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THE EXTERNAL RELATIONS OF THE EUROPEAN UNION



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The EU in International Affairs

A Global Actor *Sui Generis*

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In 1964, British Prime Minister Harold Wilson famously quipped that a week was “a long time in politics”. The Labour leader probably had in mind the dramatic change in his government’s fortunes following his victory at the October 1964 general election: the elation generated by Labour’s return to power after twenty-three years in the political wilderness soon gave way to serious concerns over the state of the British economy, and, more specifically, over the United Kingdom’s gloomy balance of payments figures and the weakness of sterling.¹ Born of Labour’s troubled early days in office, Wilson’s aphorism entered British political folklore. Its validity, however, remains universal, transcending political cultures and historical circumstances; it applies to political leaders as much as governments and other political institutions. The European Union (EU), of course, is no exception. Six years ago, when turmoil engulfed the global economy and the international financial system seemed to be on the verge of a disastrous meltdown as a result of the American subprime mortgage crisis, the European Monetary Union and its flagship, the euro, appeared to provide a safe shelter for countries badly hit by the financial storm. Central and eastern European countries were reported to be keen on adopting the euro; Iceland announced its intention to apply for EU membership with a view to eventually entering the eurozone; and the idea of the UK joining the euro was even mooted in the British press although never seriously considered by the British government. Alas, six years down the track – and in an almost Dickensian turn of events – we are witnessing a serious political and economic storm, which is threatening

¹ See, for instance, Newton, S., “The Two Sterling Crises of 1964 and the Decision not to Devalue,” *Cardiff Historical Papers*, Vol. 7, No. 1, 2007, pp. 1-45, <http://www.cardiff.ac.uk/share/resources/CHP%20Newton%20-%20sterling%20crises.pdf>, accessed 31 May 2012.

the very existence of the euro and casting a dark shadow on the future of the EU itself.

How the current turbulence in Europe is going to play out and how it will impact on the eurozone's future as a viable fiscal and monetary union, on its member states, as well as on the cohesion of the wider Union, is as yet, unclear. Also uncertain are the implications of such turbulence for the rest of the world and the latter's political and economic relations with the EU. As one of the contributors to this volume suggests in an essay on Indian-EU relations, the current eurozone crisis does not seem to be conducive to the development of a close political partnership between the EU and India. Nor, it seems, would it augur well for the future of the EU's other major relationships if the economic turmoil in Europe were to spill over into the global economy and severely affect the EU's main partners.

Still, as policymakers and academic scholars are grappling with the political and economic implications of the EU's current travails, it is important not to indulge in facile euroscepticism and lose sight of the important accomplishments that have been achieved in Europe over the past sixty years as a result of the Old Continent's growing integration. During this period, not only did the EU act as a major force for the political and economic transformation of Europe, but it also emerged as a powerful trade negotiator and an important player in global issues such as the environment, development aid, social policy and human rights. Unsurprisingly, given the EU's rising profile and visibility at the international level, its role in world affairs has received increasing scholarly attention and has become the focus of intense debate among academics and practitioners. This edited volume is the outcome of a conference on the external relations of the European Union held in Melbourne in September 2009. It was organised by the European and EU Centre at Monash University (Melbourne) in collaboration with the University of New South Wales (Sydney), the Machiavelli Inter-University Centre for Cold War Studies (CIMA, Florence and Rome) and the National Centre for Research on Europe at the University of Canterbury (Christchurch) and it makes an important contribution to this ongoing debate by seeking to address a number of important questions on the nature of the EU's international role. Chief among these is no doubt the question of how the EU has been seen by non-EU countries since its inception in the 1950s. Has, for instance, the EU's view of itself as a growing political and strategic presence in the international system been shared by other international actors, and, if so, to what extent? In other words, exactly how is the EU perceived by the international community and how have these perceptions developed over time? Has the EU been perceived to be more of an economic actor or a political force? Is the EU seen as a regional model that could be emulated by others? In addressing these questions,

this volume aims to throw further light on the distinctive character of European integration and its external dimension.

The first part of this book comprises two essays which examine the EU's relations with its European neighbours. Part II focuses on the EU and the Asia-Pacific region and, in so doing, examines the EU's links with a number of influential regional actors, such as China, Japan, India, Singapore, Australia and New Zealand. The third part looks at the interactions and reciprocal perceptions between the EU, on one side, and the Americas on the other, while Part IV explores EU relations with the African, Caribbean and Pacific countries (ACP), investigating the theme of a postcolonial heritage in EU external relations. Finally, the fifth part deals with the EU legal system, its possible contribution to global governance and its performance in multilateral taxation contexts.

The two essays belonging to the first section of the book are quite different in kind and perspective. Both, however, are concerned with the same (and peculiar) dimension of the European Economic Community (EEC)/European Union (EU)'s outward projection – namely, cold war and post-cold war relations between an integrated Western European bloc, the Soviet Union and the latter's former Eastern European satellites. Ambassador David Daly offers a lively personal view on the EU's eastward enlargement during the two momentous decades that followed the end of the Cold War. Karolina Pietras focuses on the diverging popular perceptions and collective memories of *Solidarność* (the Solidarity movement) (and the role played by it in the Polish crisis of the Eighties) in both Western Europe and Poland itself and how these perceptions/memories have changed over time.

More specifically, Ambassador Daly reflects on the challenges the EU has faced and the successes it has achieved in its five-decade-long expansion from the initial core of six founding partners to the current twenty-eight member states. In taking stock of what he calls a “sometimes tumultuous” process, Ambassador Daly notes how the enlargement of the EU has not only revolutionised (for the better) the political, economic and social face of post-war Europe, but has also transformed the EU itself and its member states. On this last point – which is also the focus of his chapter – he reminds us of the tremendous effort asked of candidate countries and the significant demands made upon them in their quest for EU membership. An experienced participant himself in the enlargement process, Ambassador Daly argues that, despite a certain air of near-inevitability often surrounding enlargement negotiations, the accession of candidate countries has never been a foregone conclusion, nor, as he puts it, a “pre-ordained and sealed fate”. Given the complexity of the enlargement process, Daly also does well to remind us of two things: first, that it

would be a mistake to consider EU membership a ready solution to every national or regional problem. Accession is a long adaptive process that continues well beyond the formal date of accession and the benefits of which are often only measurable in the longer term. Second, it would be wrong to fall into pessimism. As he points out, European integration has never been short of “nay-sayers” or “prophets of doom”. Yet, it is perhaps worth remembering, as Daly does, that “almost as satisfying as all that has happened over the years of [his] involvement with enlargement is what has not happened” in terms of doom and gloom scenarios.

In her chapter, Pietras makes a valuable contribution to a better understanding of the *Solidarność* legacy in contemporary European history and culture. In so doing, she effectively shows how distant Western and Eastern Europeans still are from sharing a genuine common European identity after the long Cold War interlude – and notwithstanding all the advantages brought about by enlargement, as outlined by Ambassador Daly in his previous chapter. Noting how Polish perceptions of *Solidarność* have moved from the wide popular support that the movement enjoyed in the Eighties to quite a different, and ultimately less positive, image subsequently, Pietras tries to explain why, and in what way, things have evolved differently in the West (essentially France and Germany). Although further research based on archival documents may one day cast a different light on the period and issues examined by Pietras, the author’s sound methodological approach to public opinion behaviour and the wide scope of her study, in parallel perspectives, on one of the most important inner crises of the Soviet empire, make this chapter a precious contribution in an area of key importance for the future of the EU. The building of a common European identity through a shared collective memory is, indeed, seen by many as the indispensable prerequisite for the emergence of a truly effective EU role in international affairs.

Coming to the section devoted to the EU’s relations with the Asia-Pacific region, both essays by Andrea Benvenuti, Natalia Chaban and Sarah Christie examine Australasian attitudes towards the early process of European integration in the 1950s. Whereas Benvenuti focuses on the Australian government’s attitude towards the establishment of the European Economic Community (EEC), which he describes as rather hesitant and uncertain, Chaban and Christie cast an interesting light on New Zealand’s governmental and media perceptions of the early integration process. In their view, while generally supportive of steps towards closer continental collaboration, the New Zealand government was nonetheless awake to the risk that New Zealand might one day have to pay a heavy price for this support. As in the case of Australia, policymakers in Wellington viewed with concern the prospect of Britain’s membership

of the EEC since British entry would have significant economic implications for New Zealand. This attitude, Chaban and Christie show, was also broadly shared by the New Zealand media. The question of New Zealand's attitudes towards European integration is further explored in Serena Kelly's chapter on New Zealand and Singaporean contemporary perceptions of the EU. The focus here, of course, is on the present, rather than the past. Kelly finds that, while in both New Zealand and Singapore local political elites and public opinion tend to view the EU as a relatively strong economic power, uncertainty remains over the nature of the EU's role beyond the economic realm. Kelly observes that if the EU is trying to "brand" itself as a normative power, then it is clearly finding it hard to be recognised as such.

The next chapters further explore the EU's role and place in contemporary international affairs by focusing on India-EU relations. In examining the significance of the EU for Indian foreign policy and security strategy, Daniel Novotný argues that in spite of Indo-European attempts to deepen their ties through the signing of the Strategic Partnership Agreement in 2004, the bilateral relationship still lacks critical depth and sufficient closeness. The Indian foreign policy elite no doubt recognises the EU's clout in international economic affairs, yet it remains understandably sceptical of the EU's ability to give itself a coherent foreign and security policy. In Indian eyes, the problem of the EU's inability to speak with a single voice in foreign affairs is further compounded by a "perceived lack of common strategic interests" between India and the EU. Given these limitations, it is no surprise if the EU remains a marginal factor in New Delhi's foreign and defence policy calculations. Similar concerns are raised by Rajendra Jain in his chapter on contemporary Indian perspectives on the EU and its international role. Here Jain notes also the inability of both India and the EU – their strategic partnership notwithstanding – to establish a structured dialogue on security issues owing to different priorities and security concerns (with India essentially confronting traditional security threats in a largely hostile neighbourhood and the EU mostly preoccupied with non-traditional security threats). That said, Jain also reminds us of the progress that has been achieved in Indian-EU relations since the establishment of formal diplomatic ties in 1962. While such progress as has been achieved might not be exceptional, it is nonetheless real enough. Not only has Indo-European political dialogue "considerably widened and deepened" over the past fifty years, but, more importantly, there is still a growing willingness on the part of both India and the EU to engage further. More pessimistic, however, about the current (and future) state of India-EU relations is Emilian Kavalski. Despite the oft-heard claim that India and the EU are natural partners, Kavalski remarks how little there is beyond mere commercial interests that brings India and the EU together.

He also notes how often the “frenemy” pattern characterises the interactions between New Delhi and Brussels.

The peculiarities of the EU’s international role and the limitations of its Common Foreign and Security Policy (CFSP) are well illustrated in a revealing chapter by Gudrun Wacker on EU’s relations with East Asia. Like Novotný, Jain and Kavalski, this author also finds that the EU has been punching well below its weight in Asia. She concurs with the existing literature on EU relations towards Asia that not only has the EU traditionally focused on trade and investment in its dealings with the region, but that it has also been slow in recognising the current systemic power shift from Europe to Asia. She argues that while the EU is not a unified actor and is unlikely to become one in the foreseeable future, it has nonetheless the potential to “raise its game” and aspire to play a more prominent political role in East Asia. Much, of course, will depend on the EU itself. Unless it injects more substance, coherence and clarity into its policy towards the region, the EU is destined to become increasingly marginalised in the region.

Relations with the other emerging Asian great power, the People’s Republic of China (PRC), are the focus of Marie Julie Chenard’s chapter. She examines the evolution of the European Community (EC)’s policy towards the PRC between 1973 and 1975. She argues that the establishment of diplomatic relations between Brussels and Beijing “marked a decisive point in the Community’s opening to China”. More importantly, it indicated a readiness, on the European Commission’s part, to play a foreign policy role as well as its desire to show that the EC was “more than just the sum of its member states”. As Chenard points out, the EC’s opening to China required answers “regarding which external relations issues the EC should tackle, how the Community as a whole should tackle them and who should speak for the Community in international politics”.

No scholarly account of the EU’s role in, and policy towards, the Asia-Pacific region would be complete without a proper examination of Euro-Japanese relations. Hitoshi Suzuki provides just that by examining how the EC dealt with Japan in the 1970s. In this historical chapter, Suzuki focuses on how the European Commission resisted pressure from the EC member states to impose restrictions on the importation of Japanese cars, electronic goods and textiles in order to reduce Europe’s growing trade imbalances with Japan. Although it found it difficult to rein in the protectionist instincts of several member states (who still went ahead and introduced domestic safeguards against Japanese exports even at the cost of making the European Community’s common foreign trade appear as lacking consistency and clarity), the European Commission nonetheless managed to impose its approach. This policy was centred on the idea that

Euro-Japanese trade imbalances should be reduced through the expansion of EC exports to Japan and not the imposition of restrictions on Japanese exports. The Commission was able to persuade the Japanese government to begin to open up its highly protected internal market and, in so doing, to make a greater contribution to sustaining the world economy.

American attitudes towards the European Community and the EU make up the third part of the volume. Flora Anderson has written a convincing essay on US perceptions of the European integration process in the 1940s and 1950s through the lens of two prominent social scientists. Max Guderzo takes the story forward by studying those perceptions from a different angle and during a different period (1962-73). For his part, Rémy Davison proposes an innovative interpretation of the NATO context and its links with the EU. Latin America also figures prominently in this section through the contribution offered by Edward Moxon-Browne, whose chapter more specifically examines Central and South American perceptions and interpretations of the European integration process.

Anderson's essay belongs to a growing body of scholarship that seeks not only to chart the gradual emergence of a transatlantic intellectual network, but also to understand its influence. The network's effect on the political, diplomatic and economic dimensions of the European integration process and its close links with the US government, have been crucial also in the formulation of the latter's policies towards Europe during and after the Second World War. Based on primary sources available at the Harvard University archives, this chapter focuses on Talcott Parsons and Karl Deutsch, their scholarly work on European issues and their interactions with the Department of State and other branches of the US government on the subject of European post-war reconstruction. Where Parsons sought to understand the roots of National Socialism in Germany with a view to avoiding the re-emergence of totalitarianism across post-war Europe, Deutsch devoted his attention to the twin questions of European modernisation and integration through innovative patterns of international organisation. Both agreed on the need to develop a new "vision" of European integration, a vision that would help secure one of the most pressing objectives at the time – the reconstruction of the Old Continent – in a manner acceptable to American interests and global aspirations. In examining Parsons and Deutsch's intellectual contributions to the making of post-war Europe, the author throws an interesting new light on the conceptual framework that underpinned the well-known contribution of the US to the birth of an integrated and stable Western Europe.

Like Anderson's contribution, Guderzo's essay also deals with the political, economic and strategic rationale behind American moves in support of European integration in the decades immediately following

the end of the Second World War. Here, however, the focus is on the period beginning with John Kennedy's declaration of transatlantic interdependence in July 1962 and ending with the first EC enlargement in 1973. Starting from American responses to early Western European steps towards politico-economic co-operation in the 1950s, Guderzo identifies an important common theme between Kennedy's EC policy and that of his predecessors, Harry Truman and Dwight Eisenhower. Guderzo calls this theme "enlightened interest" and correctly views it as the main explanatory key behind the great degree of continuity that characterized American reactions to European integration between the early 1950s and mid-1960s. That said, the last years of the Johnson Administration and the new course set by Richard Nixon and Henry Kissinger saw an important change in American attitudes towards the EC and, accordingly, Guderzo examines this change through the lens of *realpolitik*. He argues that Nixon's tilt away from genuine multilateralism in favour of *realpolitik* cannot simply be ascribed to US domestic considerations and wider foreign policy calculations. It was, rather, a response to a noticeable sense of disillusionment with America's European partners that gripped the Administration in the aftermath of the latter's ill-fated attempt at transatlantic co-management of most world affairs.

Rémy Davison completes this framework of analysis centred on the United States and its relations with Western Europe by proposing a well-structured approach in eight steps to the gradual transformation of the EU-NATO partnership since the end of the Cold War. The chapter looks at the way in which NATO belied most predictions and academic analyses in the 1990s by successfully setting in motion its own transformation from its previous role as a deterrent force to an "out-of-area" offensive military force. The author rightly identifies the first Gulf War as the starting point of this metamorphosis and the intervention in the Bosnian war as its full demonstration, through air strikes on Serbian forces and the subsequent peace-keeping role played by the alliance. Emphasizing the logical connection between those developments and the development of the Military Concept introduced at the 2002 Prague Summit, the chapter also explores the 9/11 terrorist attack on the United States and its implications for EU-NATO relations. Substantial sections of the essay are devoted to the Euro-Atlantic Partnership Council, the Partnership Action Plans on Terrorism and the major challenges identified (and faced) by NATO in the period under review. The author also analyses the main elements of collaboration and competition in the EU-NATO relationship, and interprets the roots of transatlantic divergence on specific issues. In this context, Davison not only mentions the American tolerance towards EU attempts to define its own security and defence policies, but also refers to Washington's fundamental scepticism about the EU's real readiness to

offer front-line contributions in an independent or joint capacity. These remarks, which may go a long way to explaining why the US has been building *ad hoc* constellations of power within and without NATO for the last two decades, once again remind us of the complex dynamics of trans-atlantic relations, as well as of the EU's tardiness in taking responsible roles in international affairs.

This "American picture" is completed by Moxon-Browne with an essay on the multi-nuanced nature of Central and South American perceptions of the European integration process. In the first part of his chapter, Moxon-Browne examines, in depth, public opinion trends for the period 1995-2000 and assesses Latin American awareness of the EU with specific attention to significant sub-regional variations, respondents' education levels, competition with other international organizations and the US in terms of "image" and presence. He shows that while no single Latin American viewpoint exists on the EU, it is nonetheless apparent that the latter does not enjoy the same well-defined profile as the United States. That said, regional elites and the more educated sections of Latin American societies are cognizant "of the nuances of EU policies in Latin America and in the world more broadly, especially in the context of upholding peace and providing international stability". In the chapter's second section, he not only investigates the suitability of Europe's path to regional integration as a model for Latin American regionalism, but also explores the extent to which the European example has directly or indirectly influenced the development of multilateralism in a context often dominated by strong nationalism. In addition, the author proposes a parallel view of MERCOSUR (Common Market of the South) and the EU. This is conveyed through an innovative perspective – that of the former as a "two-way mirror" of the EU against the backdrop of rival economic interactions due to the presence on stage of the US as a traditional strong actor.

Moving to Part IV of the book, Ferdinand Leikam and Laura Kottos offer two stimulating interpretations of Western Europe's relations with the ACP countries. More specifically, Leikam examines the EEC-Commonwealth Africa partnership from Rome to Lomé, whereas Kottos centres her attention on French, Belgian and British imperial attitudes on the eve of the establishment of the EEC in 1957-58. Leikam's work mainly relies on British and EC archival sources, but it also makes good use of available African material, including press reports and diplomatic accounts. The final product is an interesting essay articulated in four sections. The chapter's first part discusses the origins of the EEC and its association system, and focuses on the impact of these developments on British colonies and newly independent Commonwealth states in Africa. Here Leikam casts an interesting light on how these countries/colonies perceived the new European institutions from outside. Having done so,

the author then moves to examine Britain's first bid to join the EEC in 1961-63 and analyses the reactions of the British (African) Commonwealth to London's plans for the extension of the EEC's association regime to its current and former colonies. The chapter's third section deals with the decision taken by some members of the African Commonwealth to pursue association agreements with the Six, also in reaction to the first Yaoundé agreement signed in July 1963. The author shows that relations between Commonwealth Africa and the EEC remained uneasy for, while the EEC insisted on reverse preferences, the African Commonwealth remained opposed to the principle of reciprocity. In his last section, Leikam covers Britain's final (and successful) bid for EEC membership in 1970-72 and explores the consequences of British EEC accession on London's former African colonies. Here Leikam also looks at the impact of the Lomé Convention and the association system as a means to build a durable structure for relations between Africa and an integrated Europe.

In her chapter, Kottos, too, aims to show the profound connections between the process of European integration and decolonization in an historical perspective. The author complements Leikam's analysis by offering a different view – in her case, from inside Europe – of the crucial transition which saw the old imperial centres reassess and “restructure” the relationship with their own colonial peripheries in the second half of the 1950s. More specifically, the essay investigates the attitudes of France, Belgium and the United Kingdom to decolonization in a comparative context. It argues that the three colonial powers viewed the future of their political and economic links with their former colonies (as well as that of these newly independent states with the emerging European Communities) pretty much in the same way – that is, as a continuation of empire by other means. In this context, modernization was the key tool (and quite an expensive tool, at that) to reach such a goal. While France and Belgium chose to achieve this through the association system, Britain initially preferred to wait and remain outside the EEC, fearing that integration in Europe could slow down *inter alia* the needed transformation of its empire. Also relying on an analysis of public opinion trends as well as on an examination of the role played by domestic pressure groups in steering governmental choices towards new and stronger links between Europe and its former colonies, this chapter offers not only a stimulating comparative analysis of Europe's role in the decolonisation process, but also an original interpretation of Europe's end of empire.

The last section of the volume includes two essays by Rostam J. Neuwirth and George Gilligan. Neuwirth singles out the main flaws that undermine the current structure of the international legal order and proposes persuasive interpretations of the debate on the relationship between international law and European law. Key issues such as the legal status

of the EU, or its competences and capacities as an international actor are examined and the discussion also touches the core of external perceptions of Europe and the EU debated elsewhere in the book. The author gives specific attention to a central question, namely, why international law, based as it is on traditional relations between sovereign nation states, has not yet discovered the secret of inner dynamism characterizing European law, which has proven able to progress in sixty years from the foundation of the European Coal and Steel Community (ECSC) to the Treaty of Lisbon. The chapter also studies the reform of the United Nations system, the main trends in the related academic debate and the financial elements involved, including the taboo of supranational taxes. It examines the main features of the EU legal order, highlighting such key concepts as the single institutional framework, the subsidiarity principle and the financial aspects of the EU architecture. The concluding remarks summarise the preconditions for a reform of the international legal order as a whole, also building on the EU experience with its history of successes and failures.

Gilligan's essay adopts a different perspective to investigate the EU's interaction with other international organizations, examining its role as an efficient and proactive player in multilateral taxation contexts. The chapter devotes specific attention to the EU Savings Tax Directive (EUSTD), analysing in detail its genesis and impact, and to Organisation for Economic Cooperation and Development (OECD) activities in the area of harmful tax practices (OECDHTP), both deemed by Gilligan to be very significant anti-tax avoidance multilateral regulatory initiatives. Discussion of these issues involves parallel sets of intertwined reflections on sovereignty – in particular, national fiscal sovereignty and legitimacy – which, in turn, underpin the theoretical architecture of the essay. The author uses a wide range of sources to show the extent to which both the EUSTD and OECDHTP have either received significant support or generated strong opposition in a manner that demonstrates the force of globalization and the growing interdependence between nation states. Gilligan's conclusions not only underscore the perceptions of different jurisdictions in relation to their legitimate position on transparency in taxation and other financial domains. They also underline the crucial significance of normative issues in understanding compliance at all levels, whether at local, national or international level. The durable importance of market forces, the need for more research, empirical data collection and informed interpretations in order to assess the efficacy of international regulatory initiatives such as the EUSTD and the OECDHTP are also apparent. Each of these elements is needed to produce policy-relevant prescriptions on the benefits deriving from increased tax competition and from global, rather than regional, approaches to international tax coordination. In order to show that political economy contexts and their variations do matter

in explaining the different approaches examined in this essay, Gilligan also draws attention to the contrasting attitudes of the Bush and Obama Administrations to the proactive anti-avoidance initiatives taken by the EU in multilateral taxation contexts. He concludes that the EU is likely to become an increasingly important actor in these contexts.

The concluding remarks to this volume are by Pascaline Winand, the resourceful Director of the Monash European and EU Centre from 2007 to 2014 and expert organizer of the 2009 conference, upon which this book is based. Her conclusions offer an interpretative golden thread through the five different sections of this volume, skilfully drawing attention to the EU's role in international affairs that is at once complex and in flux. As she points out, the multifaceted nature of EU's external relations requires a continuing effort on the part of academic researchers and policy analysts to grasp and explain such complexity. It is in this spirit that this book has been written. Our hope is that it will not only make a significant contribution to a better understanding of a complex institution such as the European Union, but it will also provide a stimulating stepping stone to further research into a very challenging but equally rewarding field.