

**Reflection Group:** Romano Prodi, Guy Verhofstadt (co-chairs), Jerzy Buzek, Etienne Davignon, Jacques Delors, Joschka Fischer, Paavo Lipponen, Tommaso Padoa-Schioppa.

**Rapporteur:** Nicole Gnesotto, Professor at the CNAM, Vice-President of *Notre Europe*.

**Coordination of the project:** Sami Andoura, Timo Behr and Gaëtane Ricard-Nihoul.

## Europe and World Governance

### Reshaping EU-US Relations: a Concept Paper

The European Union and the United States are major players in the globalised world order: often they determine its course, sometimes they are adversely impacted and above all they are being profoundly transformed by its effects. But in the ten years since 2000, the foundations of American power (military force, technological excellence, economic success) have been severely shaken, as have the certainties of the European project (continuous prosperity, citizen support, the attraction of the European model).

As a result, Euro-American relations can no longer be approached and practiced in the way they were for more than half a century. A high-level European reflection group comprising former Ministers and Heads of Government was brought together by *Notre Europe* to review the future of the Euro-American partnership. It undertook a sober examination of the changes under way in the world and their effects on the European Union and the United States. Above all, the group proposes a new approach based on renunciation of EU national and US imperial illusions that could enable the Euro-American partnership to become a springboard for a global partnership.

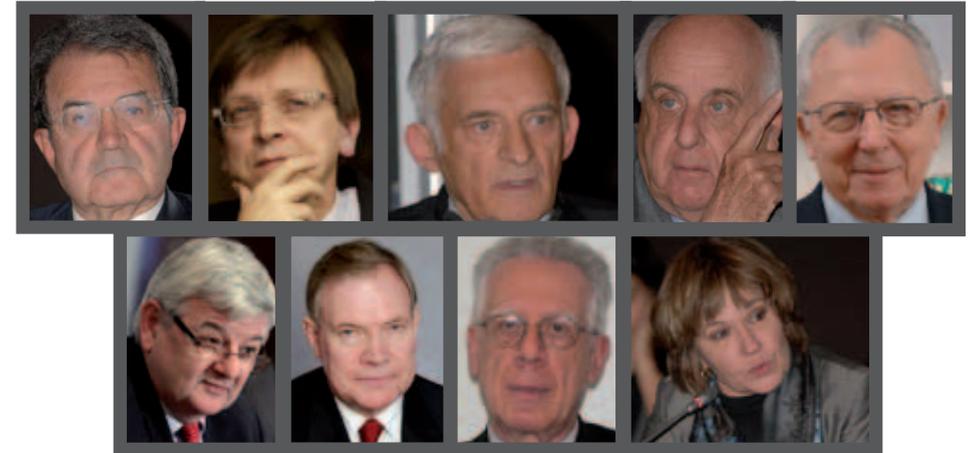
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## Acknowledgements

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This report is the harvest of the work of the High Level Task Force established by *Notre Europe* to reflect on the future of EU/US relations in the age of globalisation. The task force is composed of high-ranking former European statesmen and ministers. The objective of the high level task force is to define a new charter for EU/US relations that will facilitate a common response to current global challenges.

The members of the high level task force are:

- **Romano Prodi** (co-chair), former President of the European Commission and former Prime Minister of Italy
- **Guy Verhofstadt** (co-chair), President of the ALDE Group of the European Parliament and former Prime Minister of Belgium
- **Jerzy Buzek**, President of the European Parliament and former Prime Minister of Poland
- **Étienne Davignon**, Ministre d'Etat belge and former Vice-President of the European Commission
- **Jacques Delors**, Founding President of *Notre Europe* and former President of the European Commission
- **Joschka Fischer**, former German Foreign Minister
- **Paavo Lipponen**, former Prime Minister of Finland

**Nicole Gnesotto**, Professor at the CNAM, Vice-President of *Notre Europe*, is the *rapporteur* of the high level task force, hosted by Tommaso Padoa Schioppa, President of *Notre Europe*.

The report was discussed on the occasion of several meetings held in Paris and Brussels in 2009 and 2010. The text of the report was drafted by Nicole Gnesotto and then circulated between members of the task force. Subsequently, the draft report was presented by Romano Prodi to the European Steering Committee of *Notre Europe*, composed of leading European figures, such as former Commissioners, Ambassadors, Heads of State and Ministers (former and/or current), and debated at the annual meeting of the Committee held on 6 and 7 November 2009 in Paris.

Contributions and support were also provided by Sami Andoura and Timo Behr, Research Fellows at *Notre Europe*.

The members of *Notre Europe's* high level task force expressed a wide range of views which are reflected in the present text. The members of the Task Force endorse the analyses and proposals introduced in the document.

**TOMMASO PADOA SCHIOPPA**  
PRESIDENT OF *NOTRE EUROPE*

## Notre Europe

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**N**otre Europe is an independent think tank devoted to European integration. Under the guidance of Jacques Delors, who created Notre Europe in 1996, the association aims to “think a united Europe.”

Our ambition is to contribute to the current public debate by producing analyses and pertinent policy proposals that strive for a closer union of the peoples of Europe. We are equally devoted to promoting the active engagement of citizens and civil society in the process of community construction and the creation of a European public space.

In this vein, the staff of Notre Europe directs research projects; produces and disseminates analyses in the form of short notes, studies, and articles; and organises public debates and seminars. Its analyses and proposals are concentrated around four themes:

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## Preface

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**A** narrative for ever closer Trans-Atlantic ties is neither novel nor original. Yet *Notre Europe* offers deep insight and adds to the sense of urgency for a reinvigorated Trans-Atlantic partnership. The European Union is facing a stark choice: unity or marginalisation.

We have witnessed the end of the unipolar world order – a world order dominated by a single power, the United States. Change was brought about by developments both outside and within the United States.

The world that America's new President Barack Obama will face is fundamentally different from the one President George W. Bush inherited from Clinton. Obama's election has accelerated this evolution. The American leadership needs to change. Whereas it took the position of a dominant superpower under the Bush presidency, with the war on terror and the wars in Iraq and Afghanistan, it has been obliged by circumstance to focus its attention on the great imbalances at home. The United States of America finds it necessary to combine the status of a great power with the image of a continent with opportunities for all, an example for the entire world of an open society where race and origins do not matter.

New economic, political and military powers have emerged. The “go it alone” strategy has failed. We are now seeing the beginning of a multipolar world, a “new age of empires”. Europe must emerge as one. In this regard the United States is both a natural and indispensable ally. The environment, security and the economy all require joint EU-US responses if such responses are to have a global impact.

The Euro-American partnership could become a springboard for world governance. Our interdependence makes us stronger. As the nation-state-based approach slowly gives way to multilateral ones, there is a growing need to build a common set of principles for future interaction.

This study rightly points out the failure of the Copenhagen climate negotiations. Globalisation greatly undermines the effectiveness of “balance-of-power” politics. Global governance requires effective multilateralism. It can only be established if the European Union and the United States acknowledge their strengths and weaknesses, agree to disagree, and stop basing their politics on illusions.

*Notre Europe* has produced yet another timely and relevant reflection on the state of Trans-Atlantic relations. It sketches out how this fundamental component of international relations should evolve in the new global environment.

**GUY VERHOFSTADT & ROMANO PRODI**

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## Introduction

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The new decade could not have begun under more auspicious circumstances for the Euro-American partnership. With the Treaty of Lisbon in force and a new legislature in place, the European Union is at last poised to embark on a new stage of its journey towards unity; meanwhile, with the election of Barack Obama, the United States has recovered the image and international credibility it had forfeited. The American President is again admired in Europe and the United States has returned to an approach based on the principles of multilateralism, dialogue and negotiation by which the Europeans set such store. The combined power of the two partners, which together account for more than half of the world's wealth, and the interdependence of their economies in the current crisis both betoken the need for – and the importance of – close Euro-American cooperation. The stage has thus theoretically been set for the renewal and further development of a strong partnership between Europe and the United States.

But this partnership has yet to get off the ground. Confronted with the numerous international challenges the world faces today – climate change, the risk of new economic crises, strategic tensions in the Middle East and Russia – the Euro-American partnership, though indispensable, cannot deliver; it remains of central

importance but fails to work in practice, as demonstrated by the failure of the Copenhagen Climate Conference in December 2009. The paradoxical nature of the Euro-American relationship does not stem from a failure of diplomacy or a systematic clashing of views. It is rather the evolving international context and the changes brought about by globalisation, and their impact on all the players in the international arena, that sap the political will of both sides. The result is that the partners refocus their energies on domestic politics. An overarching understanding of the effects of globalisation is needed if we are to devise and implement a successful new Euro-American partnership suited to the world of the 21<sup>st</sup> century.

## I - The Changing World

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**T**he 20<sup>th</sup> century was shaped by major political clashes that led countries into war or took the form of nuclear stand-off. International relations in the early part of the 21<sup>st</sup> century are framed by the globalisation of the market economy, as the economic and financial crisis of 2008-2009 so clearly showed. The process of globalisation affects more than international economic relations; its impact is felt at all levels of human activity. Its political, cultural and social effects at national and planetary level remain uncertain. At best, we can discern a number of major trends now shaping the development of the emerging international order.

### 1.1 Major Trends

#### **Globalisation: Structuring and Weakening the International System**

Globalisation may provide structure to the international economic system, but it also introduces instability. The early and happy phase of globalisation, which translated into sustained growth and the emergence of new solidarities between international partners, was upset by a series of highly disruptive events that included natural disasters, the failure of the international financial system, nuclear

proliferation and the risk of global pandemics. These disruptions have contributed to a growing sense of doubt about the system; institutions of international regulation and governance fall short of what is needed and while globalisation poses common challenges, conflicts of interest between states remain.

### **The Shift towards Asia**

Asia is the driving force behind globalisation, with China in the lead. China's sudden conversion to the market economy has been the major accelerator of world growth, putting China on the path to becoming the world's top importer and exporter within a matter of years. Meanwhile, India has become a world leader in technology and electronic services. By the year 2025, OECD countries will produce only 40% of the world's wealth (as compared to 55% in 2000), while Asia's share will increase from 24% to 38%, practically on a par with the OECD zone. The 2008 economic crisis further strengthened Asia's position in the global economic ranking. China, which has become *the* dominant regional power and the US's leading trading partner, holds some of the keys to world financial stability. The demographic shift is even more striking: fifteen years from now, one person in two will be Asian.

### **The Waning Influence of the West**

Decreased Western influence in global affairs is the inevitable corollary of globalisation. This is compounded by demographics. By 2025, the United States and Europe together will account for only 9% of the world's population, as compared to 50% for Asia. Moreover, the population is ageing much faster in Western countries than in the rest of the world. While the Western model of economic liberalism has imposed itself above all others as the only viable option, the Western powers that embody and sustain it are gradually being moved out of their position of dominance that has lasted close to three hundred years. And the vulnerabilities of the Western model of economic liberalism are further exposed by the financial crisis and global warming. Politically, Western leadership is on the wane. Americans and Europeans are no longer able to defuse international crises alone, notwithstanding the diplomatic breakthrough brought about by the Obama administration. No major issue, be it Iran, Iraq, North Korea or the Middle East conflict, and no global challenge such as climate change and health can be dealt with without the help of Russia,

China and other regional powers. As for the world financial crisis, the G20 has already supplanted the G7, establishing itself as the relevant forum for handling such matters.

Not only is the West relatively weak, it is also the object of widespread mistrust. In Europe, to start with, Russia is beginning to take a dissenting view of the Western democracies' established order. As for the rest of the world, the election of Barack Obama may be a factor of reconciliation, but the image and legitimacy of Western leadership have deteriorated spectacularly in the last ten years. Our understanding of the world has not become universal, while the very notion of universal values is openly under attack.

### **A Multipolar Power System**

Multipolarity is one of the main political effects of globalisation. With their extraordinary growth, emerging countries, and especially China and India, have become as important for the political, environmental and economic stabilisation of the planet as traditional developed economies. But this new multipolarity must be qualified in two ways. For one thing, the coexistence of different power centres does not necessarily imply the advent of a peaceful and consensus-based multilateral system. Multipolarity is not a value in itself: it can carry the seeds of anarchy, conflict, or both. In Copenhagen we witnessed a sharp divide in the vision of globalisation and its management. The European Union seemed to be alone in upholding multilateral and collective governance based on consensus. In contrast, all the other parties to the negotiations focused exclusively on defending their own narrow interests. And yet, faced with the challenge of governing our multipolar world, most international institutions are in the throes of a crisis of legitimacy and effectiveness, in part because the status and relative weight of member states in these institutions reflect the situation that prevailed in 1949 and not the reality of 2009.

The significance of this new multipolar system is also difficult to define because the system is still vulnerable and subject to change. Undeniably, new forms of international cooperation, such as the G20, have become necessary to deal with the economic crisis. But the United States under President Obama has not relinquished its ambition to be the world's leader. A Sino-American duopoly, or some

form of power-sharing arrangement, remains possible; and some may feel a strategic temptation to divide the world along bipolar lines into the “West and the rest”.

## 1.2 Complex Dynamics

One of the greatest difficulties with analysing and understanding globalisation resides with accepting the inherent complexity of today’s world. This is not to say that the world was ever as transparent and readable as we would like to believe in hindsight. Globalisation, however, makes the task even more difficult as we are forced to factor in sets of paradoxical and opposing forces that operate at national and global level. These forces contribute to making the world more unstable and unpredictable, thereby increasing the uncertainty and relativity of our analytical tools.

### **The Paradox of Globalisation: Greater Prosperity and Greater Poverty**

Globalisation does indeed generate global wealth, from which developing countries derive considerable benefit, yet one of its consequences is to increase the gap between states and worsen inequalities within countries. It brings about a sense of solidarity and interdependence, but also causes fragmentation and exacerbates differences. Thus poverty is being reduced as fast as it has ever been, with the World Bank reporting that the number of people living in extreme poverty (living on less than a dollar per day) declined by 400 million between 1981 and 2001. But this is not the whole story. Globalisation is in fact neither international nor global: not all states and not all the people within a state are affected. A third of the world population lives beneath the poverty line. In highly developed countries, globalisation seems to correlate with a pauperisation of certain segments of the middle class. In the United States the poverty rate increased from 11.3% to 12.6% between 2000 and 2005, a period of strong growth for the American economy. In other words, even if strides are being made in poverty reduction in global terms, the income gap between rich and poor is increasing within and between nations.

### **Two Processes at Work: Integration and Fragmentation**

The process of globalisation operates according to two dynamics: one is all about the flows, networks, free circulation and opening of societies that help to integrate and unify markets, cultures and policies; the other is about the change, challenges, competition and closing of markets and societies that are driven by the failures and failings of globalisation itself. Contrary to the expectations of the previous decade, economic globalisation has seen a return to traditional power relationships. As markets are unified, the political scene fragments: Russia’s come-back, the militarisation of Asia, competition for access to energy resources; all these factors contradict the purported pacifying effect of economic and commercial interdependence. Put another way, globalisation is becoming geopolitical, just as traditional geopolitics are becoming globalised. “Kissinger plus Al Gore” might be the new formula for the international system, in which opposing forces must be viewed in tandem: tension and interdependence, conflict and common interests between powers locked in a relationship that alternates between antagonism and mutual support. The Sino-American relationship is a perfect example of such dynamics.

## 1.3 The New Strategic Landscape

Globalisation has not done away with the constraints of traditional geopolitics. In terms of security, several major trends will define the strategic landscape around the EU and the United States.

### **The Worsening Situation in the South, especially in the Middle East**

All the indicators for the region are alarming. Within twenty years the population of Africa and the Middle East will rise to 1.5 billion, made up of mostly very young people, more than half of whom will be living in extreme poverty. Environmental degradation and access to drinking water will be major public challenges. In Sub-Saharan Africa there is significant risk of local and regional conflicts caused by competition for natural resources. In this region, poverty currently affects more than 303 million people, up from 160 million in 1981. Projections suggest that if nothing is done to reverse the trend, 38% of the African population will live in a state of extreme indigence within 20 years. In the Middle East a permanent

state of violence and crisis – the Israeli-Palestinian conflict, Lebanon, Iraq, Iran, Afghanistan-Pakistan – will hamper all efforts to get development going. Notwithstanding the new policies of the Obama administration, nothing points towards stabilisation in the region. Nor are there prospects for negotiations in the Israeli-Palestinian conflict, and the fighting that previously was limited to Afghanistan is increasingly spilling over into Pakistan. In Iran, the issue of nuclear proliferation could throw the region's strategic balance into question, with unpredictable results. The exacerbation of religious rivalries, extremist radicalisation of certain fringes of society, the development of terrorist networks, general frustration and resentment directed towards the models and policies of the West – all suggest that the Middle East will be one of the planet's most unstable regions.

### The Re-emergence of the Russian Question

Among the major powers, Russia's evolution is the least certain. Without doubt, there has been an increase in prosperity, supported by higher energy prices (at least until the 2008 crisis); and this might help to bring about a gradual modernisation of the Russian economy. But Russia has also seen a real return to authoritarianism, coupled with occasionally violent outbursts directed at the strategic European order resulting from the Cold War. All this is taking place against a dire demographic backdrop: Russia is expected to lose 10% of its population over the next twenty years. After a period of cooperation with the West, Russia has chosen to assert its interests as a world power, not ruling out the use of force. The Russian question – where do its borders lie, what political regime does it want, how will it exert its strategic influence, what is the Russian identity – will dominate Europe's strategic landscape for a long time to come. The continent's political architecture and its stability have once again become security priorities.

### Asia's Strategic Instability

The evolution and rise of Asia will put its stamp on the 21<sup>st</sup> century in every way. The strategic status quo will very possibly change: in North Korea, due to nuclear proliferation; in Taiwan, due to any number of triggering factors; in China, whose rise is a cause for concern across the region; in the Indian subcontinent due to ongoing developments, and particularly the destabilisation of a nuclear Pakistan. Three

countries are declared nuclear powers. China is steadily modernising its military arsenal (17% annual increase in its defence budget over the last three years), in line with its extraordinary economic growth over the last two decades. Whether or not one views China as threatening and expansionist, it is difficult to ignore the increasing risks of tension in Asia, against a backdrop of competition with Western countries for access to the energy resources of Africa and the Middle East.

## 1.4 New Challenges

Globalisation has done more than change the international environment surrounding the EU and the United States. It has transformed the fundamental focus, principles and *modus operandi* of most policies and human activities.

The **survival of the planet** has become the main challenge and no doubt the most obvious, as well as the most complex, common security issue of the early 21<sup>st</sup> century. The need to reduce dependence on fossil fuels and to conserve and replenish natural resources may indeed conflict with the goal of sustained global economic growth.

On issues ranging from the economy to the environment and international security, **a new system of regulation** suited to the challenges and the new power relationships brought about by globalisation is crucial. Stability will hinge in coming decades on the issue of world governance, and particularly on the reform of international institutions.

**International security** is no longer simply a matter of resolving political and military imbalances between states. Global threats and challenges (disease, natural disasters, terrorism, proliferation, extreme poverty, economic crises, cyber disruption, etc.) compound ongoing regional conflicts, which persist. The major global security challenge is the growing gap in wealth and modernity that globalisation has opened up between the large regional blocks, which is responsible for wide-ranging dependence, frustration and conflict. Geographically, the three crucial regions are Russia, Sub-Saharan Africa and the Middle East.

The **foundations of political power** are also evolving. The legitimacy of power is now just as important as power projection. As a result, military strength has become less important. The Cold War consecrated organised military force and the balance of power as the linchpins of the international system. In the emerging new international order, the military dimension has become relative: the great lesson learned from the crises of the last decade (Iraq, Iran, Lebanon, Afghanistan and even Kosovo) is that complex political conflicts cannot be resolved by military means alone. Conversely, the Iranian question (with respect to which Russia reminds its neighbours and partners that the use of force is a normal prerogative of states) shows that diplomacy by itself may be ineffective.

In this new international order, **states** are subject to opposing forces. Identity continues to be vested in the state and the state continues to provide reassurance for the population. The current crises and disorder in the world have in fact enhanced the role of the state in international relations. But states have lost their monopoly when it comes to effectively managing and controlling the major economic and political issues. Paradoxically, globalisation makes the national framework more difficult to bypass politically but less capable of addressing the practical issues. The new rules of the game applying to international partnerships must accommodate this tension.

**This analysis suggests the two great strategic questions** that will drive ongoing change in the international system:

- In **economic** terms, the recent crisis, in conjunction with environmental priorities, poses the question of a model of world growth that can ensure sustainability in the three vital spheres – economic and financial, social and security-related and environmental.
- In **political** terms, multipolarity poses the question of how states can regulate the major problems that they share. Will they give priority to defending the West's interests or to sharing control with new powers and systematically focusing on the common interest?

## II - Impact on the European Union and the United States

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**D**ominated less and less by the West, multipolar but poorly regulated, more integrated but also more fragmented, destabilised by an international economic crisis and the resurgence, in places, of violence in Europe and the Middle East – such is the world facing the European Union and the United States as they move into the new decade. Their assets, interests and prospects have already been substantially affected.

### 2.1 Risk for the EU: Weakness and Marginalisation

**Economically and financially**, the EU remains a major player on the world stage. In 2007 it accounted for 17,5% of world trade (42% when intra-EU trade is included). With its population of nearly half a billion, it is demographically smaller than Asia but it represents a far larger market than the United States or Japan by any standard. With its enlargement to 27 members, the EU has become the world's largest zone of democratic stability and prosperity, with per-capita income of nearly €24,800 (*Eurostat 2006*).

However, the EU has indisputably lost ground within the international order. To start with, Europe's share of world trade has been declining for the last 15 years, while that of emerging powers such as China and India has been growing. The 2008-2009 economic crisis hit Europe's economies hard. In 2009, world growth was driven by the Asian economies alone and a number of the stability pact rules that are compulsory in the eurozone countries had to be suspended. Europe's population is also declining and ageing. 19<sup>th</sup>-century Europe, at the apogee of its power, accounted for 22% of world population – the same percentage as China today. Even with half a billion people, the EU now accounts for only 6% of the world's inhabitants. These trends herald a decline of Europe's ranking among the great technological powers in terms of innovation and competitiveness. Lastly, the EU is in an alarming state of energy dependence: economically, the EU relies on the three most unstable zones in the world – Russia, the Middle East and Africa – to cover more than 60% of its oil and gas needs, while its ability to exert political influence in these three strategic regions is extremely limited.

**Politically**, the European Union risks marginalisation on two fronts. First, its ability to wield influence in the emerging multipolar world is constrained by its weak political integration. The EU has no voice as such in the major international economic and political institutions, with the exception of the World Trade Organisation (WTO). The influence of the individual EU member states in the various fora – the United Nations (UN), the International Monetary Fund (IMF) and the G20, for example – is only as great as their relative weight compared to that of such countries as the United States and China; in Copenhagen, for example, the EU and its member states were *de facto* excluded from the final negotiating process. In addition, European states are often out of step with each other, even when they have drawn up a common position ahead of time – as witnessed during the difficult discussions, at various G20 meetings, concerning global financial oversight. Above all, the complexity inherent in globalisation raises a new paradox: the EU's influence is predicated on unity, but unity alone no longer suffices. Here, too, the lessons of Copenhagen are crucial to understanding the risk of political marginalisation hanging over the EU. Second, for lack of a common foreign policy on major strategic issues, the EU is unable to influence the course of events outside its borders: member states are divided on Russia and the Middle East conflict, incapable of taking action on Iran, and irresolute or silent on the other

major problems the world faces. In many cases the Euro-American partnership, specifically the Atlantic Alliance, still serves as an excuse for Europeans to shirk their strategic responsibilities and delegate their own regional security and global stability to the United States, notwithstanding the fact that US power alone is no longer sufficient to guarantee security or stability in a globalised world.

### The End of an Era

Globalisation has created a new context in which the EU faces the risk of being economically weakened and politically sidelined. Europe is no longer a problem or a vital strategic focus for the rest of the world; indeed, it is no longer a major player on the world stage. Europe's citizens are vaguely aware that the situation has changed and is now far less reassuring and favourable to Europe than during the three post-war decades. The successive negative referendums, the opinion polls, the low turnout in European elections in all member states – all point to a general crisis of confidence in the European institutions and in the EU's relevance and effectiveness in today's world.

It is beyond dispute that Europe's original model has had its day. In the early 1990s, the fall of the Soviet Union, compounded by rapid globalisation, shook the European integration process to its core. Since then, Europe has been beset by four persistent crises: a crisis of identity (where should the EU's borders lie, now that they are no longer defined by the Iron Curtain and that the US foreign policy agenda is shifting); a crisis of governance (what institutions should an expanded EU of 30 member states have?); a crisis of project (should the EU seek to stave off, channel or encourage globalisation?); and finally a crisis of purpose (what are the ultimate goals of European construction in the new context?). In the face of the upheaval brought about by globalisation, some are openly asking whether the European Union still has a future at all.

The day of reckoning is coming. Europe's relative weakness and chronic political confusion, the severe economic crisis and the pace of change throughout the world call on Europeans to rethink their project in its entirety and to rethink their own role on the international stage.

### **The Emergence of New Opportunities**

The world taking shape in the second decade of the 21<sup>st</sup> century offers immense opportunities for the EU. Clearly, a national approach is no longer adequate to address the multitude of potentially destabilising global issues – climate change, pandemics, global economic crisis – confronting the world. Nations still play a role in terms of identity and political legitimacy, but they can no longer claim the ability to single-handedly achieve sustainable collective goals. The EU provides the most relevant framework for negotiating the outlines of future global regulation. The Kyoto Protocol was, in its time, a textbook example; and the failure of the Copenhagen climate summit did not signify that European countries would have been more efficient and influential if they had acted independently rather than in concert – quite the contrary. In reality this failure underscores the need to respond to what has become Europe’s primary challenge: achieving unified positions and policies to exert greater influence over the other participants and thus take on a leading role in the globalisation process. Similarly, had measures been taken to address the economic crisis at national level alone, leaving the European dimension out of the equation, they would have proven ineffective. The same reasoning holds for the fight against the H1N1 virus: European solidarity is imperative to national security just as it is a necessary starting point for effective worldwide action.

Moreover, European policies and institutions represent a model of pooled sovereignty that could provide useful inspiration for the new modes of world governance that are now needed. The EU is already a world leader in the production of the standards and principles required for world trade and competition. These normative capabilities make the EU a force to be reckoned with in the development of the new regulations made necessary by globalisation. In dealing with the financial crisis, Europeans also implemented principles of risk management that have proven effective: a more measured approach to free market orthodoxy; a degree of regulation of international financial flows and oversight of financial operators; and the establishment of a global partnership. The Europeans were instrumental in bringing about the historic turn to truly global, as opposed to Western-dominated, international regulation with the first meeting of the G20 on 15 November 2008 in Washington.

In the international security arena, the European vision first proclaimed in 2003 in the European Security Strategy – that democracy cannot be imposed by force; that military power is neither the only nor the most important instrument for managing crises; that inclusive dialogue and multilateral negotiation are indispensable in preventing conflicts; and that world poverty is as destabilising as terrorist violence – has been repeatedly vindicated by the facts. These fundamental principles are the core of the EU’s strategic approach and have become the prevailing vision, notably within the new US administration. Last but not least, the European mode of governance rests on two principles – shared political power between states and economic solidarity between rich and poor – that could usefully be applied to global governance, in the effort to devise a new system of international regulation.

### **2.2 Crisis for the US: Loss of Effectiveness and Credibility**

The new international situation has also affected the United States. Undeniably, US power remains strong and unmatched. Its per-capita GDP was \$46,800 in 2008 and the US share of world trade was 14% for goods and 18% for services. The population is growing faster in the US (with a projected 10% increase by 2025) than in Europe. The recent election of Barack Obama restored the lustre of the tarnished American model and revitalised the American Dream, repairing the enormous damage done to the country’s image under the Bush administration.

But the United States moves into the new decade with two weaknesses. Globalisation has eroded American power – and the power of the West as a whole – in comparison to other international players now in the ascendant. China is now a major potential competitor. The US is also labouring to repair a decade of misguided policy. The two pillars of American power – military supremacy and economic success – can no longer be taken for granted. Strategically, the US may account for half of the world’s military spending, but it has been unable to eradicate terrorism, emerge victorious from the conflicts into which it has ventured or achieve progress in the Middle East. In this region, crucial to international security, the United States has virtually no room for manoeuvre, constrained as it is by the legacy of decades of American policy. In the Middle East, a power such as China paradoxically has more leeway than the United States. In the economic

arena, the subprime crisis caused by the excesses of the financial system and the American growth model produced one of the deepest recessions since World War II. This double-edged development should prompt the United States to thoroughly reassess the effectiveness, legitimacy and credibility of its leadership. US unilateralism has come and gone. The Obama administration acknowledges the need for international cooperation to boost world growth and address the strategic challenges of the coming decade. The United States is widely, albeit vaguely, perceived as being responsible for international tensions (Russia, Iran, Middle East), the economic crisis and accelerating climate change and the new American administration has decided to tackle this legitimacy problem. Without question, the United States can be expected to put American interests first. But to support its culture of international leadership, it will also have to achieve results perceived as positive for the rest of the world. The US President knows better than anyone that the credibility of American power hinges on performance. Were the European Union to lose ground on the international stage, were it to become a sort of Switzerland for the rest of the world, the power of the US would necessarily suffer. The United States would be alone in facing the upsurge in Asian (and especially Chinese) power. For this reason, a working partnership with the European Union could once again become a major asset for the United States.

### **2.3 Globalisation and the Euro-American Relationship**

The impact of globalisation is felt throughout the international system, and therefore affects the foundations, modalities and objectives of the Euro-American relationship. During the Cold War, the transatlantic link was a vital, constant and pressing necessity: the all-encompassing nature of the communist threat to the Western democracies, and to Western Europe in particular, made it strategically impossible for the United States to disengage or for the Europeans to go it alone. On the rare occasions when they were tempted to do so, the transatlantic alliance went through a period of crisis that raised serious concerns for the security of Europe.

But with the removal of the global threat to Europe and America, the possibilities have been thrown wide open: what was previously unthinkable or dangerous has become possible, probable, commonplace, sometimes even useful or necessary. The US no longer looks at the world through the prism of European security and the North Atlantic Treaty Organisation (NATO) alone: in the globalised world, the former is no longer the major focus and the latter is no longer the key to the global US strategy. The Europeans, for their part, no longer look to the United States as the only strategic power. Within the European Union, the Europeans themselves have begun to assume strategic responsibility for managing crises beyond their borders. In certain cases, for example in the Balkans, the call for a strategic build-up on the part of the EU came from the United States. Now that the US is no longer able or willing to do everything by itself, Washington views a strategic partnership with the European Union as a useful option.

As the two sides have become less reliant on each other, they have become freer to diverge on policy. For the most part there is convergence between Europe's and America's views on crises and major international issues: the European countries and the United States share so many common interests that their views and their response to global challenges are usually similar. But differences are also possible, and warranted. Leaving aside the sharp disagreements over George Bush's Iraq policy, Europe's increasing assertiveness in international security matters is a product of the end of the bipolar world. What was an alliance of strategic necessity has become an alliance of political choice.

In a globalised world military force – and hence military alliances – are less important. NATO remains a fundamental pillar of relations with the United States; but it is no longer the only one. There are other facets to the dynamic and fruitful Euro-American relationship, such as bilateral ties between the US and the EU. The latter obviously cover such issues as management of the financial and economic aspects of globalisation, environmental security and climate change. They also address other security issues, such as Iranian nuclear proliferation and the economic and financial networks of international terrorist groups. In the era of globalisation, the vitality of the Euro-American relationship is no longer confined to strategic issues and the institutional framework of NATO.

Finally, the United States has traditionally been, for better or for worse, an important variable in intra-European relations. European countries have often defined and positioned themselves with reference to America, rather than to the Europe they were building. Seeking to maximise their security, all members of the Atlantic Alliance have also forged strong bilateral ties with the United States. The EU member states have taken widely different positions toward the United States, ranging from the pro-American to the pro-European – from absolute dependence on the US to outright refusal to accept US leadership in European affairs. The Iraq crisis was an extreme example, showing the extent to which, among governments and public opinion alike, Atlantic and European allegiance can clash. Globalisation has therefore changed the role the United States has traditionally played in the expression of European identity. Because the West is no longer west of anywhere in particular, because the existential threat to Europe's security has lessened, European countries no longer see the United States as the one partner they cannot do without. They can remain loyal to the Atlantic Alliance while seeking other strong partnerships.

### III - The Case for a New Partnership

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**G**lobalisation fundamentally changes the international order. It profoundly alters the role of governments, the ranking of countries and the relative importance of issues. But globalisation is not some external force divorced from societies and states and completely beyond their control. It is neither preordained nor a foregone conclusion. As it rearranges the world, globalisation can be affected by the policy choices of states and other international stakeholders. Neither the United States nor the European Union is powerless in the face of the positive and the negative effects of globalisation.

On the contrary: the United States and the European Union are in a position to guide the process, and as leading players they have a special responsibility to do so: their policies, agendas and decisions will be as crucial to the course of globalisation as those of the other players – Asia, international financial institutions, the private sector and civil society – if not more so. There is thus no more important goal for the Euro-American partnership, at the start of the 21<sup>st</sup> century, than to agree on the best possible way to manage globalisation. The US and the EU must cooperate to make it a success and achieve positive outcomes.

### 3.1 A Vision of a Different Globalisation

There are two different worldviews on both sides of the Atlantic. The first rests on the conventional balance of power concept and amounts to a return to bipolar confrontation – albeit of a different kind, between the West and the rest. Its exponents cite the historic decline of the West, compounded by the current extremist threat, to make the case for staunch alignment with the United States. They claim that because the West is increasingly vulnerable and under threat, the Western democracies should close ranks to defend themselves, if necessary by force. The question of energy security is often at the heart of this line of reasoning: faced with competition from China with its increasing need for oil and gas to fuel economic development, Western economies, in this view, can only keep their own energy supplies flowing if they defend their established positions.

The second worldview rejects a new bipolar division of the world. Instead it tries to take on board the new political realities brought about by globalisation, while still accommodating the immediate demands of conventional *realpolitik*. It assumes that democracies can, at one and the same time, defend their legitimate interests (including within NATO) and share power with the new forces to be reckoned with on the world stage. This is seen as the only way to achieve the goals that are now shared by all the world's countries. Devising truly collective, as opposed to Western, governance to tackle the world's problems has become a strategic imperative. The international system, in its complexity, does not lend itself to a simplistic binary approach. What is required is the ability to simultaneously accommodate confrontation and interdependence, competition and cooperation, rivalry between states and global solidarity in response to the challenges of globalisation.

**The European Union takes the position that this second worldview, which favours the introduction of a new system of multilateral governance, is the only one that can prevent a return to the ultimately destructive balance-of-power system and guarantee lasting security for nations.**

This approach is based on the invention, defence and development of an effective, legitimate and credible multilateral system that can support the emergence of collective solidarity, equitable solutions and shared responsibilities among all partners in the international order. This approach is anything but naive. The new powers of the globalised world – China, India and the United States – are all nationalistic in the sense that they are focused on defending their own interests tooth and nail and ill-disposed to any limits on their national sovereignty. The failure of Copenhagen is a stark reminder. But that failure is also the failure of each of the powers concerned. The survival of the planet in the face of climate change can only be ensured through collective, multilateral, binding solutions tailored to the degree of development of each member of the international community. The fact that the multilateral system necessary to meet global challenges must pass through a transition phase resembling a concert of nations does not diminish the need for or the urgency of multilateral governance. The era of unilateral solutions, isolationism, authoritarianism and economic and cultural protectionism – in short, the era of narrow, self-centred definitions of national sovereignty – must be considered over and done with if we are to avoid the dangerous spiral of balance-of-power politics. As a result of globalisation, the old approach is becoming increasingly ineffectual and irrelevant with every passing day, while the threat to collective security is increasing.

In its 2003 Security Strategy, the European Union cited “effective multilateralism” as one of the vital prerequisites for future world security and prosperity. The challenges facing the planet and the simultaneous occurrence of three major crises – the financial crisis, the environmental crisis and the geopolitical crisis in the Middle East – at the start of this century make the invention of multilateral governance urgent and necessary. In his speeches and in his diplomatic overtures, President Barack Obama has indicated that recourse to multilateral forums such as the G20 (on the economic crisis) and the UN (on the Iranian issue) is in the interest of the United States. The time has therefore come to make the promotion of a multilateral world order a primary goal of the Euro-American partnership.

**The task is enormously difficult, but for three reasons it must be tackled:**

- Multipolarity is a reality. Like it or not, the number of powers able to influence the course of events is growing, with an attendant increase in the likelihood

of disagreements, misunderstandings and outright conflict. This means that channels of communication and common codes and principles are needed to support the establishment of international consensus.

- The nation state is powerless to deal with global challenges. The latter are so vast that national and ad hoc solutions are increasingly ineffective and may be rapidly overtaken by events. The national framework is no longer adequate when it comes to devising lasting solutions to such problems as the climate issue, the financial crisis and the crises in Africa.
- Last but not least, the options traditionally preferred by the West – the imperial approach of the United States and the national focus of the European countries – have blatantly failed.

At the start of the 21<sup>st</sup> century the United States experimented, to its detriment, with the exclusive use of force, actively defended unilateralism in international relations and exhibited a striking indifference to the wishes of traditional allies. This was explained as necessary American leadership in defending the West and democracy against the forces of evil, assorted troublemakers and opponents of all stripes. This imperial, military and unilateral American approach has now been abandoned. Meanwhile, in the EU the Europeans continued to experiment with their similarly unworkable primacy of unrestricted national sovereignty. Their foreign policy remains embryonic, invisible and ineffectual; the European process has been reduced to never-ending horse-trading over bits of sovereignty that globalisation has long since made less relevant. Even the EU's large states pale in comparison to the new giants emerging on the world stage.

In the era of globalisation, a historic responsibility falls to the United States and the European Union to propose the creation of a new world order based on collective responsibility, risk sharing and effective multilateral decision-making structures able to take action. There is no time to lose. As long as such a system of governance is not put in place, the temptation will be to rely on force to guarantee the security of states and the defence of national interests; and an international system based on the balance of power is likely to prove as unstable in the 21<sup>st</sup> century as it was in the past. Only multilateralism can offer genuine collective protection against the perils and unforeseen consequences of an unrestrained power struggle.

### 3.2 Some Concrete Examples

At the start of the new decade, a strange malaise affects the Euro-American relationship: the perceived rapport is excellent, but the benefits have not yet materialised. Never since the end of the Cold War has an American President been so popular in Europe. But rarely has such understanding between Europeans and Americans been so slow to produce practical results in terms of the issues – climate, strategic crises and global economic governance in this case. This paradox is potentially dangerous for the Euro-American relationship, and even more so for the management of globalisation, since it involves a dual risk:

- The risk of the United States becoming increasingly “post-European”, looking for new partners of similarly global size and weakened, in doing so, by the loss of its European alliance and by the Asian momentum in the globalisation process;
- And the risk of a return to a “pre-Maastricht” Europe, obsessed by national rivalries and its special relationship with Washington, gradually slipping into a marginal role in the world.

The revitalisation of a stable, effective and above all purposeful partnership between the European Union and the United States is therefore clearly in the interest of both parties. It is not the aim of this report to list all those issues on which the Europeans and the Americans would be more effective working together than acting alone, or to make specific proposals regarding ways to resolve these issues. There are opportunities for joint action within the three areas covered by a partnership: values and overarching questions; security issues; and economic challenges. If the objective is first and foremost to be effective, one of the first tasks of the new Euro-American partnership must be to select three or four annual priorities. A few examples are given below.

#### **Democracy and Development**

Among the major global powers, the United States and the European Union, more than others, stand for certain universal values: defence of human rights, respect for individual freedoms, openness of the public space, respect for international law

and peaceful settlement of differences. These principles underpin their national and international policies. The Western democracies are not, of course, always consistent in applying these principles and at times they are guilty of hypocrisy and fail to live up to their own values. The last decade, with the US under a Republican administration, is a regrettable case in point. But the particular mistakes of individual governments do not undermine the universal value of the principles that underpin them.

The greatest difficulty facing the Euro-American partnership is the need, when faced with a crisis or challenge, to simultaneously remain true to these principles and devise pragmatic solutions. This tension is not merely rhetorical: it is what (sometimes) makes Western policy great, and it ensures that policy is systematically put to the test of public opinion. Europeans and Americans have much to learn from each other if they are to overcome these contradictions and shape the most effective policies possible. On the question of democracy, the examples of Iraq, Afghanistan and even Iran show that it cannot be promoted by force of arms (as the US sometimes tends to think) or the magic of words (as Europeans too often believe).

On the issue of development, and in particular of assistance for the poorest African countries, the Euro-American partnership has never been more necessary than at the start of this decade. Sub-Saharan Africa is the part of the world most affected by the combined effects of economic crisis, environmental crisis, rampant population growth, and internal conflict over the continent's vast natural and energy resources. And yet the Euro-American partnership for the development of Africa is today virtually non-existent. Europeans remain divided as to the attention that should be paid to Africa. Europe's focus is on development assistance and the focus of the United States is on Western energy security and the advances of China in the region; but there is, so far, no common, proactive, global and calculated strategy aimed at enabling a billion African citizens to at long last embark on sustainable development. A strategy along these lines should be high on the agenda of bilateral Euro-American summits.

### **Crises and International Security**

At the start of the 21<sup>st</sup> century, the Russian question is the main security issue facing the European continent. Twenty years after the fall of the Berlin Wall, Europe has not yet become the hoped-for area of freedom, peace and prosperity. On the contrary, there is a high risk that new divisions will re-open between European countries, causing tensions leading to intimidation and the use of force. Russia challenges the enlargement of NATO; it claims a right to have a say in the political development of the continent, especially in the countries of the former Soviet Union. It refuses to accept that Europe's order be dictated by the choices, interests and successes of the Western democracies alone, and demands the construction of an "integrated security architecture" based on equality between Russia, the United States and the European Union.

The European Union and the United States should respond favourably to Russia's proposal. Continued antagonism and conflict with Moscow is not in the interest of either party. To start with, an informal tripartite meeting could be held between the Presidents of the United States, Russia and the European Council. Such an initiative, in the form of a walk in the woods or a fireside chat, should pave the way for the creation of a more official and permanent forum to deal with all issues affecting the security and freedom of Europe's citizens.

The prerequisites for the success of such an initiative must be clearly spelled out in advance. The EU must firmly set the red lines that define its strategy with regard to Russia. There can be no question of renouncing the values and interests of democracies, betraying the principles of Helsinki and the Organisation for Security and Co-operation in Europe (OSCE), or accepting a Russian veto on the political development of countries to the east of the EU. To implement such a strategy, the EU must make Russia a priority of the Common Foreign and Security Policy (CFSP); seek to define a common position as quickly as possible; and win the support and participation, in some form or other, of the non-EU European countries most affected by developments in Russia. Moreover, the EU should, on this basis, make the partnership with Russia one of its major stabilisation projects for the coming decade. It has the financial, commercial and political wherewithal to do so; and it has an interest in doing so, as do Russia and the Eastern European countries impacted by developments in Russia. Together with the United States, the objective must be

to work towards a global partnership with Russia, one that could be useful even beyond the borders of the continent – in the approach to Iran and the Middle East as well as Asia. All questions of relevance to European security should be open to discussion: conventional and nuclear disarmament, NATO-Russia relations, ongoing conflicts, energy security, EU neighbourhood policies, etc.

For the Europeans in the EU, the pursuit of this objective is predicated on overcoming current political differences between member states by solemnly reaffirming the common destiny that binds the 27 EU countries. For the United States, it is predicated on the US again assuming its status as a European power alongside its status as a world power – without sacrificing one for the other – and agreeing not to re-militarise the issue of Europe's future.

**The Israeli-Palestinian conflict** remains the central security issue for the future of the Middle East. The first decade of the 21<sup>st</sup> century saw no signs of progress in a peace process that many now consider dead in the water, or at least placed on hold for the foreseeable future by violence and extremism. The United States, under the new administration, has begun to use somewhat different language with its Israeli ally, but this has prompted no change on the Israeli side, particularly with respect to settlements. The Europeans, who proposed the only feasible – the two-state – solution to the conflict have long since given up developing their own policy, contenting themselves with working alongside the United States (some would even say following the US lead). Europe's political influence in the Middle East has declined as a result.

On this conflict, the Euro-American partnership calls for a new approach. The Europeans have more room for manoeuvre than they think and the Americans play a less decisive role than they would like. For example, the Europeans are in a position to put direct commercial and political pressure on both parties; they could propose that the EU take charge of a peacekeeping operation in the event of an accord between the two protagonists necessitating international support for implementation. These are important cards in Europe's hand; in particular, the United States could put to good use the more differentiated positions taken by Europe on this conflict.

## Climate Change

The harmful consequences of global warming are such that carbon emissions must be drastically reduced if we are to ensure the sustainable development of the planet. The rise in temperatures will have a catastrophic effect on the natural environment, humankind and societies, in short on the whole Earth; all parts of the globe will be affected but the poorer countries will suffer the most. It is now established that failing to act will be infinitely more costly than taking action (see the 'Stern Review on the Economics of Climate Change', 2006). Developing low-carbon economies is the key to addressing the problem of climate change, and this requires radical changes in modes of production and consumption.

The European Union has over the last few years proven that it can be a driving force in the fight against global warming. The United States however has long refused to commit itself to fighting climate change. Despite the overtures made by President Obama, many obstacles remain before a global climate-change regime can be set up that would impose binding constraints on all carbon-emitting countries. The failure of the Copenhagen conference is a telling illustration. Historically the United States and Europe bear a responsibility for greenhouse gas emissions; they are also more advanced in the area of low carbon technologies. These two factors place upon them a special responsibility with respect to the emerging countries, which up until now have been reluctant to make commitments under the Kyoto Protocol. A year remains before the next international conference on climate change. The only solution is for all countries – developed, emerging and developing – to be involved in the creation of a new (and unavoidably complex) institutional architecture that will accommodate the specific situation of each country. The involvement of developing countries is a crucial factor for the project's success, but this can only be achieved if the efforts and financial commitments needed to meet the challenges are equitably shared. Europe and the United States have a duty to jointly commit to this enterprise.

In addition, Europe and the United States will only be credible if they act to curb their own energy consumption. They must show the way by committing themselves to energy efficiency, taking steps on the energy demand side and making a commitment to develop and finance new green technologies. The United States has a long way to go in terms of its own energy consumption, and its cultural reluctance

to accept multilateral constraints – especially when it comes to American industrial production – will be a difficult hurdle to overcome. One of the main objectives of the European Union on climate change should be to help the United States move in this direction. A revitalised transatlantic partnership could be a significant impetus to urge China and other developing countries to commit to a similar course of action. Likewise, increased transatlantic cooperation in transferring clean technologies to developing countries would be a strong signal of European and American commitment to the multilateral system, which the world needs for its survival.

### **World Economic Governance**

Similar principles apply to the consolidation of the new system of world economic governance that is needed in order to, if not prevent, at least mitigate market disruptions and monetary and financial instability. Unlike global warming, where the greatest efforts must come from the United States, here it is up to the EU to carry out genuinely qualitative reforms, both in terms of strategy and presentation. The European Union can be credited with suggesting the relevant international forum for resolving the economic and financial crisis, when it proposed the G20 framework in the fall of 2008. But this is far from sufficient: the monetary order must be rebuilt. A falling dollar, and its diminished role internationally in the aftermath of the crisis, along with the relative decline of America's financial power, could seriously threaten Europe's economy were this to lead to a strong appreciation of the euro. Orderly adjustment of external imbalances and opening of trade can only be achieved through a new international monetary agreement based on a common standard. This will most definitely not be accomplished by having the euro take the place, even partially, of the dollar as the international currency of reference.

But Europeans will have no chance of influencing the emergence of a new global monetary order as long as they are caught in the grip of a debilitating paradox. They are, on the one hand, over-represented in the G20 (with no fewer than eight seats for member states and the Commission), while on the other hand they are collectively powerless within the G20 and other international fora, to such an extent that they are marginalised by the other major players, in particular China

and the United States. This lack of focus explains why the objective of a Euro-American partnership with a potentially central role in world governance has so far failed to attract: its effectiveness and usefulness are clearly in doubt. The United States listens to Europe when it stands united and determined, but dismisses it when it acts as a simple juxtaposition of small and medium-sized nations. This is why Europe must tackle urgently the matter of a single and unified representation within international organisations, starting with the G20. This rearrangement of the seats held by Europe must not be done without receiving something in return. The EU must in turn demand concessions from its main partners, including a genuine reform of the international monetary system, at the EU's initiative.

### **3.3 Three Conditions**

In order for the Euro-American partnership to be able to effectively respond to the shock of globalisation, which affects all of humanity, the United States and the European Union must do more than negotiate delicate compromises over their respective positions. What it takes is for both sides to be able to develop global solutions to global problems. In turn, this implies difficult political decisions – difficult because they involve structural changes in the way domestic systems function. European countries must be ready to carry on with the work of political unification. The United States must show that its new multilateral approach can translate into concrete political action. On this side of the Atlantic, the EU must now rise above national divisions. For America, the virtue of multilateralism must prevail over the culture of unilateral hegemony. On both sides, the objective of a partnership is subject to certain conditions, which are developed below.

#### **The First Condition: Ground Rules for the Euro-American Relationship**

European strategic dependence, as embodied by NATO, remains for the moment a reality. But NATO's relevance and vitality should not be taken to mean that Europe should forever remain politically dependent on the United States. In the globalised context, NATO should be a military instrument, and no more, in the service of a broader partnership which the EU and United States must forge bilaterally. For Europe this means putting an end to an allegiance that at times was less

demanding than shouldering responsibility on the international stage. The United States, meanwhile, will have to accept that Europe is taking on this new responsibility, and allow for the possibility of real differences of views between partners who share the same agenda. This does not rule out for either side the possibility of entering into partnerships around specific issues with other players on the global stage.

### **The Second Condition: Overcoming the Illusion about Sovereignty in the European Union**

The illusion that sovereignty can be maintained in today's world without having limits imposed upon it still persists. This will only change when the right to veto is relinquished and joint sovereignty is fully accepted in situations that require a common solution. It is high time that Europeans put their house in order and apply to themselves the founding principles of their own model of governance. For several years now the European Union has been in a state of crisis. The founding principles of the European model – collective solidarity, the quest for the common interest, the building of shared sovereignty in certain policy areas – have been gradually eroded to the benefit of special interests and national prerogatives. The European Commission itself has trouble playing its role as promoter and defender of the common interests of Europe. Yet history clearly shows that European states – even those that consider themselves powerful or close to the United States – only have influence when they are united. A divided Europe has no say, but a united Europe has a real opportunity to be a driving force in the sound management of globalisation.

Globalisation does not push aside national interests or lessen the power they exert; but it does mean that at the world scale it multiplies the critical mass necessary to defend and promote these interests. This is why it is now necessary for Europe to work on defining, to coin a term, the “European national interest”. With the Treaty of Lisbon behind us, it is imperative to tackle the critical task of reviving the dynamic of intra-European political integration. The new Treaty does establish unanimity as the rule in the European Council, and there is no question of reopening the institutional debate any time soon. But this rule, which in effect protects national sovereignty, should push member states to systematically seek

unity within the Council and to embrace anew the ambition of European political unity, to enable the EU to speak with a single voice when dealing with other power centres and to act collectively in all of the multilateral fora. A more united Council will not, admittedly, be enough to ensure the EU's international effectiveness, as an honest appraisal of the Copenhagen summit suggests. But such unity is still a prerequisite, and in fact it is the only way for the nations of Europe to retain and strengthen their influence over the process of globalisation.

### **The Third Condition: Overcoming the Illusion that American Political Hegemony can Guarantee the World Order**

This illusion can only be shed when multilateralism and shared sovereignty are accepted in truly global matters. The United States needs to accept and acknowledge the new relativity of Western power. The Euro-American partnership is a building block, which is doubtless indispensable for the emergence of global solutions to global challenges; but it is no longer a sufficient condition, given the new need to gain the participation and agreement of all major world players. “*The West without the rest*”, to quote Samuel Huntington, can no longer make a difference, nor can it hope to find the solutions to globalisation's challenges on its own. For the West to maintain a meaningful role and mission, it must be able to show that it has the power to involve other partners in the process of developing the new collective rules of the globalisation game. The Euro-American partnership will remain ineffective if it is treated as no more than an excuse or a springboard for a new form of domination by the West, meaning the US. But if it can position itself as the stepping stone for the emergence of a new, global partnership, it holds out great promise.

## Conclusion

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Just as the course of the 20<sup>th</sup> century was shaped by totalitarianism and the Cold War, so are the first decades of the 21<sup>st</sup> century being shaped by the effects of globalisation. The European Union and the United States are major actors in this phenomenon: in many respects they are in control and can chart the course, at other times they fall prey to undesirable consequences, but above all they are undergoing a profound transformation from within as a result of its effects. In the last decade, the foundation of American power (military force, technological excellence, economic success) has been severely shaken, as have the core beliefs of the European project (continued prosperity, citizen allegiance, the attractiveness of their model). As a result, Euro-American relations are no longer viewed, as they were for more than half a century, as an exercise to be jointly performed – complex but nonetheless necessary and effective.

Globalisation is neither an inexorable force pushing all nations in the same direction, nor a collective guarantee of prosperity. It is, and will be, the result of political strategies and compromises, voluntary or not, peaceful or not, which emerge from the complex game of international relations. Developing and implementing a system of governance for globalisation that is relatively stable and

consensual has become an imperative for all international stakeholders, in the economic, financial and political arenas. The European Union and the United States have a role and a major responsibility in this new concert of powers that is taking shape.

Rather than being prescriptive with regard to the strategy for dealing with climate change and the international financial crisis, this report calls on the European Union, its member states and the United States, to urgently adopt a **common approach to managing globalisation**, based on the following principles:

- Supporting and practicing multilateralism as the basis of international negotiations,
- Actively promoting and endorsing shared sovereignty in the management of global issues,
- Strengthening the Euro-American partnership as a platform for forging global partnerships with all the players on the international stage, rather than as a means of asserting Western leadership,
- Foregoing, in Europe, the primacy of national sovereignty and in the United States, the claim to unilateral world leadership,

The EU urgently needs this new approach since the effects of globalisation are putting it to the test and straining its capabilities. Europe runs a real risk of being left by the wayside as the process unfolds. This report is designed to avert that risk. If Europe is to maintain its influence with the world at large and with the United States, the European Council must urgently reaffirm the goal of greater political unity within the European Union. In the age of globalisation, political Europe is a fresh idea.

## Previously Published Studies

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*Notre Europe also receives the financial support of the French Government, the Compagnia di San Paolo, Macif and the Grand Duchy of Luxembourg.*

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