures allow for a process of negotiation so that a European Union commonality of foreign policy interest can be achieved. This commonality of foreign policy interest is not a simple aggregation of individual member states interest. It is also sometimes hotly contested by individual member states. On some foreign policy issues members states even accept 'losing out' because their overall view is that a commonality of European Union foreign policy provides more advantages than disadvantages. In other words the individual member states become more powerful in world affairs to

the extent that they can regularly ‘speak with one voice’ on the world stage.

The European Union as such is not a sovereign international actor. Lack of formal sovereignty, however, has never stopped the Union from taking and implementing foreign policy decisions. Neither has the worry about giving up sovereignty to the European Union in practice affected member states’ decisions to allow the European Union a very large degree of autonomy in a number of different areas – most noticeably in foreign trade. This should come as no surprise. After all many of the states of the European Union have already permitted a derogation of sovereignty on much more sensitive issues. The European Union member states that are also member states of NATO agreed when they joined that organisation that a United States supreme commander should take control over national military forces in times of crisis.

The European Union is a Subordinate Actor to the Member States

This objection is a variant of the lack of sovereignty thesis but emphasises that the Union is merely an instrument of the member states. For this criticism to make some sort of conceptual sense, it would have to take into account how the European Union manages to develop and implement foreign policy that somehow ends up serving the national interests of 15 different member states with 15 different foreign policies. Instead this argument seems to presume what it wishes to deny – which is that the European Union is a strong sovereign actor – so strong that it can transform 15 member states’ foreign policies into a homogeneous single approach. Instead the answer is more complex.

In practical terms, the European Union does not act independently of the member states but neither is it either instrument of or subordinate to member states. Instead the various interests of the various actors involved in the Union are negotiated so as to find commonality of interests. The evidence for this is provided by the sometimes tortuous decision-making – involving trade-offs across policy areas – that accompanies the development of European Union foreign policy. It is also clear in foreign policy outcomes – for instance in the now notorious decision of the Union to recognise Croatia and Slovenia at the beginning of the Yugoslav wars (see Chapter 8), despite the major doubts of key member states.

In both conceptual and practical terms therefore it does not make much sense to conceive of the European Union as a subordinate actor to or mere instrument of the member states.

Lack of a Centralised Decision-making Capacity with a Single Executive

Another objection to the idea of the European Union possessing a foreign policy is that, because it does not have a centralised decision-making capacity with a single executive power such as a president or a prime minister, it cannot develop and implement foreign policy. The Union has a complex set of decision-making procedures with a central executive that is not one person but rather a group of people – the European Council. Decision-making procedures are clearly spelt out in the various legislation that underpins the Union in which the powers of the executive authority of the Union are also recognised.

What this criticism does is to confuse speed and alleged effectiveness with capacity. Decision-making processes are slower than in most national states and it is difficult to find a commonality of interests on every issue. These are, however, practical difficulties – sometimes very important practical difficulties – but they do not constitute a conceptual difficulty in the notion of a European Union foreign policy. Many states, particularly democratic states that are built upon a separation of governmental powers, are vulnerable to conflicting interest groups demanding different foreign policies in response to those different interests. The United States provides the best example of where conflicts over foreign policy result in inability of the central government to carry out its preferred policies. The unpopularity of President Reagan's policy towards Central America in the 1980s for instance forced the administration to 'go underground' – resulting in the illegal arms for hostages, the 'Irangate scandal' – which severely damaged the Reagan presidency. On the whole though the United States does not face such stark conflicts of foreign policy priorities such as to prevent its administration from carrying out foreign policies in areas which it considers vital to its national interests. Neither in practice has the Union been prevented from developing and implementing policies that serve the commonality of European Union foreign policy interest.

The most significant aspect of the criticism that the European Union does not possess a single executive capable of taking centralised decisions is the practical question of the time decisions take

to be made. By itself this would not be a substantial criticism – after all the most efficient decision-makers are dictators given that, by definition, they do not have to consult at all prior to deciding policy. This criticism would be valid, however, if consistent delays meant that the European Union was unable systematically to develop and carry out its foreign policies. The rest of this book will show that this has occasionally been a problem for the European Union but not as much as it has sometimes been alleged – and not such as to prevent it from carrying on to develop policy where it wishes to sustain its interests and activities.

Lack of a Military Capacity

The European Union does not possess its own military forces although it is moving to develop a rapid reaction force so that it can respond more effectively to international emergencies. It can, however, call on the military resources of member states and has in fact worked closely with member state peace-keeping forces in international crises, for instance in former Yugoslavia. Like the member states, the European Union prioritises NATO as providing the defence mechanism for Western Europe. Indeed, many states throughout the world do not possess effective military forces yet most analysts and policymakers would accept that such states possess foreign policies. Costa Rica, which abolished its army in 1948, provides the extreme version of this thesis. Yet other states like Luxembourg for example do not have the capacity for either aggressive or defensive military activity. This does not prevent Luxembourg from possessing and implementing an active foreign policy. Neither does the absence of direct control over military resources prevent the European Union from pursuing and implementing foreign policy.

The Capability–Expectations Gap

The simplest version of this thesis is that the Union generates expectations that it simply cannot deliver on. The argument is that the Union puts out large numbers of statements on every conceivable foreign policy issue and yet is able to act effectively in very few areas. This can be for a number of reasons. It can be because of dissension between the member states, because the Union does not have appropriate instruments at its disposal – particularly military force – or simply because it was not designed to be a foreign policy actor and so finds it too difficult to respond effectively.

This argument has some merit as the Union clearly finds that it sometimes cannot operate as effectively as it might wish in international affairs despite the fact that it may have generated high expectations of its potential input. The classic example was the Union's early activity in Bosnia when it was hoped that 'Europe' would be able to settle matters without United States assistance (see Chapter 8). That this was a false hope caused some reconsideration of the Union's foreign policy capacity – resulting in the eventual moves to create a European Security and Defence Identity (see Chapter 3).

The error of this argument, however, is to infer that a capability–expectations gap is singular for the European Union. Many states – large and small – cannot put into practice foreign policy ambitions and when they do, sometimes fail to achieve their goals. China is a case in point in that during the Cold War China generated huge expectations from independence and revolutionary movements globally that it would be able to offer effective support. These expectations were not met. The United States, the world's only superpower, provides another salutary example. It was not able to achieve its war aims in Korea (1950–53), lost the war against tiny Vietnam (1975) and in the early twenty-first century is spending billions of dollars in an unsuccessful drive to eradicate narco-trafficking and anti-governmental guerrillas in Colombia.

The point is not then that the argument does not have merit but that it is an argument that is also applicable to the activities of most states as they try to achieve foreign policy objectives. The argument would have more merit if the Union could be shown as systematically not achieving objectives through lack of capabilities – more so than in the case of most nation-states. The chapters in this book which evaluate the foreign policy activities of the Union in practice – the empirical material – indicate, however, that the Union has achieved a large number of objectives and engaged in significant (and not so significant) foreign policy activities abroad (see Chapters 5, 6, 7 and 8).

The Union is Not Very Effective in International Crises

This effectiveness argument is a variant of the capability–expectations gap thesis except that it accepts that the Union can be an important foreign policy actor in, say, foreign trade or development issues, but argues instead that the Union cannot respond rapidly enough to international crises and its lack of a military capacity is

fundamentally debilitating for its foreign policy ambitions. This argument certainly has plausibility in that the Union has been exposed as wanting in crises. Its structure means that it must achieve consensus on major issues and it simply does not have the power or the instruments to engage in crises at very short notice. On the whole though this does not provide a telling critique against the idea of a European Union foreign policy. It is not just that many states do not have the military power to intervene effectively in international crises. It is rather that even if the Union has difficulties in achieving short-term interventions, what it has shown is that it is particularly suited for more long-term interventions in crises. The Union's capacity to mobilise its own resources as well as to coordinate the activities of member states and other international organisations provides perhaps stronger guarantees for long-term sustained involvement in post-conflict reconstruction than promises by an individual state that may have to bend to domestic exigencies. In other words there is some argument that the Union may be uniquely well suited to manage more long-term involvement in what are increasingly the foreign policy tasks of the post-Cold War era – peace building and economic and political reconstruction.

In some ways the effectiveness argument is not predicated at all on the Union's lack of prowess as compared to the nation-state in general. What the argument rather presupposes is that the Union is not as effective in international crises as the United States. This is most of all an argument about power politics and relative capability of important political and economic entities. It is not about the theoretical possibility or not for the European Union to possess a foreign policy.

A EUROPEAN UNION FOREIGN POLICY

There are, therefore, no conceptual difficulties and few practical difficulties to the idea of the European Union possessing a foreign policy much the same as that of the nation-state. By foreign policy we mean the 'capacity to make and implement policies abroad which promote the domestic values, interests and policies of the actor in question'. This is not a catch-all definition which would permit an intergovernmental organisation like NATO or the Organisation for Security and Cooperation in Europe (OSCE) to claim foreign policy attributes. Instead this definition assumes an entity with a more or less coherent set of domestic values, interests and policies. This is certainly so for the European Union with its

developed philosophy based on liberal capitalist democracy, and its panoply of domestic competencies and policies on issues ranging from the common market to cooperation in policing and judicial matters. *The foreign policy of the European Union is the capacity to make and implement policies abroad that promote the domestic values, interests and policies of the European Union.*

Common Ways of Understanding the European Union Foreign Policy

The most common ways of understanding (or theorising about) the foreign policy of the Union have been through procedural analysis. Some attempts have been made to theorise about the nature of the European Union as a foreign policy actor (its ontology). Less common have been empirical accounts of European Union activities abroad. One or two analysts have located the empirical material in analytical frameworks that consider the entirety of European Union foreign policy. These have been generally structured around a geographical or an issue-based approach.

Procedural or institutional analysis is that approach which examines the foreign policy of the European Union by taking the procedural and institutional competencies of the European Union as the primary level of analysis. It takes as central the legal division of international competencies into those derived from the treaties establishing the Communities and the Treaty on European Union. The treaties establishing the European Communities cover specified areas such as foreign trade and development and give the Commission a relatively large amount of authority and provide the Union with a wide variety of instruments with which to implement policy. By contrast the 'Common Foreign and Security Policy' provisions of the Treaty on European Union give the member states a predominant say in decision-making on every aspect of foreign policy that they should choose to discuss but offer few instruments for implementation of policy. Instruments are indirect – belonging either to the member states or deriving from the competencies allocated by the treaties for implementation through Commission-led procedures.

Procedural analysis equates the foreign policy of the European Union with that which emanates from the procedures of the Common Foreign and Security Policy. The effect of this conceptual error – the elision of 'European Union foreign policy' with 'the Common Foreign and Security Policy' – is to minimise and

downgrade the foreign policy activities of the Union. First, as the CFSP has few instruments and is structurally unable to implement policy of itself, the impact is to argue that European Union foreign policy has little or no implementation capacity and therefore is inherently likely to be ineffective. Second, such an analytical strategy simply ignores the vast amount of external activity implemented through the legal competencies of the treaties establishing the European communities – on the grounds that this is not foreign policy ‘proper’. The staggering effect is to rule out consideration of, for instance, many cases of sanctions or democracy promotion or the large-scale attempts to help create market economies and liberal democracies in Eastern and Central Europe – all of which are implemented through Community procedures – as foreign policy.

Procedural analysis is also misleading in that it underestimates the significant interplay between legally differentiated procedures. The General Affairs Council of the European Union discusses strategic foreign policy and then finds ways to implement policy – using either Community or ‘Union’ procedures in a fairly pragmatic manner. This approach also leads to an over-concentration in analysis on how decisions are made, at the expense of the study of what the European Union has actually been engaged in abroad. Compared to the evaluations of decision-making and procedures, there are relatively few case studies of European Union foreign policy to be found in the literature.

The procedural or institutional approach is enormously influential and is so pervasive that it shapes most evaluations of the foreign policy of the European Union. Exceptions include those that have tried to conceive of the nature of the European Union as a foreign policy actor as either a ‘presence’ in international affairs or in some ways a *sui generis* actor. Whether the European Union can best be conceived of as presence, quasi-state or some form of unique political entity does not, however, necessarily help in the evaluation of the scope and scale of that entity’s foreign policy activities.

THE GEO-ISSUE-AREA APPROACH

The most useful ways of thinking about the foreign policy of the European Union have been those which engage with either the geographical reach of the Union abroad or which attempt to evaluate the various issues with which the Union has involved itself abroad. Both these approaches treat the European Union as a conglomerate actor. In other words they reject a one-sided analysis that treats

European Union foreign policy as only that which is operationalised through the mechanisms of the Common Foreign and Security Policy. These approaches avoid the error of only considering as important that which falls under the legal competence of the Common Foreign and Security Policy mechanisms. They are therefore able to offer a balanced appraisal of the various policies and activities that together comprise the foreign policy of the European Union.

This book combines both the geographical and the issue-area approach to explain and interpret European Union foreign policy. It takes as its premise that the European Union is an important actor in world affairs and that it makes and implements foreign policy and that it does this as a complex but relatively cohesive actor. The European Union engages in policy internationally although not in every area of the globe to the same extent. Like most nation-states, it has geographically different and distinct interests. It is also involved in different issue-areas to a greater or lesser extent – an issue-area being a complex body of policies related to one core theme.

The book does not suggest – far from it – that geographical areas of interest or issue-areas do not in practice overlap with each other in a sometimes messy and sometimes hard to discern separateness. The broad analytical structure presented here that argues for policy to be understood as operating more or less through the discernible analytical prism of the geographical categories suggested and the issue-areas identified can, however, be justified as the reflection of how EU policymakers seem to organise and see their subject matter. EU policymakers (and most observers) recognise the real life porousness of such categories but also recognise the real life necessity to delineate the categories to make them manageable.

GEOGRAPHICAL DEMARCATION

Broadly speaking the Union divides its attentions in the early twenty-first century into three broad areas of geographical and political interest. These are the rich members of the OECD, identified in this book as the ‘North’, the poorer countries of the ‘South’ and, third, the rest of Europe – termed here as the ‘New Europe’. These are broad characterisations and there are clearly overlaps between groups. The Union for instance tends to deal with Russia as a European state – even though large parts of both the former Soviet Union and the current Russian states are by any definition part of the Asian landmass. In this book the North is understood as

comprising most of the non-European Organisation of Economic Cooperation and Development (OECD) countries, the 'neighbouring South', the Mediterranean neighbours and the Arab world, and the distant South – the African, Caribbean and Pacific (ACP) countries, Asia and Latin America. The 'New Europe' comprises post-Cold War Europe – including the non-EU Scandinavian states, Russia and the Newly Independent States of the former Soviet Union, the East and Central European states, the South-eastern European states and the three Mediterranean applicants (Cyprus, Malta and Turkey).

The South is clearly itself a very heterogeneous grouping of countries indeed – ranging from the micro-states of Polynesia to the immensely large countries of China, India and Brazil. One way that the EU has dealt with the necessity to differentiate within the South has been to concern itself more directly with Southern states that are contiguous to its landmass and therefore of more direct security and economic concern – and, conversely, to involve itself in a much more diffuse manner with states that are geographically distant. We can think of Union foreign policy towards the South, therefore, as being divided into that directed towards the 'neighbouring South' and the 'distant South'. This again is not a hard and fast definition. During the 1980s for instance the European Union became politically and economically involved in the faraway Central American crisis in a sustained and important manner – helping to resolve the conflicts that had caused massive loss of life and economic destruction during the 1970s and 1980s (see Chapter 7).

The analytical framework for the empirical Chapters 5, 6, 7 and 8 is shaped by the Union's geographical demarcation of foreign policy. Chapter 5 considers EU relations with the North, Chapter 6 the neighbouring South, Chapter 7 the distant South, and Chapter 8 reviews the European Union in the New Europe. In terms of balance, the book has less to say on relations with the North, partly because the volume of activities in relation to the South and, since the early 1990s, the East is relatively larger – the Northern countries, after all, forming only a very small percentage of the world's states.

The North

For the European Union, the OECD states, with some exceptions, constitute the North. Mexico and the Republic of Korea have joined the OECD but it will probably take some time before the European Union shifts from its primary orientation towards these states as within the context of an Asian and Latin American focus. In

addition, European Union foreign policy towards the OECD, extra-EU European states, including Norway and Switzerland, is assessed in Chapter 8 in the context of EU policy towards the New Europe. In Chapter 5, therefore, it is the non-European OECD states that are discussed – that is the United States, Japan, Canada, Australia and New Zealand. European Union foreign policy towards the North is focused on trade – although security differences have sometimes caused rifts between the Union and its major OECD partner, the United States. European Union foreign policy towards the North has been absolutely dominated by its concern with relations with the United States and these relations, which are documented in Chapter 5, have not always been harmonious.

The South

The European Union of the early twenty-first century has no formal hierarchy of commitments in its relations with the countries of the South and has a range of different, sometimes competing and conflicting, political and economic objectives in respect of its Southern partners. Policies towards the South are in a state of flux, as indeed are the instruments used to implement those policies such as the different types of association, cooperation and trade agreements. Internal and external pressures have combined to force the EU to review both policies and instruments. The successful conclusion of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) in December 1993 meant that the EU had to review all its trade agreements with third states and regional groupings, particularly those with which it has had some form of protected or specially regulated arrangements. But probably the most important of the external pressures forcing a review of policy were the enormous political and economic changes in Eastern Europe in the 1990s which sharply focused EU foreign policy attention on pan-European politics and, some would argue, away from its broader global commitments.

Change in Union foreign policy towards the South

When the EC was established, policy towards the South was relatively uncomplicated. Clear priorities were to forge mutually beneficial trade and aid links with ex-colonies and overseas territories of the member states. From the 1950s up until the early 1970s, the EC emphasised its special relationships with ex-colonies and overseas territories – relationships which were managed by first the Yaoundé (see Chapter 2) and, from 1975, the Lomé conventions. The

oil crisis of 1973, however, forced a reconsideration of the EC's Southern priorities, ensuring that the EC and its mainly oil-importing member states would have to take seriously the claims of oil-producing states – predominately from the Arab world. The second Cold War of the 1980s further pushed small poor countries on to world agendas as the bellicose Reagan administration in the United States engaged itself in a worldwide fight against the Communist Soviet Union that was mainly fought out in what was commonly called the 'Third World'. The European Community as an ever stronger international actor with interests and objectives of its own which were sometimes at variance with those of the United States found itself acting as participant and occasional mediator in some of these conflicts (see Chapter 5) and inclined to use its increasingly more powerful instruments (economic aid, sanctions and diplomacy) to intervene to defend its own interests. The 1981 and 1986 enlargement of the Community to include the Mediterranean states of Greece, Portugal and Spain, also brought new issues on to the foreign policy agenda. The EC's new neighbours in northern Africa demanded new deals in terms of economic assistance and trade agreements, while the EC was anxious to secure arrangements that would help it to forestall political and economic instability on its southern flank.

By the early 1990s, however, the EC/EU was chastened in its attempted international role towards the South by its inability to act as anything other than junior partner to the United States in the Gulf War of 1990/91 and the subsequent Middle East peace process. Yet the EU also wanted to promote its specific interests in the context of increasing worldwide economic interdependence through trying to forge new relationships with Asia and Latin America, the southern pacemakers in the world's globalising economy. The EU recognised the rise in international importance of the 'emerging' Asian polities and economies, particularly China and South Korea but also the Association of South East Asian (ASEAN) countries and tried to develop new forms of partnership with these states (see Chapter 7). Similarly the EU attempted to rework its relationships with Latin American states which, in the 1990s, began to play a more significant role in the international political economy. Mexico was important because of its institutional link to the United States and Canada in the North American Free Trade Area (NAFTA) and MERCOSUR (the southern common market of Latin America

comprising Argentina, Brazil, Paraguay and Uruguay) because of its economic weight and potential (see Chapter 7).

The foreign policy constants

The EU has had two constants in its foreign policy towards the South. The first was the concern to manage relations effectively with its southern neighbours to avoid 'spill-over' of instability and violence into its territory. The second was to continue to deliver on its historic commitments to ex-colonies and overseas territories and dependencies. The EU attempted to integrate these commitments into a global foreign policy towards the South in the context of the evolution of what is by now an extensive network of international relations. Much of this network is institutionalised in formal agreements and many of these agreements are incorporated into what has become the EU's characteristic regional approach to foreign policy. The EU prefers to negotiate region to region agreements and to encourage regional associations with its partners where this is possible. This regionalisation strategy is not confined to relations with the South but this approach is particularly manifest there, in the number, duration and visibility of interregional arrangements – most clearly with the long-lasting association with the African, Caribbean and Pacific states via the Lomé, now the Cotonou, agreements.

The EU boasts that it is the developing world's major trading and development aid partner. In 1999, Development Commissioner Poul Nielson announced that the Union constituted the developing countries' first trade partner – providing around 22 per cent of their exports and imports. In 1998 the European Union and the member states provided nearly 50 per cent of the world's official development assistance. In 1997, the EC alone was the world's fifth largest aid donor. It has cooperation agreements of various sorts with around 120 Southern states and by 1998 was funding development projects in over 170 states and dependent territories. Aid priorities have changed such that Russia, Eastern and Central Europe, the Mediterranean and the Middle Eastern states have assumed more prominence – at the expense of the poorer African, Caribbean and Pacific states. Actual disbursements of aid in 1998 for instance gave 1,958 million Euros to the East and Central European states and the Newly Independent States of the former Soviet Union, compared to 1,711 million Euros to sub-Saharan Africa and 438 million Euros to south and central Asia. Between 1986 and 1998 the sectoral breakdown of EU aid also changed from around 45 per cent to 65

per cent for long-term development projects. In the same period food aid decreased from just under 40 per cent to around 10 per cent of all EU aid. The rest has been allocated to areas ranging from humanitarian aid for refugees and victims of natural disasters through to assistance for trade expansion schemes and structural adjustment support.

Two different emphases

The European Union's foreign policy to its nearest Southern neighbours has been shaped by its broad security concerns. Its approach to the more distant South has, by contrast, been framed within the context of straightforward trade and development cooperation concerns – and very infrequently by security issues. The two chapters on foreign policy towards the South follow, therefore, these demarcation lines. Chapter 6 analyses foreign policy towards the Mediterranean, including the Maghreb, Mashreq and the Middle East sub-regions and the Gulf states. Chapter 7 reviews policy and practice towards Africa, the Caribbean and the Pacific (the ACP); Asia; and Latin America.

THE NEW EUROPE

The foreign policy of the European Union towards the rest of Europe has been transformed from something almost peripheral to its external concerns to the centre of its foreign policies and activities. This change has occurred in a very short period of time – beginning at the end of the Cold War in the late 1980s. At the same time, EU policies towards the rest of Europe have assumed an interchangeable internal/external relation as Austria, Finland and Sweden joined in 1995 and most of the rest of the continent is either engaged in active negotiations to join or planning how it can enter into that process. There is a huge variety of EU concerns in the New Europe at the turn of the twenty-first century. These range from preventing further killing and violence in South-East Europe and Turkey to managing trade and cooperative relations with nations like Norway and Switzerland which, although non-members, are extraordinarily close to the EU in terms of harmonisation of domestic and external policies.

Europe or Asia?

There is a geographical overlap between Europe and Asia – and this book includes as European states those which have both identities – most notably Russia and Turkey. The analytical reasons for treating

these regions as part of 'Europe' reflect the political concerns of Union leaders. Core European Union security concerns depend upon and are directly tied up with Russian and Turkish policies and activities in Europe. It is inconceivable, for instance, that a resolution to the conflicts in South-East Europe could be resolved without some form of Russian participation. In addition, there will be continuing Russian sensitivities in terms of any build-up of military capacities and/or political systems which could provide perceived threats to Russian security from the East and Central European border states to Russia. Apart from the fact that the EU recognised that Turkey was 'European' enough to join the then EC when it accepted Turkish candidature for membership as far back as 1963, Turkey is also important as a security actor in European Union affairs. It is not just a key player in the resolution of the Cyprus problem but also provides a potential EU 'gateway' to the former states of the Soviet Union in Central Asia.

For the European Union, the Former Soviet Union (FSU) states of Central Asia and the Caucasus are often referred to in the context of discussions about the New Europe. This 'European' status partly reflects Organisation for Security and Cooperation in Europe (OSCE) policy to allow these states membership of the pan-European organisation in recognition of their position as successor entities to the former Soviet Union.

The Sub-regional Divisions

In Chapter 8, EU foreign policy towards the rest of Europe is analysed in respect of five sub-regions. These are Northern Europe, Russia and the Commonwealth of Independent States (CIS), East and Central Europe (ECE), South-East Europe (SEE) and the three remaining southern Mediterranean applicant states – Turkey, Cyprus and Malta.

The European Union has treated the Baltic states as 'East and Central European countries' – not states of the FSU – since 1991 after it considered them eligible for EU economic reconstruction funding for East and Central Europe – the PHARE facility. This compares with the EU categorisation of Russia and the CIS states or the 'Newly Independent States' (NIS) as a coherent group. This group of states is treated differently from the ECE states in that their primary source of Union development assistance is from the TACIS funding mechanism – not the PHARE facility. In addition the European Union has increasingly categorised states which it foresees it may accept into Union membership as ECE states. The designation of NIS

is partially designed to differentiate applicant states from those whose candidature would be a very distant prospect.

ISSUE-AREAS

The European Union, like most states, is involved in a whole number of foreign policy issues – some of which are little more than uncontroversial day-to-day interchanges with persons, entities and countries outside its borders. Other issues, however, can assume grave political importance and these issues are only sometimes confined to the classical issues of high politics or military security. For example, the European Union's unwavering commitment to help redemocratised the states of Eastern and Central Europe has little to do with a potential military attack on EU territory but everything to do with political security and stability for EU states that want to protect themselves against any future Communist threat to EU governing regimes. An issue-area perspective allows for an interrogation of foreign policy areas so as to determine when low politics becomes high politics – and allows us to keep on the analytical agenda all the issues which the EU has been concerned with abroad in its mission to protect its domestic interests and values at home. An issue-area is constituted by a complex body of policies related to a core central theme.

The classical themes of foreign policy analysis are security and defence. Since the ratification of the Maastricht Treaty in November 1993, with its consolidation in the Amsterdam Treaty of 1999, the EU is now in official possession of a common foreign and *security* policy – a recognition that the classic concerns of the foreign policy of states are also central to the foreign policy of the EU. There are also other issues, however, which are important for foreign policy-makers and hence foreign policy analysts. The international politics of trade and money are key concerns of any contemporary government – as are less controversial areas such as overseas aid. And the European Union, like national governments, has a wide variety of foreign policy concerns in different issue-areas, including security. In the early twenty-first century, the most important of EU foreign policy issue-areas are *security and defence, external trade, development aid, interregional cooperation and enlargement*.

EU foreign policy is implemented by various key actors, underpinned by differing legal foundations, and characterised by different decision-making procedures depending on the issue and the policy. In addition, the European Union implements policy in each issue-

area using a variety of different instruments. This section outlines these core issue-areas and indicates some of the actors, instruments, legal bases and decision-making procedures utilised by the European Union within these issue-areas. One word of warning is warranted, however. The organisation of the material in terms of 'issue-areas' is only an analytical device that is meant to help elucidate the relevant dynamics of Community/Union foreign policy. Such an organisation of the material does not imply that there ever was not or is not, in practice, a great deal of overlap and trade-off between issue-areas.

Security and Defence

In the classical sense of a security policy that is based on military policy and practice, the European Union has only a weak interest in this issue-area and few direct capabilities. Security in the post-Cold War world, and arguably before, means much more to the Union, however, than military defence. Security, for the Union, includes political stability that in turn involves, among other things, reduction of crime, control of the narcotics trade, migration control, environmental protection and the maintenance of liberal democratic systems. These 'new' areas of security are of direct concern to the Union, which engages in a wide variety of policies in order to respond to changing threats to stability worldwide.

The idea of the EU engaging in security-related issues has, however, been controversial given that the member states regard this issue-area as at the core of their national prerogatives – particularly in the military arena. It was only as recently as 1983 that the EC had been first permitted to discuss 'the political and economic aspects' of security. No further authorisation was given in the 1987 Single European Act (SEA). If anything the SEA reinforced the separation of security institutions from politico-economic institutions in Western Europe – insisting that those states which wished to form closer security links should do so via the Western European Union or NATO. The ratification of the Maastricht Treaty on European Union (TEU) in 1993 brought quite an innovation in that it recognised that the Union had developed cooperation between its member states to such an extent that security cooperation was politically feasible. Although the TEU did not identify areas in which security cooperation might be immediately possible, discussions did take place during the treaty negotiations which resulted in an agreement that four areas would be priorities for EU action. These were the Conference on Security and Cooperation in Europe (which

changed its name in January 1995 to the Organisation for Security and Cooperation in Europe – OSCE); disarmament and control of arms in Europe; nuclear non-proliferation; and the economic aspects of security – particularly the transfer of military technology to third countries and arms export controls.

The EU has not managed to move along the continuum from discussion of security-related issues to organisation of a common defence policy and is certainly not in a position to offer a common defence of the Union. This was particularly evident in the mid-1990s in the former Yugoslavia crisis as the United States resumed its leadership role in the Western alliance in respect of European security. Implementation of any security policy that is discussed within the framework of the CFSP remains, therefore, with a number of different actors – within and without the EU. On issues that involve the deployment of military forces it is NATO that remains the core actor. The WEU has extended its capacities and engaged in actions on the ground – for instance it provided police forces for the EU administered town of Mostar in Bosnia – but it has not evolved in any way as a comparable security instrument to NATO. The Amsterdam Treaty bolstered this cautious approach to allocating security responsibilities to the European Union. The Union was now permitted to ‘avail itself’ of Western European Union capabilities and some possibility was allowed for merger of the WEU and the EU should the two organisations consider this fruitful in the future. Procedures were improved and clarified (see Chapter 3) but considerable autonomy was left to member states to decide on whether or not to engage in Union-led collective security ventures.

Further attempts to create what has become known as the European Security and Defence Policy (ESDP) materialised at the 1999 European Council in Cologne which announced that it intended to develop a military capacity in the context of member states’ commitments to NATO. The intention was, ‘where NATO as a whole is not engaged’, to be able to deploy European Union military forces where necessary – particularly to respond to the exigencies of crisis management. To this end the Union committed itself to creating a 50,000 to 60,000-strong Rapid Reaction Force by 2003. The Union was very careful to spell out its primary commitment to NATO, however, and it remains to be seen as to whether the force envisaged will become operational and, if it does, whether it will be of significance in helping the Union achieve foreign policy goals.

Actors, instruments, legal bases and decision-making procedures

The key actors on security and defence issues continue to be the member states. The European Council therefore provides a significant forum in respect of developing common positions on security issues. The importance of the Council has been magnified since the 1993 Treaty on European Union (TEU). This is partly because it contains two states – Britain and France – that are permanent members of the UN Security Council and that are now bound by the TEU to coordinate with the other 13 member states on issues that concern them all. The Council is also a significant actor for coordinating European security positions given that not all EU member states are NATO members, but NATO has proved itself the key actor in pan-European security in the 1990s and early 2000s. EU non-NATO members have a potentially significant part to play in helping shape policies of EU states that are also members of NATO. The TEU committed the EU to work in harmony with NATO and the Council's coordinating role is therefore potentially significant. Military force, trade sanctions and aid, development aid and diplomatic intervention provide the potential armoury of EU security potential. The instruments at the disposal of the EU, in theory, include the whole gamut of EU and member state foreign policy capabilities. The legal foundations for security cooperation can be found in Title V of the 1999 Amsterdam Treaty. The decision-making procedures are inter-governmental.

Trade

The European Community assumed supranational capacities in respect of member state domestic and external trade policy in the Treaty of Rome. The various treaties signed since 1957 have tended to diminish the Commission's autonomy in trade matters but it is still the policy area in which the Union (through the Community pillar) has powers over and above those of the member states. Trade-based relationships often form the foundation of EU foreign relations and the Union has trade-based relationships with over 150 states and international organisations. Some agreements are extensive – for instance the comprehensive agreement negotiated within the GATT at the end of the most recent round of multilateral trade bargaining – the Uruguay Round. Others can involve just one product and involve an agreement with one state.

Some trade agreements have very little directly to do with major foreign policy concerns. These contrast with those such as the GATT negotiations that involved friction with the EU's most important ally, the United States, and were of foreign policy consequence. However, even trade policies in respect of just one product can have foreign policy ramifications. A very visible manifestation of this was the row over the EC/EU's banana imports in which African, Caribbean and Pacific (ACP) banana producers were in conflict with Central American banana producers for European markets. For small states that rely on one or two crops like bananas to provide vital revenues, EU trade decisions are more than economic and can involve the EU in diplomatic efforts to avoid conflict. The most high-profile aspect of the EU's trade competencies in foreign policy terms, however, is the Union's power to impose sanctions on a third state. The Maastricht Treaty recognised this capability in Article 228a (since the Amsterdam Treaty Article 301) when the Union explicitly accepted linkage between this feature of EU trade policy and the common foreign and security policy.

The Union's trade links have had a dual impact on the development of a Union foreign policy. On the one hand EC/EU trade policies and instruments enabled it to operationalise its foreign policy goals. Trade incentives, for instance, are an important instrument in the pursuit of foreign policy objectives such as stability in the Mediterranean and democratisation in Central and Eastern Europe. On the other hand the fact that the EU is the world's largest trading bloc elicits a foreign policy momentum of its own. Trading partners do not separate EU trading policies from a composite assessment of EU and member states' foreign policies – and thus pressure remains on the EU to maintain consistency in its external relations. Over the years this need for consistency between all aspects of EC/EU policies has been recognised as a major aim. The Treaty on European Union laid an obligation on the Council to 'ensure the unity, consistency and effectiveness of action by the Union'. The Amsterdam Treaty also attempted to tighten coordination so as to have a more efficient and effective foreign policy.

Actors, instruments, legal bases and decision-making procedures

The Council and the Commission are the key players in the trade aspects of EU foreign policy. The Parliament's role has increased in recent years so that it can now hold hearings and adopt resolutions on trade issues which come under Article 133 (ex 113) of the treaties.