

EUROPEAN INFLUENCE: THE NEED FOR A PARADIGM SHIFT

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All European efforts are focused on overcoming the euro zone crisis. Yet the feeling of a loss of credibility of the EU on the international scene urges for a careful reassessment of European influence and the risk of a progressive marginalisation of Europeans in the multi-polar world. Faced with the new logic of power adopted by the emerging economies, Europeans need a clearer vision of their interests and of the role they want the EU to play in the medium and the long run.

In the context of the member states' sovereign debt, this is achieved through a form a hierarchy of the European external action's priorities; whether it is by a better assessment of the areas within which the EU has a real added value or by concentrating in its close vicinity.

This new strategic approach aimed at better coordinating the different instruments of the EU's external action, must build on a less euro-centric vision of globalisation and a less patronising neighbourhood policy.

The EU will succeed in being innovative if it changes paradigm: implementing a strategy of influence which doesn't give up on normative standards while seeking less to impose its own objectives and more to involve regional actors, be these closer or further away, in real strategic partnerships.

Introduction

The 2012 edition of the European Forum of Think Tanks, organised by *Notre Europe - Jacques Delors Institute* in partnership with the *German Institute for International and Security Affairs (SWP)* and *Agence Europe* (see *Programme on pages 11-13*), assessed European influence against the transformation of power dynamics of a globalised world redefined by the new economic powers.

Given the impact of the crisis in the Eurozone and of economic stagnation, are Europeans adequately anticipating the **negative effects for the European Union's international influence**? Do they understand the danger of marginalisation they face on the international stage? Have the future consequences of this potential loss of influence been sufficiently digested politically - to prepare for a strategic rebound?

1. European influence under scrutiny

Assessing international influence is a complex task. A variety of criteria determine actors' international influence: economic weight, military force, capacity to be an international agenda setter, capacity to promote regulation processes on the global stage, capacity of coercion, etc. **Multidimensional**

vectors of influence make thus any objective assessment intrinsically elusive.

Nevertheless an assessment of what is currently left of the EU's influence is needed: Europeans have to distance themselves from the short term measures addressing internal turmoil to develop a long-term view of what the EU may, or could be, in the future.

This long term view is an urgent matter.

1.1. Assessing the EU's influence

Exporting abroad the European sui generis model was an early and enduring project for European policy makers. **European influence has thus often been assessed through the lens of leadership by example.** The enlargement of the EU was in itself the evidence of an attractive model for many of its neighbours. It is also well-known that efforts of regional integration in other parts of the world have been greatly inspired by the EU model.

A driving force for territorial conflicts reduction (e.g. in the Western Balkans), the EU has also the ambition to contribute to an increasingly secure world order and to the developing of global regulation (e.g. shaping global governance, influencing standard setting, formalising trade relations, regulating resource access, etc.).

The “lead by example” approach has always relied overwhelmingly on economic power and membership perspective. European foreign policy was a much lesser priority. As Jacques Delors stated in 1992, **Europeans should have been more cautious with the promises made regarding the possibility of an EU foreign policy emerging out of the treaty of Maastricht. It is only the Lisbon treaty that started to tackle seriously the reinforcement of the EU’s external influence in the traditional fields of foreign policy, by equipping the EU with a new apparatus for its external action**, in which the European External Action Service (EEAS) must play a crucial role.

It now has at its disposal 140 delegations and offices around the world and is expected to allow for better coordination between the European Commission and the Council - i.e. between the community and the intergovernmental methods. But the European Commission (EC) still has several commissioners in charge of external policies (e.g. neighbourhood, development and trade policies) and key policies that have an external dimension (trade, visas, energy, enlargement, humanitarian aid, etc.) will continue to be of competence of the EC. **EU foreign policy remains highly fragmented due to the multiplicity of actors and varying degrees of competence transfer, depending on the policy.** The midterm review of the mandate of the High representative of the EU for foreign affairs and security policy shows that this apparatus is not yet helping deliver a more ambitious and better coordinated EU external action.

In addition traditional strengths of the EU have weakened during the past years. It seems even in these fields that there is reason for concern.

- **Trade**

In spite of the crisis, figures show **Europeans maintaining good trade performances.** For the euro area (EA17) trade in goods balance with the rest of the world in March 2012 resulted in a 8.6 bn euro surplus, compared with +1.0 bn in March 2011. In March 2012 extra-EU27 trade balance presented a 6.7 bn euro deficit, compared with -11.8 bn in March 2011¹. The EU will always be a major player in the ambit of trade thanks to the **leverage of its single market and its common trade policy**, indeed the EU is now looking for a new generation of trade agreements. Nevertheless, being a power doesn’t

depend solely on the size of the market, but it is also a question of negotiation capacity and the EU must cope with increasing protectionism worldwide.

The relative decline of the EU’s influence mirrors the weakening of the multilateral system which, among other things, has contributed to favouring and regulating trade. The EU is progressively shifting towards a bilateral system of relations and giving up on a multilateral system of rights and obligations: the European crisis thus coincides with the crisis of multilateralism. Although the EU remains a big player trade wise, it has failed to formulate an alternative to the positions embraced by the US. **The EU is indeed penalised by its passive attitude**, an illustration of the latter fact being the observer role adopted towards potential new trade agreements between the US and China. An urgent matter of concern for the participants of the European Forum of Think Tanks was thus that of **the protection of European investments worldwide and the securing of market access.**

- **Development**

The EU is the world’s biggest aid donor. It possesses a significant visibility within the context of multilateral arenas and the observed positive impact of European funds in developing countries paves the way for enhanced European influence worldwide, but **a decreased funding capacity due to the crisis** may have the opposite effect, weakening that influential leverage.

- **Environment**

The EU has always been proud of its soft power. It has been the first to place the fight against climate change on the international agenda. The EU undeniably played a forefront role within the context of the Kyoto protocol. This said, the EU suffers from **a severe inability to speak with one European voice.** In recent negotiations it has failed to attain desired objectives and is deeply divided internally on how to reach targets itself.

Environment is also another good illustration of the EU’s shrinking funding capacity. **The EU’s flag is still visibly floating, with its green agenda. But it’s floating alone**, without serious leverage either on the US or the emerging countries. China, India, Brazil have become alternative actors in that field.

1.2. The impact of the crisis on European influence

- Who and what will rule a multipolarised world?

Given the acceleration of the rise of the new economic powers, the verdict on the **evolution of the EU's influence looks indeed harsh twenty years after the treaty of Maastricht**. Whereas the first wave of globalisation in the 1990s was Western centred, the second round of globalisation has brought other states into the playing field of the world economy, increasing their financial, economic and political weight. **Asia's economic rise, with China at its heart, is completely changing the landscape of global economy** thanks to a middle class size and spending that is set to quintuple over the next 20 years.

The so-called BRICs (Brazil, Russia, India, China, and South Africa) – new or rising economic powers – tend in addition to develop self-interested agendas: they are seeking for better protection of their interests – China has become a regulator superpower – and demand better representation in international bodies. Their increasingly strategic resource policies in the current context of resource scarcity further contributes to limiting the influence of Western states on their own fate.

The multipolarisation of power and influence is thus an already well-established phenomenon. In addition, the impact of non-governmental actors, increasingly interfering with intergovernmental relations and perpetuating the **phenomenon of power diffusion**, is altering the very nature of power and influence.

There is therefore a pressing need for Europeans to **anticipate what the main actors of this multipolarised world will be and by which rules they will be governed**, because whilst the old industrialised countries are hampered by unsustainable public finances and correspondingly a reduced capacity of action, new economic powers are recovering more easily from the financial and economic crises.

Even without a financial crisis, the world is changing and it is not easy for the EU to adapt; yet the combination of the two phenomena aggravates the EU's present condition. A long lasting decline in Europe's economic power and budget capacities would lead to an increasingly diminished European external

influence. **The problem is less the rise of new powers like China or India in itself, than the Europeans' lack of an accurate assessment of these new realities and the EU's severe internal divisions.** The EU's struggle against the sovereign debt and banking crises is indeed challenging the EU's existence in its current form (e.g. the current de-construction of policies in the field of justice and home affairs). Some member states are pondering a withdrawal from certain policy areas if not from the EU as such.

It is probably premature to state that the continuous strengthening of new economic powers has already led to a reversal of the balance of power between the West and the rest. Moreover they must review their growth model. The still relative low income per head of emerging powers limits their capacity to project soft power and be global agenda setters. Still, a geographical shift of power and influence is under his way, largely away from the US and the EU and towards Asia – i. e. the so-called “continuous return of Asia” – as well as towards other areas such as Brazil, whose economy is recovering from the crisis far quicker than most of its European counterparts.

The example of the Arab countries is particularly relevant in this respect. Europeans are part of the game but given their limited economic and financial capacities in the region, they face huge competition from China. Furthermore the stakes are on the rise as the evolution of the Arab spring countries – tempted by illiberal models of government – is now increasingly challenging European values.

- From acting in the world to worrying the world

Recent polls, regarding perceptions of the European Union and European nations seen from the outside, have given a brutal indication of the erosion that is affecting the EU's influence worldwide². A recent GlobalScan poll has shown that **the EU's global influence rating has sharply deteriorated in 2012**: on average, 48 per cent of respondents in the 22 tracking countries surveyed in 2011 and 2012 have positive views about the Union, but with a steep drop of eight points in the past year.

Third countries have a stake in what is happening in Europe because of the direct impact of a European recession on their respective economies. They are

expressing serious doubts about the EU's current capacities and would like to have a say in what regards the EU's future. They fear that Europeans don't know where they are going or what their common project is.

The main economic and political actors still seek more cooperation with the EU. The League of Arab states still cherish partnership with the EU and the European role even seems to be increasing in importance within its neighbourhood.

Yet Europe is again a problem for its main partner, the US, as it comes to terms with the fact that for the next five years the EU's role within the international arena will be flat. If the trend is not reversed in five to ten years time, the US could turn their back on Brussels.

What is also worrying is that emerging powers in Latin America or in Asia historically prone to the EU have begun doubting their relationships with the EU. The EU has been transformed from a subject of policy-acting in the world - into an object of policy-worry the world.

It will take a long time before the EU as a whole is able to regaining credibility. Never before has there been any serious doubt about whether the direction for the EU was more integration. Today this perspective is challenged from the outside, particularly so during the G20 in Los Cabos in June 2012. **The entire world wonders about whether the EU project is still alive.**

The prospects for European influence in the near future will then depend on known and more uncertain trends. The obviously known is composed of demographic changes with implications for macroeconomic stability, growth of the grey consumer market (market for the elderly), continued integration of emerging markets and delivering energy transition (imperative for new energy paradigms).

The more uncertain is constituted by the immediate aftermath of the current crisis and the **trajectory of economic recovery** (sovereign debts, territorial distribution, burden sharing, etc.); in the longer term major drivers of change will be embodied by disruptive technologies, political surprises and the governance of the new balance of powers.

- **Differentiating European interest, values and priorities**

The challenge concealed behind the concern about the issue of the European influence is to determine whether deepening the Community integration process is not necessary to defend European identity. Because **"biodiversity" of political models in the world is necessary for the latter's balance**, Europeans need to defend their own identity and specificity; not for the purpose of dominating others but rather as a tool to assert the EU model internationally.

When asked to define their European identity, a spontaneous reaction of EU players is then often that of referring to Europeans values, as **they have a clearer view of their common values** - enshrined today in the preamble of the treaty of Lisbon - **than of their common interests.**

Values may of course also take the form of interests to protect. Besides, when interests meet values, they have a larger and more significant impact as both are based on a similar challenge: namely how to share these with others? The fact that the rest of the world envies European values like equality, prosperity or political freedom, is therefore a strong leverage for European interests.

But interests differ from values and may even differ from decision makers' priorities³.

The critiques addressing the EU's "New Response to a Changing Neighbourhood" following in May 2011 the so-called "Arab Spring", indeed pointed out a crucial lack of clear views regarding European interests, specifically so, in its Southern neighbourhood.

To regain influence in the world, Europeans need urgently to have a clearer view of their interests.

2. Selecting strategic priorities

2.1. The EU in search of a narrative

- **Desperately looking for integration**

To regain credibility inside and outside its borders, participants of the Forum thus agreed that the EU's priority is that of **addressing the economic crisis**

by **determined steps towards deeper integration**. It is not clear whether the community method or an alternative one should be deployed. The convergence of both political and economic instruments from the member states is a long process but, instead of continuing to trudge, **the EU should organise further integration**.

- **Lost in details**

The EU **suffers from a very problematic lack of forward looking policy**. It needs a vision that will bring clarity on its global role in the future. In its current structure, this leadership can only be exerted by **the heads of state and government of the member states, together with the Presidents of the EU Institutions. But the European Council does not contribute sufficiently; it has rather transformed itself into a super ECOFIN and gets lost in details**.

Moreover, in order to be efficient **the EU needs to develop a comprehensive approach based on a stronger coordination of all possible instruments, instead of maintaining a sectorial approach towards its policies**. In this respect crisis management (i.e. in Africa) is a good starting ground for better coordination. The complexity of crisis solving requires a lot of different services to work together: intra and inter-institutional cooperation, national administrations, etc. It takes time but Europeans are moving in the right direction (the EEAS for geographic, military, conflict prevention, the European Commission for humanitarian assistance, Frontex, the EU delegations, etc.). In the North of Mali the EU can really have an added value. There is room for optimism about the EU's capacity to be influential.

In addition to the EU's structural problems, there is a **lack of anticipation of the next steps of the globalisation process**, particularly with regards to changes impacting jobs and sustainability.

Embedded in a **Eurocentric vision of globalisation**, the EU limits herself to reactive ad-hoc tactical response to global crises; whereas Europeans need more economies of scale to develop technologies, collective negotiations allowing for more regulation, avoiding divisions (like on security energy supply when faced with Russian interests), Europeans need to distance themselves and elaborate a common

strategy for European economic competitiveness, in which the Union's interests and objectives, values and identities, capabilities and capacities are proactively weighed.

For this new sequence, **more attention would need in particular to be paid to finding the right balance between short term and long term interests**, in order to adapt the EU's roadmap to cyclical factors without dropping its main long term objectives. **It would lead the Europeans to amend the Maastricht deal on the EU's global role and begin building a new narrative telling citizens, clearly and through one coherent voice, how the EU can still be a sustainable hub of the world**.

- **Changing paradigms**

As part of this new narrative, Europeans should in particular be aware of **the need for paradigm shifts**. For instance, trade as well as development policies are strongly influenced by the EU's colonial past and **Europeans remain too patronising**. The Arab spring is a good illustration of this need for a paradigm shift in European strategy. The old tools and policies don't have the same impact. Conditionality of EU neighbourhood policies has to be reviewed. To balance the influence of new actors in the region (Saudi Arabia, South-Korea, China, etc.) the EU's neighbourhood policy needs to be reinforced and much more innovative.

- **Involving the citizens**

In addition to the limited time available to put the EU back on course, more integration needs to take place at a time when public opinions are much more sceptic than before. As a new EU's narrative will create expectations, European leaders need to have a solid understanding of what can be done and what instead cannot, as well as a reliable indication of **public support for a stronger EU external action**.

In their search for a new narrative, European leaders therefore need to **pay careful attention to the workings of the EU's democracy**. Governance reform can only proceed when legitimised and Europeans need a project that is identified and agreed.

Europeans need to strike a new deal with the EU. The need for referendums was raised in the

discussion. Referendums are quite risky and highly problematic in several countries, nevertheless some participants of the Forum considered that a referendum should be organised in all member states in order to legitimise the new mechanisms adopted.

2.2. Improving the ability for more strategic planning

The precondition for a new European narrative is to be able **to identify more clearly the EU's interests**. To allow the EU to be capable of strategic action, there are two additional conditions: to **speak with a single voice** and to **take strategic positions in negotiations**. In the trade sector the EU fulfils the three conditions, but in the ambits of climate change and finance it is not the case.

- **With whom should the Europeans try to develop common interests?**

With the US pivot from the European continent to Asia and increasing investment of American diplomatic, military and trade capacities in the Pacific region, European will probably need to develop new coalition partners while trying to revitalise transatlantic partnership.

Strategic partnerships were presented in July 2010 as the main priority of the High representative of the Union for foreign affairs and security policy. They have progressed but they are far from the initial objective, **instead of delivering a strategic roadmap for the EU they are quite simply helping to prepare bilateral summits**. The current dialogue engaged with the targeted countries still fails to effectively address core interests at the politico-strategic level and is merely pointing at reinforcing important relationships rather than building strategic ones.

- **Should then the Europeans follow the US model of shifting to Asia? How should Europeans behave with the BRICSs?**

The US has a clear view that there is no possibility for a balanced partnership with emerging economies – even less with China. At the moment there is no path laid out in Brussels or elsewhere other than that of following the US' policy choices, but instead of mimicking the US' containment of China, **the EU should base its strategic choices on a different modus operandi, a strict no stigmatisation of**

the BRICSs policy. Europeans need to engage with the emerging countries in the construction of a new economic global order rather than without them. The lack of coherence of the BRICSs and their divisions leaves room for manoeuvre for Europeans. The EU could probably count on Japan, which will need at some stage to decide more clearly where it stands. **EU-Japan** relations could then help rebalance the US' newly acquired and evident distance within the transatlantic partnership.

For the EU, **securing a place on the list of the powers of 2030** (which are most likely to be the US, China, the EU, India and Brazil) may depend on its capacity to avoid provoking an emerging economies coalition and instead placing itself at the centre of coalitions capable of coping with global challenges.

However, during this transitional period, during which North-Americans and Europeans might well count less, the risk of the emergence of **a responsibility gap in regulation regarding some worrying global issues, such as climate change, will remain**.

- **How to improve the external representation of the EU?**

It was a relevant question some years ago and it remains an issue: **the EU still lacks an EU telephone number** (i.e. the G20, the board of the IMF, etc. which contrast with the WTO model, with one representative, the European trade commissioner, speaking for the EU). Even if member states argue that their strong domestic interests do not allow them in the near future to accept one European voice to speak in all fora, this constitutes a huge loss of credibility on their part.

A concern is even the renationalisation of economic and foreign policies in the EU (e.g. the initiative taken by Sweden and Poland in the Eastern neighbourhood). The current fragmentation of the EU on foreign policy is sending a confusing message to external observers.

EU member states have yet more in common than they do have divergences, and in areas where they are integrated they have institutional systems to address these divergences (i.e. trade). **It is not a question of having divergences but rather an issue of how to deal with them**.

The challenge is then to **“build highways under the earth without disturbing the traffic”**. Is this to be achieved by differentiation or harmonisation? Is there room for differentiation in foreign policy? Europeans already have differentiation opportunities but have not really put these to use so far all the while lacking a consensus building mechanism (constructive abstention is not employed).

The EU lacks leadership from certain of its member countries. The crisis could be overcome more easily if Europeans could show leadership, but a lot of member states are not constructive players: they are more about drawing red lines than making constructive and innovative proposals. Europeans could indeed benefit from a more geo-economic approach based on exploring how external policies can contribute to an economic rebound.

- **How to improve the EU's capacity to be an international agenda setter?**

The problem with the EU is that in international negotiations, it often doesn't have a Plan B if its very ambitious initial proposals do not fly. Copenhagen has been an illustration of the EU's failure on the international stage: the EU was so tied up in its internal decision-making that it did not anticipate the positions of the other actors. For the US, there was a very big difference between the right objectives and the “wrong” instruments being proposed by the Europeans. In order to shape the agenda, it is necessary to think of whether the objectives are achievable, and evaluate the various instruments at your disposal. **Europeans should hence set aside their penchant for embodying transformative power and rather have more concrete, achievable objectives.**

- **What is the EU's appetite for being a strategic actor in the world?**

It is not clear whether Europeans know with whom they want to compare themselves. There may be even a gap between the real influence they pretend to have and Europeans genuine aspiration to have international influence. Key questions concerning their influence ambition pile up. Is their security strategy on good tracks? Do they need and do they have the capacity to engage in security issues in Asia? The EU has increasing responsibilities in its neighbourhood. Investing in the neighbourhood is a

necessity. It is a litmus test for the EU's foreign policy, even though it may not fulfil all ambitions of EU's foreign policy?

The participants of the Forum thus agreed on the **need for a grand strategic debate that would allow establishing a clearer hierarchy of security priorities as well as of the whole EU's external action priorities.**

- **Is it the right timing for a new European security strategy?**

Europeans need a sincere and strong assessment of security issues inside and outside the EU and to relate to new realities with a more humble attitude than at the time of the first European Security Strategy (ESS) in 2003.

In addition, the 2003 ESS presented a diagnostic of security challenges, but no strategy and the 2008 review can hardly be defined as such. By failing to achieve an agreement (e.g. the problem between NATO and Cyprus that blocked the negotiation), member states almost ripped the CSDP to pieces. **ESS' “pooling and sharing” doesn't replace politics.** There is a need for coordination to avoid having “pieces” that at the end don't fit together. CSDP missions are also often too extended in time and should be terminated quicker.

The idea of a revision of the ESS is currently dividing institutional actors and experts. While some of them state that the point in time hasn't not yet come for a review of the ESS as it risks exacerbating disputes between member states, others consider that the ESS does need to be reviewed and that it would, in addition, give a clear sign to the rest of the world - especially keeping in mind that the US does not wish to continue paying for the Europeans any longer and expects them to be more autonomous.

The EU suffers from the presence of too many policies, a lack of policy, and a strong problem of funding capacity with increasing differences between national defence spending. **Europeans will have to find the way to spend better and they may have to concentrate on specific regions.**

Europeans thus need a pioneer group; the permanent structured cooperation is a missed opportunity which would have been very valuable. A unique opportunity presents itself to undertake such

rationalisation as member states are currently cutting expenditures without any rationale and any common view.

What the EU needs is **an optimistic and ambitious roadmap with some key priorities based on anticipation capacity, flexibility and work of balance**. More attention should be paid to the compatibility between and coordination amongst internal and external policies. Economic security should also be part of this new strategy (e.g. security of energy supply). Cyber-war should thus be included in the review, but a political authority is needed to control cyber-war experts. An evaluation process would in addition have to be integrated to guarantee the implementation of the strategy.

A clear mandate for an ESS revision should thus be given to the HR by the European Council. When Javier Solana did the job, he had only a very small team, whereas the EEAS has now recruited an excellent staff and benefits from a positive integrated logic in EU delegations. **A strong EEAS could play a key role in the definition of EU's interests as it could overarch member states interests.**

3. Selecting the right tools

3.1. Multilateralism vs bilateralism

The relationship between multilateral and bilateral trade is very different from ten years ago. China doesn't know where it will be in five to ten years' time. It is searching, emulating, and the EU can influence it by being intellectually innovative and creating a new level of thinking. **The issue in ten years' time will be the non-tariff barriers and the EU has an advantage in this field.** China may not be ready to let the EU engage with it, but the longer the US pursues their containment policy, the more China will be open to Europeans' proposals. Multilateralism has to go hand in hand with political change.

The bilateral strategy of the EU *vis à vis* the outside world might nonetheless be very problematic in the future, and even an obstacle to further liberalisation of multilateral trade (especially if more openness means more non-tariff barriers).

The EU fails to sufficiently follow geo-economic rationales (it is losing ground in Africa, in Latin

America, etc.) but increasing trade bilateralism may also bring about a view, and subsequently policies, which is too strictly geo-economical and thus attacking that multilateralism that the EU alone is defending. **Multilateralism is a way to share norms** (the entry of Russia in the World Trade Organization has given tools to the EU to negotiate) and Europeans have to learn to apply trade diplomacy whilst respecting the bases of the rules of multilateralism.

The EU must thus engage at all levels: in bilateralism, multilateralism and regionalism.

Multi-polarity is a sort of international Darwinism, yet the diversity of poles is not in itself a good thing with respects to uni-polarity. **Europeans need to move toward inter-polarity, creating relations between the poles.**

3.2. The EU's trade policy

Trade remains a key leverage point for the EU's external action. Europeans have to continue working on BTAs (Bilateral Trade Agreements). **The question is whether member states would accept that the EC negotiates for them EU investments treaties with third countries, instead of the bilateral instruments that currently exist** (e.g. the German-Russian agreement negotiated in the 90'). EU tools on trade and environment should also be combined with national tools.

DCFTA (Deep and Comprehensive Free Trade Agreement) are very important in the Eastern and the Southern neighbourhoods. Nevertheless, EU's Eastern neighbours have high expectations regarding the EU and still foster hope of integration, resulting in an unambitious Eastern partnership. The new type of FTAs are instead very ambitious and cover much more than goods but rather all economic activities/exchanges (intellectual property, services, etc.), creating the conditions for those countries' development in the direction of the EU. In order to be successful these have to be combined with association agreements and Europeans need to adopt long term perspectives for partner countries.

Conflicting objectives remain in the EU neighbourhood policies, between political and geo-economic rationales on one side and conditionality on the other. The EU's interests in the neighbourhood need to be better defined.

3.3. The EU's energy policy

Energy policy should be a key European priority. First and foremost Europeans need to **have a clear idea of their internal market** as energy issues are changing fast (shale gas, etc.) and the energy market is under full evolution. There is a problem of diversification within the EU due to huge inequalities between member states (e.g. Greece imports 60 % of its needs).

In addition, the absence of an EU external energy policy is a crucial failing. Europeans should be able to show more solidarity on this issue and more coordination between internal and external energy policies as this external policy is linked to market realities. The external challenge of the energy policy though is not only a question of buying energy from the outside; **the trust needed to build sustainable partnership has to be based on exchanging energy with technology.** The EU needs thus to promote stronger IPR (Intellectual property rights) with its external relations.

Finally, the need to combine in a single approach, economic competence (energetic economic competitiveness) over energy with fighting against climate change and security issues (e.g. the Third energy package challenged by Gazprom) is ever more manifest. **Economic security must be integrated as part of a geo-economic strategy.** The Foreign affairs council should thus discuss energy issues more extensively.

3.4. The EU's normative strategy

With the crisis, setting a normative international agenda is more difficult. There is even a strong questioning since the mid 2000' regarding the fundamentals of the EU's normative policies. **Europeans have lost their advantage as a model of soft power** and currently face emerging economies who favour power politics, but the EU could retain certain leverage by looking for new positive instruments to engage other actors and set the new rules of the game.

European conditionality must be rethought without giving up on a normative strategy. It should also allow using development funds differently rather than merely increasing them. Europeans have to be careful with words: mutual accountability (e.g. the Arab Spring) should substitute conditionality.

Requests must be more modest. Reciprocity is also already a form of conditionality. **Europeans need positive engagement with "smart sanctions" that avoid interrupting cooperation.**

There have been two interesting creations in 2012: the European Endowment for Democracy (EED) and an EU special representative for human rights. Yet, Europeans need to coordinate the different forms of conditionality (human rights, non-proliferation, trade, migration, etc.). Human rights for example are an interesting new element and should become increasingly operational.

However, **conditionality should not stand alone.** EU's interests (trade, energy, etc.) are still the priority. Conditionality works well when it is anchored in the EU area (e.g. enlargement), but the European vision on democratisation has changed thus the EU's transformative agenda needs to be accordingly reviewed. Conditionality must be based on clear objectives. Carrots and sticks can be useful if the objectives are really specified and concrete.

Conclusion

The EU's influence in the world has resisted to the tectonic shifts acting in the global stage, but **Europeans find themselves out of their usual zone of comfort. They were used to being considered as part of the solutions. Now they are more a part of the problem.** Being a source of inspiration for other regions is now questioned. Europeans need to recognise that their model has been very positive and dynamic, but that, now, good European governance is less evident. Governability capacity has been frequently mentioned by the participants of the Forum - not only the governability of the EU but also of the member states themselves - and it shows how deep the current crisis is, as it hits the very core of our mature societies.

In addition to the already very difficult and **ambitious objective of mapping an economic federalisation of the EU**, the current crisis calls for a profound reshaping of all EU's instruments and strategies. The coherence and coordination between external and internal policies is fundamental. Europeans should have a unified representation in several international institutions, in particular the financial ones. Institutions do not replace political

will but are still essential to give a common framework and bring about coherence. Stronger political will to speed the decision process towards reform is however needed.

EU citizens are very much aware of global interdependence and look at CFSP as an added value and a source of legitimisation of the EU project, but more accountability towards EU citizens is also needed if the EU foreign policy is to be enhanced (political leadership needs to be directly responsible in front of Parliaments). Europeans need to move towards more politicisation of the EU, and foreign policy could have a role to play in this process.

It calls for a **mental shift of European perception of power and influence**, which doesn't mean accepting a progressive decline of European influence but learning to think differently.

As Joseph Nye puts it⁴ "power becomes a positive-sum game. It is not enough to think in terms of power over others. We must also think in terms of power to accomplish goals that involve power with others. On many transnational issues, empowering others can help us to accomplish our own goals." Following this logic implies a big shift in the management of European external relations towards **more negotiated partnerships**, be it in their close neighbourhood with other regional actors - like Turkey or Russia - or more broadly in the world.

Such a re-think of strategy puts less emphasis on resource capacity and could hence partially compensate the EU's economic stagnation and the rise of European public debt.

1. Eurostat, "Euro area external trade surplus 8.6 bn euro", Press release 74/2012, 16 May 2012.

2. See "Views of Europe Slide Sharply in Global Poll, White Views of China Improve", 22-country global poll for BBC World Service, GlobalScan, 10 May 2012 ; or *Transatlantic Trends*, the annual survey of U.S. and European public opinion (including Turkey and for the first time in 2012 Russia) conducted by the German Marshall Fund.

3. The EU's policy towards Saudi Arabia is a good illustration of these discrepancies: it is treated as it is by Europeans because of its' status as oil producer. Pragmatic answer is the rule when interests are compromised.

4. *The future of Power*, Joseph Nye, PublicAffairs, NY, 2011, foreword p. XVI-XVII.



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Programme

European influence: the need for a paradigm shift

26-27 June 2012

Stiftung Wissenschaft und Politik (SWP)
Ludwigkirchplatz 3-4 - 10719 Berlin

Tuesday 26 June 2012 – Think Global

2pm

Welcome and introduction

Yves Bertoncini, Secretary General, *Notre Europe*

Volker Perthes, Director, SWP

2.15 pm – 4pm

First session – The EU on a global stage: shrinking or swimming?

How much have the financial crisis, the increasing public debt and the growth stagnation weakened the EU? Is there a decline of the European model of regional integration? In what field has the EU lost or gained ground? How to reset EU influence with new priorities?

Chair

Elvire Fabry, Senior Research Fellow, *Notre Europe*

Keynote speaker

Pascal Lamy, Director General, WTO

4pm – 4.30 pm

Coffee break

4.30 pm – 6pm

Second session – How to measure European influence? A view from outside

How do international powers define influence? What is their assessment of the European influence? What are their strategies and main instruments towards the EU in the context of shifting power?

Chair

Volker Perthes, Director, SWP

Keynote speaker

Richard Cooper, Professor, Harvard University

Comment

Pawel Swieboda, Director, DemosEuropa

Wednesday 27 June 2012 – Act European

- 9am – 11am** **Third session – Towards a European geo-economic strategy?**
- Europe faces important internal challenges: demographic decline, low economic growth and resource shortage. Can the EU bring an added value in those fields? Should the EU build a common geo-economic strategy? How so? How should it be reconciled with value-oriented external policies?
- Chair **Daniela Schwarzer**, Head of Division European Integration, SWP
Speakers **Iain Begg**, Professorial Research Fellow, LSE
 Hans-Peter Keitel, President of the German Federation of Industries (BDI)
 Paweł Zalewski, MEP, Vice-Chair of the Committee on International Trade
 Pierre Vimont, Executive Secretary General, EEAS
- 11am – 11.15 am** **Coffee break**
- 11.15am – 1.15 pm** **Fourth session – Reciprocity, conditionality, sanctions and bilateralism vs multilateralism: what future for an EU normative strategy?**
- What could be a European smart power? Is the European way of promoting norms (economic, environmental and social norms, financial regulation, etc.) an adequate and efficient strategy of influence? Should the EU be more offensive?
- Chair **Laurent Cohen-Tanugi**, member of the Board of Directors, *Notre Europe*
Speakers **Marjut Hannonen**, member of the Cabinet of EU Commissioner for Trade
 Richard Youngs, Director General, Fride
 Stephen Woolcock, Director of the International Trade Policy Unit, LSE
- 1.15 pm – 2.30 pm** **Lunch break**
- 2.30 pm – 4.30 pm** **Fifth session – A reset of the EU security strategy: priorities and capacities**
- What has to happen to make the EU capable of strategic action? With the US's strategic interest shifting from European regional security issues to Asia, should the EU refocus its security and defence strategy on its neighbourhood? How? How can it develop an innovative management of European security with other main regional actors (Russia, Turkey, etc.)? Can budgetary constraints be turned into an impulse for pooling and sharing European hard power capacities?
- Chair **Jan Techau**, Director, Carnegie Europe
Keynote speaker **Michael Georg Link**, Minister of state, Federal Foreign Office of Germany
Speakers **Sven Biscop**, Director, EU in the World, Egmont
 Ronja Kempin, Head of Division EU external relations, SWP
 Pierre Morel, EU Special Representative for Central Asia, EEAS
- 4.30 pm – 5 pm** **Conclusion**
- António Vitorino**, President, *Notre Europe*

European Forum of
Think Tanks
BERLIN 2012



European Forum of Think Tanks

The European Forum of Think Tanks, organised by *Notre Europe - Jacques Delors Institute*, brings together, every 18 months, not only Europe's most dynamic think tanks, but also high-level European and national politicians, leaders from the business sector, trade unions, or the media. Such diversity is the forum's "trademark", with the overall goal being to promote group-level reflection and debate on key issues in EU affairs.

The 2012 edition of the European Forum of Think Tank" was organised by *Notre Europe - Jacques Delors Institute* in Berlin, on 26-27 June, in partnership with the *German Institute for International and Security Affairs* (SWP) and *Agence Europe*.

The 50 participants (namely the director general of WTO, Pascal Lamy, the executive secretary general of the European external action service - EEAS, Pierre Vimont, the president of the German Federation of industries - BDI, Hans-Peter Keitel, the minister of state of the Federal foreign office, Michael Georg Link, etc.) were able to take part in the discussions.

As debate followed Chatham house rules, contributions were not to be attributed individually

On the same theme...

EU GOVERNANCE UNDER THE STRESS TEST OF EMERGING ECONOMIES

Elvire Fabry, *Tribune, Notre Europe*, May 2012.

THE FUTURE OF EUROPE IN THE NEW GLOBAL ECONOMY

Pascal Lamy, *Tribune, Notre Europe*, February 2012.

EUROPE ABROAD: TWENTY YEARS AFTER MAASTRICHT, IS THERE ANYBODY THERE?

Sami andoura, *Tribune, Notre Europe*, December 2011.

THE EU AND THE WORLD: SINK OR SWIM

Sami Andoura and Elvire Fabry, *Tribune, Notre Europe*, October 2011.

« THINK GLOBAL - ACT EUROPEAN » REPORT

THE CONTRIBUTION OF 16 EUROPEAN THINK TANKS TO THE POLISH, DANISH AND CYPRIOT TRIO PRESIDENCY OF THE EUROPEAN UNION

Elvire Fabry (dir.), *Notre Europe*, June 2011.

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