

# EUROPEAN FOREIGN POLICY SCORECARD 2013



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# EUROPEAN FOREIGN POLICY SCORECARD 2013

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# Contents

<b>Foreword</b>	<b>6</b>
<b>Preface</b>	<b>7</b>
<b>Introduction</b>	<b>9</b>
<b>Chapter 1: China</b>	<b>24</b>
<b>Chapter 2: Russia</b>	<b>40</b>
<b>Chapter 3: United States</b>	<b>58</b>
<b>Chapter 4: Wider Europe</b>	<b>75</b>
<b>Chapter 5: Middle East and North Africa</b>	<b>92</b>
<b>Chapter 6: Multilateral Issues and Crisis Management</b>	<b>109</b>
Scores and Grades (complete tables)	129
Classification of Member States (complete tables)	134
Abbreviations	140
About the authors	141

# Foreword

The Compagnia di San Paolo is one of the largest independent foundations in Europe and one of the main private funders of research in the fields of EU affairs and international relations. Over the past few years, the Compagnia has progressively consolidated its profile in these fields, signing strategic partnership agreements with institutions such as the German Marshall Fund of the United States and the Istituto Affari Internazionali. Our overall goal is to foster a truly European debate on the main issues the EU faces and to encourage the emergence of a European political space.

In these fields, the Compagnia is also a founding member of an initiative of regional Cooperation, the European Fund for the Balkans, set up with three other European foundations – the Robert Bosch Stiftung, the King Baudouin Foundation and the ERSTE Stiftung – with the aim of contributing to the improvement of the administration of the countries of the Western Balkans, with a view to their integration in the EU.

It is against this background, and as part of the Compagnia's commitment to support research on the European integration process, that we continued the cooperation with the European Council on Foreign Relations on the third edition of the European Foreign Policy Scorecard. We highly appreciate this cooperation with ECFR and we sincerely hope that this project will intensify the dialogue among various European stakeholders – both institutional and from civil society – with the goal of strengthening our understanding of Europe's role as a global player.

*Piero Gastaldo*  
*Secretary General*  
*Compagnia di San Paolo*

# Preface

It is a pleasure for us to present the 2013 edition of the European Foreign Policy Scorecard, an ECFR initiative that aims to achieve an overall evaluation of the foreign-policy effectiveness of the EU during the course of the past year. We were particularly pleased to note that EU foreign policy was reasonably resilient in 2012 as the EU itself appeared to emerge from its period of crisis.

The Scorecard is now in its third year and, as such, it is becoming an important tool for tracking trends in the development of European foreign policy. We therefore put emphasis on continuity in the methodology in order to enable meaningful comparison between European foreign-policy performance in 2012 and in the previous two years.

As in the first two years of the Scorecard, we assessed the collective performance of all EU actors, rather than looking at the action of any particular institution or member state. In order to evaluate the effectiveness of Europe as a global actor, we focused on policies and results rather than on institutional processes. We assigned two scores – “unity” and “resources”, each graded out of 5 – for European policies themselves, and a third score – “outcome”, graded out of 10 – for results. The sum of these scores was then translated into a letter grade.

We also continued to evaluate the role played by individual member states on 30 out of the 80 components of European foreign policy in which they played a particularly significant role. With the help of researchers in the 27 EU member states, we classified each member state into three nominal categories as being either a “leader”, a “supporter”, or a “slacker” in each of these 30 components. Such a categorisation obviously involves a political judgment. However, we have strived to continue refining the process this year by explaining the reasoning that led to the assigning of each category.

One of the key developments in European foreign policy in the last three years was the creation of the European External Action Service (EEAS). Now fully operational, the EEAS has become a significant actor, not only in coordination and policymaking in Brussels, but also in EU delegations around the world. Given that the EEAS will be officially reviewed in 2013, and also in view of the significant impact that it now has on the implementation of foreign policy in the EU, we also undertook to examine its performance in detail alongside that of the other EU institutions and the member states. In particular, we tried to show where it was active and in what way. As the authors discuss in the introduction, a complex picture emerges of EEAS activity on different types of policy and in different regions.

A full description of the Scorecard methodology can be found on ECFR's website at <http://www.ecfr.eu/scorecard>. However, we would like to reiterate that the Scorecard project will continue to evolve as the EU itself evolves, and we therefore welcome your views and feedback on the way in which it assesses European foreign-policy performance, as well the findings in this year's edition.

*Vaira Vīķe-Freiberga and António Vitorino*  
*January 2013*

# Introduction

In the introduction to the first edition of the Scorecard, we wrote that in 2010 Europe had been distracted by the euro crisis. In the introduction to the second edition, we wrote that in 2011 Europe had been diminished by the crisis. By the end of 2012, the crisis had become less acute but still not been solved – far from it. In fact, for the third year in a row, European leaders continued to devote more time to worrying about Europe’s financial health than its geopolitical role. Europe’s image and soft power continued to fade around the world (though this is difficult to quantify), while its resources for defence and international affairs kept eroding. But European foreign policy did not unravel in 2012. In fact, the EU managed to preserve the essence of its *acquis diplomatique* as the EEAS, which did not even exist two years earlier, continued to develop and consolidate its role.

The Scorecard’s granular assessment of European foreign-policy performance in 2012 shows timid signs of stabilisation and resilience. Across the range of issues that the Scorecard assesses, Europeans generally performed better than the previous year (see Figure 1). Europe improved its score in relation to Russia (from C+ to B-) and to China (from C to C+), and continued to perform solidly in other areas (United States (B-) and Multilateral issues (B), and adequately in the Wider Europe (C+) and the Middle East and North Africa (C+). Thus, although the EU had no high-profile successes comparable to the military intervention in Libya in 2011, it put in a respectable performance in its external relations – especially given the deep crisis with which it continued to struggle. In particular, it seemed to perform better when it continued to implement policies for which the foundations had been laid in previous years.

Clearly, whether the EU can turn a positive year against the odds into an upward trend in foreign-policy performance will depend to a large extent on whether it can overcome the crisis and restore growth and therefore increase its economic power. In that sense, European leaders are right to focus on solving the crisis even at the

Figure 1

*European Performance on the six issues in 2012*

	2012		2011		2010	
	Score /20	Grade	Score /20	Grade	Score /20	Grade
Relations with China	<b>9.7</b>	<b>C+</b>	8.5	C	9	C+
Relations with Russia	<b>11</b>	<b>B-</b>	10	C+	9.5	C+
Relations with the United States	<b>11.7</b>	<b>B-</b>	11	B-	11	B-
Relations with Wider Europe	<b>10.3</b>	<b>C+</b>	9.5	C+	9.5	C+
Relations with the Middle East and North Africa	<b>10.3</b>	<b>C+</b>	10	C+	–	–
Multilateral issues and crisis management	<b>12.6</b>	<b>B</b>	13	B	14/11	B+ / B-

expense of a focus on foreign-policy issues. But it will also depend on whether Europeans can overcome their internal divisions and improve coordination and coherence in foreign policy. In particular, it will depend on whether Europe can turn the EEAS into an effective diplomatic service as envisaged in the Lisbon Treaty that is able to convert the EU's huge resources into power.

## The eurozone, the EU, and the neighbourhood

In 2012, the eurozone was stabilised. In June, following an inconclusive election a month earlier, the Greek people elected Antonis Samaras as prime minister. Mario Draghi showed bold leadership after he succeeded Jean-Claude Trichet as ECB president at the end of 2011. The new Long-Term Refinancing Operation (LTRO) programme he launched as soon as he took over – in effect, an injection of liquidity to European banks – went a long way to reassuring markets about their solvency. The Outright Monetary Transactions (OMT) programme he initiated in the summer – a promise by the ECB to step in and buy unlimited quantities of certain bonds on the secondary market – turned the ECB into the kind of lender of last resort for which many in Europe and beyond had been calling. In late June, European leaders also agreed on the creation of a banking union, which they confirmed in December – a further positive step in

guaranteeing European banks. Thus the crisis became less acute in the second half of 2012 than it was in 2011.

However, while positive, these steps taken in 2012 do not yet go far enough to solve the crisis. As the crisis became less acute, European leaders – including German Chancellor Angela Merkel – seemed to become less determined to create a genuine economic and political union and even watered down proposals for a banking union. Moreover, it is not clear that even the limited steps that the eurozone has taken are sustainable. In particular, while OMT was seen as a breakthrough by many in Europe and elsewhere in the world, it was seen as a defeat in Germany. Since the June summit, there has been a backlash, expressed most powerfully by Bundesbank President Jens Weidmann, who even implicitly compared Draghi to the devil in a remarkable speech in Frankfurt in September. Germany may now have reached the limits of debt mutualisation under its existing constitution. In order to move further towards economic and political union, as the eurozone must, a referendum may be needed in Germany as well as in other member states. The steps taken in 2012 to stabilise the euro crisis may therefore have produced a temporary respite, with further turmoil to come, rather than a lasting solution to the crisis.

Furthermore, in the process of stabilising the eurozone in 2012, the EU itself now faces difficult questions. A three-tier Europe consisting of the inner core of the eurozone, pre-ins such as Poland, and outs such as the UK is emerging from the crisis. This raises huge institutional questions for the EU, which may take years and require treaty change to resolve, though European leaders are understandably reluctant to create the further uncertainty that would involve. In addition, a British withdrawal from the EU looks increasingly possible. If 2011 was the year of the “German question” – that is, the debate about Germany’s role in and commitment to the EU – 2012 was the year that the “British question” emerged. Whether or not the UK decides to leave the EU – a step that we think would be disastrous for both Britain itself and for the EU as a whole – the emergence of a three-tier Europe will have huge consequences for the single market and for European foreign policy.

Meanwhile, as Europe struggled with these complex problems, its neighbourhood also remained challenging in 2012. Though an Israeli military strike against Iran did not materialise ahead of the US presidential election in November, there remains the possibility of such a strike in 2013. The conflict in Syria became the focal point of a broader regional struggle for influence along a sectarian Shia–Sunni faultline. In November, as tensions with Gaza increased, Israel launched

Operation Pillar of Defence. Meanwhile, the transitions in post-revolutionary North Africa remained fragile and renewed protests late in the year in Egypt forced President Mohammed Morsi to annul a decree granting himself new powers ahead of a constitutional vote. Although enlargement continued as Croatia was set to become the twenty-eighth member of the EU and Serbia became a candidate, the environment in Europe's eastern neighbourhood was difficult, especially in the Western Balkans.

## A surprisingly good year

However, against this background of a challenging internal and external environment, Europe performed surprisingly well in its foreign policy in 2012. Russia was a case in point. Relations with Moscow deteriorated, but Europe's unity and the coherence of its policies towards Russia improved. The EU did not depart from its cooperative attitude, having been instrumental in getting Russia into the WTO, which it formally joined in August. But it was more attentive to protecting its interests and norms, and more assertive – threatening, for example, to use the WTO dispute-settlement system when Moscow announced new protectionist measures in late 2012. The European Commission launched an antitrust probe against Gazprom, while continuing to orchestrate efforts at enhancing gas interconnections so as to decrease Europe's energy dependency on Moscow. Europeans did not shy away from criticising human-rights abuses during the crackdown on demonstrations that accompanied the election season and the re-election of Vladimir Putin as president in March.

There were also signs of modest improvement in relations with China, even though unity among member states continued to be in short supply, thereby undermining European leverage. Germany, which accounts for nearly half of European exports to China, seemed at times to speak for Europe in China. But even if Berlin does not want to replace the EU, its voice is naturally louder than others, and Beijing has become adept at cultivating it. In some respects, Germany was a leader on China in 2012, but Merkel also undermined the European Commission when it launched an anti-dumping case against Chinese solar-panel manufacturers. Still, Europeans in general became more assertive overall in their trade disputes with Beijing and in their criticism of human-rights violations. The panicked approach of 2011, when Europe was both hoping for and fearing massive Chinese investment in the continent to relieve the euro crisis, was replaced by a more restrained and balanced relationship.

Europeans also slightly improved their performance on the United States, especially in their cooperation with Washington on regional and global issues, which helped them further their own goals while having the US respect their red lines – for example, in sanctions on Iran. Finally, the only issue on which Europe performed worse in 2012 than in 2011 was multilateral issues and crisis management (the overall score out of 20 went down from 13 to 12.5, or a B). New CSDP missions were launched – something that had not happened in the last two years – and European policy towards Somalia grew more coherent. But the EU was rebuffed by Russia and China in the UNSC with two vetoes on Syria and by the United States on the arms-trade treaty; they failed to make an impact on the UN vote on Palestine; and the G20 was still dominated by the euro crisis as in 2011.

In the eastern neighbourhood, European performance was mixed. Europeans continued to struggle in the Western Balkans in 2012 (B, the same grade as in 2011), with political instability and economic difficulties from Bosnia and Herzegovina to Serbia and Montenegro, although the EEAS managed to make good progress on relations between Serbia and Kosovo. The EU also got mixed results in the Eastern Partnership countries (C+). Its results were good in Moldova, and to some extent in Georgia, and it had a firm, coherent approach towards Belarus, but Europeans struggled to pursue a united approach to Azerbaijan and Ukraine. Lastly, Europeans continued to struggle on Turkey (C), with a muddled situation on bilateral relations and frustrating developments on foreign policy.

Europe's southern neighbourhood was dominated by the conflict in Syria. Europeans could not break the frustrating diplomatic gridlock or prevent the bloody tragedy that worsened as the year went on. Europe's overall performance in the region remained fairly constant (the overall score was 10.1 last year and 10.3 this year, or a C+). Member states were generally united in their initiatives towards Iran and North Africa but, beset by the economic crisis, they couldn't move beyond limited programmatic support to the transitions and struggled to make a positive political impact with governments and to construct collective relations with newly politically engaged parts of society in the region. They were still split on the Israeli–Palestinian issue, though to a lesser degree than in previous years, as demonstrated by the November UNGA vote on upgrading Palestinian membership.

We gave Europe four A grades – the same number as last year – for its performance on specific components of European foreign policy (see Figure 2). Overall, it appears that, where the EU made progress in 2012 – in particular, in regions

Figure 2

*Most successful policies in 2012*

	Unity	Resources	Outcome	Total	Grade
37 Relations with the US on Iran and weapons proliferation	4	5	8	17	A-
35 Relations with the US on the Syrian conflict	4	4	8	16	A-
41 Kosovo	4	4	8	16	A-
48 Relations with the Eastern Neighbourhood on trade	4	5	7	16	A-
12 Relations with China on climate change	4	5	6	15	B+
27 Relations with the US on trade and investment	4	4	7	15	B+
55 Tunisia	4	4	7	15	B+
69 European policy on human rights at the UN	4	4	7	15	B+
74 Drought in the Sahel	4	4	7	15	B+
78 Somalia	4	4	7	15	B+
13 Trade liberalisation with Russia	5	4	5	14	B+
33 Relations with the US on the Arab transitions	4	4	6	14	B+
39 Overall progress of enlargement in the Western Balkans	4	4	6	14	B+
60 Lebanon	4	3	7	14	B+
70 European policy on the ICC and international tribunals	4	3	7	14	B+

Figure 3

*Least successful policies in 2012*

	Unity	Resources	Outcome	Total	Grade
54 Security sector reform	2	1	2	5	D+
11 Relations with China on reforming global governance	2	2	2	6	C-
7 Relations with China on the Dalai Lama and Tibet	2	3	2	7	C-
26 Reciprocity on visa procedures with the US	2	2	3	7	C-
34 Relations with the US on the Middle East Peace Process	2	3	2	7	C-
43 Bilateral relations with Turkey	3	2	2	7	C-
44 Rule of law, democracy and human rights in Turkey	3	2	2	7	C-
45 Relations with Turkey on the Cyprus question	3	2	2	7	C-
58 Algeria and Morocco	2	2	3	7	C-
66 UN reform	2	2	3	7	C-

Figure 4

*European performance on cross-cutting themes*

<b>Cross-Cutting Themes* in 2012</b>	<b>Score out of 20</b>	<b>Grade</b>	<b>2011</b>	<b>2010</b>
<b>Trade liberalisation, standards and norms - "low politics"</b>	<b>14</b>	<b>B+</b>	<b>12.5 B</b>	<b>13 B</b>
<b>Iran and proliferation</b>	<b>13</b>	<b>B</b>	<b>13 B</b>	<b>16 A-</b>
<b>Energy policy</b>	<b>12.5</b>	<b>B</b>	<b>12 B-</b>	<b>10 C+</b>
<b>Relations with Asia</b>	<b>12.5</b>	<b>B</b>	<b>n/a</b>	<b>n/a</b>
<b>Climate change</b>	<b>12</b>	<b>B</b>	<b>14 B+</b>	<b>12 B-</b>
<b>Balkans</b>	<b>12</b>	<b>B-</b>	<b>13 B</b>	<b>12 B-</b>
<b>Afghanistan</b>	<b>12</b>	<b>B-</b>	<b>10 C+</b>	<b>10 C+</b>
<b>Issues of war and peace - "high politics"</b>	<b>12</b>	<b>B-</b>	<b>11 B-</b>	<b>11 B-</b>
<b>Arab transitions</b>	<b>11</b>	<b>B-</b>	<b>12 B-</b>	<b>n/a</b>
<b>Visa policy</b>	<b>10</b>	<b>C+</b>	<b>10 C+</b>	<b>12 B-</b>
<b>Euro crisis</b>	<b>10</b>	<b>C+</b>	<b>8.5 C</b>	<b>n/a</b>
<b>Israel/Palestine</b>	<b>10</b>	<b>C+</b>	<b>8.5 C</b>	<b>9 C+</b>
<b>Protracted conflicts</b>	<b>9.5</b>	<b>C+</b>	<b>8 C</b>	<b>10 C+</b>
<b>Human rights</b>	<b>9</b>	<b>C+</b>	<b>9 C+</b>	<b>8 C</b>
<b>Relations with Turkey</b>	<b>8</b>	<b>C</b>	<b>n/a</b>	<b>n/a</b>

\* The cross-cutting themes in 2012 are the following:

"Climate Change" combines components 12, 24, 38, 71.

"Iran and proliferation" combines components 8, 22, 37, 63, 67.

"Trade liberalisation, standards and norms" combines components 2, 3, 4, 13, 27, 28, 48, 68.

"Balkans" combines 32, 39, 40, 41, 42.

"Arab transitions" combines 23, 33, 35, 52, 53, 54, 55, 56, 57, 58, 59, 64, 75.

"Issues of war and peace" combines 8, 19, 22, 23, 30, 31, 32, 33, 34, 35, 37, 41, 42, 51, 55, 56, 57, 59, 62, 63, 67, 75, 76, 77, 78, 79.

"Energy policy" combines 20, 21, 46, 49.

"Visa policy" combines 14, 26, 50.

"Israel/Palestine" combines 23, 34, 62.

"Human rights" combines 6, 7, 15, 16, 17, 40, 44, 47, 52, 69, 70.

"Euro crisis" combines 5, 29, 65.

"Afghanistan" combines 23, 79.

"Protracted conflicts" combines 19, 51.

"Relations with Asia" combines 9, 36.

"Turkey" combines 43, 44, 45, 46.

such as China and Russia, on enlargement in its neighbourhood, and on the E3+3 process with Iran – it was where a policy had been developed in previous years and member states worked together with the EU institutions to implement it. In these cases, there was less need for innovation than in some other cases such as Syria, but a strong demand for member-state unity behind a pre-agreed strategy. On these types of areas, the euro crisis did not seem to undermine European performance.

An analysis of European performance on “cross-cutting themes” (see Figure 4) illustrates the type of issues on which Europeans did well in 2012 and those on which they did less well. It appears that Europeans tended to do well in those components of foreign policy in which the EEAS or the European Commission plays a strong coordinating role, for example on trade issues, in negotiations with Iran, and in the Balkans. However, this pattern should not be overstated: Europeans also performed relatively well in 2012 on components relating to the euro crisis and Afghanistan – issues on which member states are to a large extent in the lead.

## The big three and “coalitions of the willing”

In the last edition of the Scorecard, we identified a trend towards the “renationalisation” of European foreign policy in 2011. Perhaps the most striking finding in our categorisation of member states in 2012 was the drop in the leadership by the big three: Germany, France, and the UK. In 2011, Germany led Europe in 19 components of European foreign policy, France in 18, and the UK in 17. In 2012, Germany led only 12 times, and France and the UK 11 times (see Figure 5). In 2011, Sweden also emerged as one of the most frequent leaders in European foreign policy, particularly on multilateral issues and crisis management. Although in 2012 it led on 10 components of European foreign policy compared to 11 in 2011, this time that made it almost as much of a leader as the big three. Like France and Germany, Sweden was categorised as a leader in at least one aspect of each of the chapters of the Scorecard, which indicates that it is engaged across the spectrum of European foreign policy and not simply in regions of specific interest. The Netherlands also punched above its weight.

In 2012, the UK’s relationship with the EU made headlines as Eurosceptic sentiment within the UK grew and a withdrawal from the EU became a real possibility. Prime Minister David Cameron came under increasing pressure from the UK Independence Party (UKIP) and, at the beginning of 2013, promised

Figure 5

*“Leaders” and “slackers” among EU member states*

<b>LEADERS</b>	On no. of components	<b>SLACKERS</b>	On no. of components
Germany	12	Greece	5
France	11	Latvia	5
United Kingdom	11	Romania	5
Sweden	10	Spain	5
Netherlands	8	Lithuania	4
Poland	5	Portugal	4
Czech Republic	4	Cyprus	3
Denmark	4	Slovenia	3
Finland	4	Austria	2
Ireland	4	Bulgaria	2
Austria	3	Czech Republic	2
Belgium	3	Estonia	2
Estonia	3	France	2
Italy	3	Germany	2
Bulgaria	2	Italy	2
Hungary	2	Malta	2
Luxembourg	2	Belgium	1
Spain	2	Denmark	1
Latvia	1	Hungary	1
Lithuania	1	Luxembourg	1
Romania	1	Netherlands	1
Slovakia	1	Poland	1
Cyprus	0	Slovakia	1
Greece	0	United Kingdom	1
Malta	0	Finland	0
Portugal	0	Ireland	0
Slovenia	0	Sweden	0

an “in/out” referendum on British membership of the EU by 2018. However, the Scorecard shows that, even as it was marginalised within the EU, the UK continued to play a constructive role in European foreign policy – often by example-setting. In particular, the UK played a leading role in the UN context – for example, in the debates on a post-Millennium Development Goals framework for development aid – and in smaller coalitions such as the E3+3 process on Iran. Even where it did not lead, it was broadly supportive of the development of EU foreign policymaking, and was a “slacker” only once in 2012 (on an EU–China investment treaty to enable reciprocity in access to public procurement).

Of the big three member states, France underwent the most obvious change in 2012 after François Hollande took over from Nicolas Sarkozy as president. In some areas, such as a reframing of the relationship with “Françafrique” in political terms, there was a conscious effort to mark a departure from the previous administration’s policy. In particular, the Hollande government was much more active in the second half of the year in efforts to gather international support for an African-led intervention in northern Mali and, as the French military intervention in Mali in January 2013 showed, this will clearly continue to be a priority as the year progresses. On other issues, such as the early indication of support for the Palestinian bid for observer status at the UNGA in November, the new government followed a similar line to its predecessor. France and the UK have both played leading roles in developing contacts with and supporting the Syrian opposition, although this does not appear to have been closely coordinated either with each other or with other EU partners.

Within Europe, the political affinity between Merkel and Sarkozy was replaced by a more difficult Hollande–Merkel relationship. Together with Italian Prime Minister Mario Monti and Spanish Prime Minister Mariano Rajoy, Hollande pushed for greater emphasis on growth in solutions to tackle the euro crisis. As a result, Merkel sometimes found herself in a minority in the eurozone in 2012 – something that had not happened in 2011. Germany was also criticised on foreign policy – in particular in relation to the emerging “special relationship” between China and Germany. However, Germany also frequently led Europe in foreign policy – in particular through a new assertive approach towards Russia. Overall, Germany was again the most prolific leader in European foreign policy. It led on 12 components, often by taking initiative, and was also often an active supporter – that is, a cheerleader rather than a bystander.

However, what is clear from the Scorecard’s findings is that the Franco-German axis did not operate as a central driver for foreign-policy initiatives in 2012. With the exceptions of the E3+3 process on Iran and efforts to persuade Russia to take a tougher line on Syria at the UN (both of which were part of more formal processes), none of the significant smaller “coalitions of the willing” in European foreign policy this year included both Germany and France as leaders. Where Germany and France did work together as leaders, usually as part of much broader coalitions, this was often as sponsors, for example on tackling the food crisis and drought in the Sahel and on financial support to the MENA region, rather than as initiative takers.

However, there was also a drop in the number of “slackers”, which suggests that member states were not quite as disruptive of coherent collective action as they were in 2011. The top “slackers” were Greece (which we identified as a “slacker” two times less than in 2011), Latvia (once more than in 2011), and Romania and Spain (the same number of times as in 2011). Cyprus (which held the rotating presidency in the second half of 2011), Italy, and Poland were “slackers” four times less than last year. (In the case of Italy, this suggests that Monti and his foreign minister, Giulio Terzi, were successful in re-launching Italy’s international engagement.) This trend towards greater cooperation is particularly clear on Russia, where we found no “slackers” (and in fact very few leaders apart from Germany). In other words, member states did not invest heavily but were supportive of the overall EU effort.

## The challenge for the EEAS: technocratic Europe and power Europe

Whether the trend towards the renationalisation of European foreign policy that began with the euro crisis will continue in the years ahead will depend in part on whether the overall machinery of European foreign policy becomes more efficient – in other words, to what extent Europeans are able to apply the various instruments that they have at their disposal. In particular, it was hoped that the Lisbon Treaty and the creation of the EEAS would help Europe become more effective in bringing together in a coherent way the economic, diplomatic, and military resources of the member states on classical foreign-policy issues and the external competences of the European Commission on issues such as trade and aid. Reconciling these two Europes that interact with the world – the “technocratic Europe” and the “power Europe” – is the main challenge for the EEAS. The official review of its development that will be carried out in 2013 will offer an opportunity to test its record in this regard.

As the Scorecard illustrates, the EEAS plays very different roles in different policy areas. It interacts with national diplomacies in various ways, from full responsibility to shared competence or sometimes marginalisation – usually high-level UN diplomacy or military crises such as Libya in 2011 or Syria in 2012. But the EEAS can also support the big member states, for example by directly negotiating with Iranians on the nuclear issue. It can help deliver strong European policies, for example by helping to convince reluctant member states to diversify their energy supplies in preparation for sanctions

against Iran or by minimising disagreement in order to avoid paralysis, as in the Kosovo–Serbia negotiations (five EU member states do not recognise Kosovo). It can powerfully represent Europe’s collective decisions, as it did with the opening of an office in Burma in 2012 – a prelude to the opening of a full-fledged EU delegation in 2013.

In other cases, the EEAS is able to be more assertive in exercising EU leverage, for example in visa policy towards Russia and the Western Balkans. It can also take initiative independently of, but coordinated with, national diplomacies, as it has done in developing policy towards and organising financial support for the transition states in North Africa and coordinating it with the United States. But for all the progress on this front, European foreign policy still functions most effectively when there are engines – often the EU3 or “coalitions of the willing” including other member states such as Italy, the Netherlands, Spain, Sweden, and Poland. The role the EEAS plays is also different in different parts of the world: in Washington, the EU delegation finds itself working with more powerful and often much larger embassies from all 27 member states; in countries where the EU gives out large amounts of aid, the EU delegation is often *de facto* the most important Western diplomatic representation.

Thus assessing the performance of the EEAS is a complex task. The Scorecard suggests that, after a difficult first two years marked by high expectations, the euro crisis, and the Arab Awakening, the EEAS began to function better in 2012, although it is far from having reached its full potential. It is undoubtedly still preoccupied by organisational problems. Indeed, one of the main objectives that High Representative Catherine Ashton has given herself is to establish a full-fledged and functioning diplomatic corps during the course of her five-year term in office. But the EEAS is structurally slowed down by the fundamental imperative of coordination between the 27 member states, which imposes a heavy constraint on its agility (even when it succeeds). Whether in Brussels or in the major EU delegations, the EEAS is all about coordination, while modern diplomacy in the digital age requires ever-greater responsiveness and velocity.

Within these constraints, the diplomatic culture of the EEAS seems gradually to be changing for the better. Initially, it was mostly staffed by EU civil servants working for the European Commission, with a culture of implementing programmes and managing only certain issues such as trade and the environment. However, the substantial infusion of diplomats from member states has brought a culture of power relations, emergency, and crisis management – in short, a diplomatic culture. As a result, relations with

member states, including between EU delegations and embassies across the world, have improved markedly. A positive change in attitudes towards the EEAS in the large machineries of the biggest member states is also taking place as diplomats realise they will have to serve in it at some point in their careers.

The Scorecard suggests that the lack of a consensus among member states does not necessarily prevent the EEAS from playing a useful role on a given issue, even if it means that it must play a different and reduced role than it can when there is consensus. But the danger is that the “technocratic Europe”, largely led by the European Commission, will be increasingly cut off from the “power Europe” of member states. In the Middle East and North Africa, EU task forces were created to help bridge this gap. Unfortunately, a lack of clarity across the EU about the objectives of this policy tool meant that, while they were successful as investment conferences and in developing lines of communication with broader sections of society than classic government-to-government relations allowed, they did not succeed as an EU initiative to support political reform in countries such as Egypt, Jordan, and Tunisia.

As the EEAS develops and feels more confident that it has the backing of the member states’ diplomatic services, it may begin to innovate more and develop effective mechanisms, diplomatic practices, and policy itself. There were some examples of this in 2012, such as the joint visits by the Bulgarian, Polish, and Swedish foreign ministers to Lebanon and Iraq, and the inclusion of an EEAS representative in the Danish foreign ministry’s team for a visit by a senior Chinese delegation. Spanish diplomats were also housed by the EU delegation in Syria and Yemen after the Spanish embassies were closed and the EEAS represented Bulgarian citizens sentenced to death in Malaysia in October. However, many member states are still expanding their bilateral representation and continue to take the EU presidency very seriously. While the EEAS became a much more significant actor in 2012, member states are a long way from investing in it to the extent that it is able to realise the full potential range of roles that it could play and from reconciling “technocratic Europe” and “power Europe”.

## Internal and external challenges

The near horizon is marked by serious challenges – any one of which could undermine the modest recovery in European foreign-policy performance in 2012. There are already indications from key strategic partners that they are beginning to see the euro crisis as the “new normal” – in other words, that they are planning for a future in which European power continues to decrease. Europe’s lack of a collective defence strategy, and its declining investment in its defence capacity, is also a serious obstacle to continuing global influence as a security actor. This makes it even more important that the EEAS is able to bring together CSDP with wider foreign-policy efforts. These matters are daunting enough with the EU’s current structure. But the impact of a British withdrawal from the EU on these and numerous other questions would be potentially huge.

Europe will also have to deal with these challenges at a time when the United States is increasingly becoming what Michael Mandelbaum has called a “frugal superpower” and is “pivoting” towards Asia. In January 2012, President Barack Obama outlined a new defence strategy based on the idea of a “leaner” military and a shift of focus towards Asia. In the future, as this strategic rebalancing becomes a reality, the US presence in Europe’s eastern neighbourhood may become more intermittent and low-cost. As it supplies its own energy needs, it may also have less of an automatic interest in the southern neighbourhood and aim instead to “lead from behind” in the Middle East. Although the US will not leave Europe altogether – in particular, Iran and Syria may continue to pull the US back in 2013 – it is likely to work with others as well as Europeans as part of what Secretary of State Hillary Clinton has called a “multi-partner” strategy.

This long-term shift in US foreign policy will further increase the pressure on Europe to deal with its own neighbourhood. Although the EU has become more effective towards Russia this year, tensions have, if anything, grown and may continue to do so in 2013. Insecurity in the Sahel, which was already a growing concern in 2012, has in the first month of 2013 led one EU member state to go to war in a region not far off the EU’s doorstep. Europeans are likely to be dealing with the fallout of the attempted takeover of Mali by Islamist rebel groups this time next year and feeling the consequences for years to come. Despite the euro crisis, the EU foreign policymaking machine has continued to function in 2012 and indeed has been moderately successful. But getting by for a second year is unlikely to be enough to deal with the challenges that 2013 looks set to present.

# China

Overall grade

C+

Overall grade 2011 C

Overall grade 2010 C+



	2012	2011	2010
<b>TRADE LIBERALISATION AND OVERALL RELATIONSHIP</b>	<b>C+</b>	<b>C+</b>	<b>B-</b>
1 Formats of the Europe–China dialogue	B-	C+	C+
2 Investment and market access in China	B-	B-	B-
3 Reciprocity in access to public procurement in Europe and China	C	C	C+
4 Trade disputes with China	B	B-	B-
5 Cooperation with China on the euro crisis	C	C-	n/a
<b>HUMAN RIGHTS AND GOVERNANCE</b>	<b>C</b>	<b>D+</b>	<b>C-</b>
6 Rule of law and human rights in China	C	D+	D+
7 Relations with China on the Dalai Lama and Tibet	C-	D+	D+
<b>COOPERATION ON REGIONAL AND GLOBAL ISSUES</b>	<b>B-</b>	<b>B-</b>	<b>C+</b>
8 Relations with China on Iran and proliferation	B-	B-	B+
9 Relations with China in Asia	B	n/a	n/a
10 Relations with China on Africa	B-	B-	C+
11 Relations with China on reforming global governance	C-	C-	C-
12 Relations with China on climate change	B+	B+	B

2012 was a year of change in China as the new generation of leaders, headed by Xi Jinping, who will run China for the next five years, took over. The new number two, Li Keqiang, is widely viewed as a reformer and his pet project on sustainable urbanisation has already been identified by the EU institutions as a new area of cooperation. But, on most other issues, the new leaders are likely to be as intransigent as ever. Meanwhile, Europe was forced to think about how it should respond to the US “pivot” to Asia and what its response would mean for its relationship with what will likely become the world’s largest economy in the next decade. Should it support the US, engage more in Asia as an independent actor, or stay out of Asian security issues altogether?

Notwithstanding High Representative Catherine Ashton’s visits to Asia in the middle of the year – what she called her “Asian Semester” – Europe seemed to be uncertain on how it could play a role in Asian security or even to react coherently to the pivot. During the Asia–Europe Meeting (ASEM), EU member states stayed ominously silent on the maritime disputes between China and its neighbours. At the ASEAN Regional Forum in July, Ashton and her American counterpart,

Hillary Clinton, issued a joint statement on coordinating Asia policy, but this went unnoticed by the Chinese and other Asians. Nor, so far, has the statement become the blueprint for a more strategic approach to Asia even within the EU. Later in the year, the EU wasn't invited to or even associated with the East Asia Summit, in which President Barack Obama participated before making a high-profile visit to Burma.

Nevertheless, Europeans put in a slightly improved performance than in 2011. In 2012, the EU seemed to be slightly less panic-stricken in its approach to China than it was in 2011, when it even cancelled the EU–China summit as it dealt with the euro crisis. Instead of massively diversifying its currency reserves into European bonds, China made a sober but not exactly game-changing contribution to solving the euro crisis by contributing to bailouts through the IMF and kept up its public support for the euro. Chinese companies and state institutions continued to see opportunities to buy up European companies as they had in 2011. But against the background of a record \$10 billion in Chinese investments in Europe, the EU inched slowly towards starting talks with China on an investment treaty that could entail a reciprocal deal for protecting Chinese investments while also increasing market access for European companies in China.

There were two EU–China summits this year but they had little impact as member states put much more energy into their bilateral relations. Ireland was the latest member state to sign a bilateral “strategic partnership” with China. Meanwhile, Central and Eastern European member states led by Poland held their own regional summit with China, which established an Eastern European secretariat in its foreign ministry that is focused on investment opportunities which includes a soft loan package from Chinese banks that is reminiscent of Chinese practices in Africa. But the closest bilateral relationship is now with Germany. Chancellor Angela Merkel visited China twice in 2012, including once as part of the so-called government-to-government consultation in August, the largest official gathering China has with a foreign power. In fact, she – rather than the so-called troika – seemed to be the key interlocutor for the Chinese on the euro crisis.

In September, there was also uncertainty about whether Merkel was speaking for Germany or for Europe when she seemed to undermine the European Commission in its case against China for providing unfair subsidies to its solar-panel manufacturers. Notwithstanding German government fears of a trade war with China, the European Commission pursued the solar case. But the commission's tougher approach means that the Chinese increasingly shun the EU's powerful trade negotiators and instead seek bilateral deals with individual

member states. It is symptomatic of this tendency that the high-level economic dialogue between the EU and China has not been held since December 2010. The EU postponed its aviation carbon tax scheme but the fight with China on this issue is likely to resume in 2013.

It was an unimpressive year for the EU in its attempts to secure Chinese cooperation in the Middle East. In 2011, Europe and the United States persuaded the Chinese to support UNSC Resolution 1970 and 1973 on Libya. But in 2012, in part because of China's perception that the West had exceeded its mandate in Libya, China joined Russia in blocking action against Syria (although China did twice make independent suggestions for stabilising the conflict in order to placate the Arab League and in particular Saudi Arabia and Qatar, which were disappointed by China's veto). By establishing official contacts with the Syrian opposition, China is preparing itself for the fall of President Bashar al-Assad, but will still reject any Western intervention. On Iran, the EU maintained tight diplomatic contacts with China, particularly through Ashton and the EU3 (France, Germany, and the United Kingdom), but China nevertheless openly opposed the EU's sanctions.

China was slightly more cooperative in Africa. The Chinese showed pragmatism and cooperated with France in the UNSC and in October gave a green light to intervention in Mali. China's economic interests in Sudan meant it stayed engaged in the simmering conflict between South and North Sudan, and it even worked with the EU for clear statements on conflict reduction through the UNSC. China also indicated a shift towards more civil-society engagement and capacity building in Africa rather than just building roads, but this was a response to criticism from African partners. Thus, although Chinese policy in Africa is changing, this is more due to local pressure and its larger national interest in conflict mediation than to Western or European influence.

The EEAS delegation in Beijing helped improve European consistency on human-rights issues. But in general the shift away from collective European action towards China continued as member states pursued their own bilateral strategies, with Germany increasingly the main interlocutor for the Chinese and other member states struggling to compete. Denmark, the Netherlands, Sweden, and the UK put forward proposals for greater coordination of EU China policy. But when European leaders took stock of the "strategic partnership" with China in October, the result was simply a reiteration of the need to implement agreements reached in 2010.

## 01 FORMATS OF THE EUROPE-CHINA DIALOGUE

The EU positioned itself well with the incoming Chinese leadership but Germany was seen as the go-to partner and business deals were brokered directly with member states.

	2010	2011	2012
Unity	2/5	2/5	3/5
Resources	2/5	2/5	3/5
Outcome	5/10	5/10	5/10
<b>Total</b>	<b>9/20</b>	<b>9/20</b>	<b>11/20</b>

# B-

2010 C+ 2011 C+

After last year's EU–China summit was postponed because of the euro crisis, two summits took place in 2012. However, both summits were overshadowed by the bilateral meetings between Germany and China that immediately preceded them. Following a regional summit led by Poland in April and attended by Premier Wen Jiabao, the Chinese foreign ministry also established a Central and Eastern European secretariat under Vice Foreign Minister Song Tao to promote Chinese business interests in the region. The 16+1 summit is likely to become an annual event.

Chinese premier-in-waiting Li Keqiang met EU leaders in May. His main priority is continued reform and sustainable urbanisation, which the EU identified as a new area of cooperation in 2012. High Representative Catherine Ashton continued her top-level foreign-policy dialogue, which includes the Chinese defence establishment, but talks on Syria and Iran produced few results. In July, she and State Councillor Dai Bingguo issued a joint communiqué that proclaimed the EU's "respect for Chinese territorial

integrity and sovereignty". But it omitted the urgent need for peaceful resolution according to international law of maritime disputes in East Asia such as that between China and Japan over the Senkaku/Diaoyu islands, which intensified in 2012.

China kept the pivotal high-level economic dialogue on ice in 2012 and thus avoided engagement with the European Commission's trade negotiators' new approach to public procurement, investment, and reciprocal concessions. Instead, China dealt directly with member states, where investment deals were brokered, and maintained a symbolic engagement policy at the European level. Denmark, the Netherlands, Sweden, and the UK produced a non-paper on the need for greater coordination of EU–China policy. But although the European Council discussed the EU's "strategic partnerships" in October, little strategic action ensued. Danish Prime Minister Helle Thorning-Schmidt took a small but innovative step by including a high-ranking EEAS official in her delegation when President Hu Jintao visited during the Danish EU presidency.

## 02 INVESTMENT AND MARKET ACCESS IN CHINA

Chinese investments in the EU reached new records. Negotiations on an investment treaty that could improve market access for Europeans inched forward.

	2010	2011	2012
Unity	4/5	4/5	3/5
Resources	3/5	3/5	4/5
Outcome	5/10	5/10	4/10
<b>Total</b>	<b>12/20</b>	<b>12/20</b>	<b>11/20</b>

# B-

2010 B- 2011 B-

In 2012, Chinese investment in Europe hit another record of \$10 billion. The Chinese wealth fund CIC was behind several large deals in the UK, including the purchase of a £600 billion stake in Thames Water in January and a £450 million stake in Heathrow Airport in November. After another agreement with CIC, the head of the Polish investment agency said that “the sky is the limit”. The challenge for Europeans is to leverage this increase in Chinese investment in Europe to improve their own access to China’s market. In particular, Europeans aim to open up new sectors of the Chinese economy in which foreign investment is not permitted, such as finance, services, strategic industrial sectors, and key infrastructure.

Since the Lisbon Treaty gave the European Commission competence over investment policy, it has taken the lead on a new EU investment treaty to supplant bilateral treaties with China. In 2012, it completed an internal assessment and is due to present its confidential negotiation directives to the member states at the beginning of 2013. China agreed to start

negotiations at the EU–China summit in September. It hopes an investment treaty will protect China’s own growing investments in Europe. This Chinese interest is illustrated by the international arbitration claim filed in November by Chinese insurer Ping An against Belgium due to its losses on its investment in the Belgian bank Fortis.

The main thing member states can do to support the European Commission as it negotiates the treaty is to reiterate in their bilateral discussions with China that the treaty is a top priority. 2013 will show if member states will do this as negotiations start. However, there still seems to be some reluctance to get behind the European Commission: the UK still seems to regret that competence has been moved to the EU level; Germany worries that, despite its greater size and power, the EU might deliver an investment treaty that is weaker than its own.

### 03 RECIPROCITY IN ACCESS TO PUBLIC PROCUREMENT IN EUROPE AND CHINA

Procurement is where the strategy of reciprocal engagement is put to the test of practice, yet nothing concrete has been decided in 2012 and Europe continued to move at snail's pace.

	2010	2011	2012
Unity	4/5	2/5	2/5
Resources	2/5	2/5	2/5
Outcome	3/10	4/10	4/10
<b>Total</b>	<b>9/20</b>	<b>8/20</b>	<b>8/20</b>

C

2010 C+ 2011 C

The EU seeks fair competition and equal access to the Chinese market for public procurement. European companies rarely win contracts partly because China has not yet joined the WTO's Agreement on General Procurement (GPA), which regulates public procurement. (In November China made another offer, but it included only one-tenth of its real public-procurement market.) In March, the European Commission proposed an instrument on reciprocity in public procurement that would potentially exclude bidders from countries with less open markets including China. In the words of Internal Market and Services Commissioner Michel Barnier, it was about the EU no longer being "naïve". In a resolution, the European Parliament also came out in favour of stronger reciprocity and better access to Chinese public procurement.

The proposal is currently being discussed by member states and could end up stalled in internal wrangling for years. Member states are divided and several larger member states are against. The UK issued a clear rebuttal stating that

the proposal would undermine value for money in public procurement and lead to unnecessary "tit-for-tat protectionism". And while Chancellor Angela Merkel had seemed positive about reciprocity in 2010, a leaked document from the German government similarly foresaw that the proposal heralded "serious problems for... German companies". Eastern European countries were more interested in getting investment from Chinese companies rather than waiting for guarantees of obtaining reciprocal concessions by China, because they have few expectations for their own companies there. At the same time, there is a discussion on who would maintain the blocking power over incoming deals. France, otherwise a protagonist for the proposal, is also in the lead for demanding that blocking capacity remain at national level, which in the worst case could lead to a patchwork of 27 different practices rivalling China's opacity.

## 04 TRADE DISPUTES WITH CHINA

The EU won a WTO case on rare earth minerals and launched the largest anti-subsidy case on solar panels. Europeans also had concerns about telecoms giants Huawei and ZTE.

	2010	2011	2012
Unity	3/5	3/5	4/5
Resources	3/5	3/5	3/5
Outcome	6/10	5/10	6/10
<b>Total</b>	<b>12/20</b>	<b>11/20</b>	<b>13/20</b>

# B

2010 B- 2011 B-

Europeans want their companies to be able to compete fairly against Chinese rivals. In 2012, they initiated 11 anti-dumping and anti-subsidy cases against China. The biggest and most significant was the anti-dumping case against Chinese solar-panel manufacturers which the European Commission launched in September (see component 12). However, although the original complaint was brought by German companies such as Berlin-based SolarWorld – a few years ago the global market leader – Chancellor Angela Merkel urged the European Commission not to pursue the case, which she feared could prompt Chinese retaliation against other German companies and ultimately a trade war with China. In January, the WTO ruled in the EU’s favour on Chinese export restrictions on raw materials. However, after it became clear that China did not intend to lift restrictions on the export of rare earth minerals in response to the ruling, the EU, Japan, and the US launched a second challenge in the WTO. EU Trade Commissioner Karel De Gucht said he was “left with no other choice”.

Europeans also have concerns about the export subsidies that bolster rising Chinese telecoms giants Huawei and ZTE, which are now competing with European companies such as Ericsson and Nokia. In 2012, the European Commission hinted at opening a case against Huawei and ZTE based on “solid evidence”, which prompted retaliatory warning shots from China. In the end, however, no European companies that do business in China were willing to support the case. Concerns about security and in particular about Huawei’s alleged links with the Chinese military led US authorities to block investments in 2012. In Europe, where Huawei employs more than 5,000 people, there are similar concerns. For example, the British government and Huawei staff collaborate to provide assurance that their products meet government security standards prior to being deployed on UK networks. Yet Prime Minister David Cameron welcomed Huawei’s chief executive at 10 Downing Street on the same day as the US Congress brandished his company a security threat.

## 05 COOPERATION WITH CHINA ON THE EURO CRISIS

Europeans were less frantic than in 2011, but the euro crisis continued to undermine European coherence towards China. Chinese bond purchases remain opaque.

	2010	2011	2012
Unity	-	2/5	2/5
Resources	-	2/5	2/5
Outcome	-	3/10	4/10
<b>Total</b>	-	<b>7/20</b>	<b>8/20</b>

C

2010 – 2011 C-

In 2012, China did not become Europe’s “red knight” by massively purchasing sovereign debt, but it did continue to express confidence in the single currency. The governor of China’s central bank, Zhou Xiaochuan, said that China would not reduce “the proportion of euro exposure in its reserves”. Though it does not publish the breakdown of its foreign-exchange reserves, it is estimated to hold around 25 percent of currency reserves in euro-denominated assets. At the G20 summit in June, China also announced that it would contribute \$43 million through the IMF, which could be triggered for European debt needs. Some European officials say in private that China has bought significant amounts of sovereign bonds issued by southern eurozone countries, but, like other private investors, it also experienced the enforced “haircut” on Greek debt, which may have made it even more cautious in its European debt purchases and thus increased rather than reduced spreads in European bond yields.

In 2012, German Chancellor Angela Merkel, who visited China twice during

the year, tended to speak to the Chinese on behalf of the eurozone as a whole. (China shares Germany’s view that the key to solving the euro crisis – which Chinese officials call a “sovereign debt problem” – is debt reduction.) Although Europeans were less frantic than in 2011, possible bond purchases remained the most important topic in discussions with China for deficit countries such as Spain. Thus the euro crisis continued to undermine European coherence in relation to China in 2012. In fact, even the meeting between High Representative Catherine Ashton and State Councillor Dai Bingguo focused on the euro crisis rather than foreign policy (Dai expressed “confidence in the future of Europe”). But there are signs that Europe could become more coherent in 2013. As the EU’s current-account balance grows, some member states enjoy ultra-low interest rates, and as the European Stability Mechanism (ESM) becomes operational, China may have less leverage over Europe than it did during the acute phase of the crisis.

## 06 RULE OF LAW AND HUMAN RIGHTS IN CHINA

As human-rights violations continued against the background of the transition, Europeans were more vocal on human rights than they were in 2011.

	2010	2011	2012
Unity	2/5	2/5	3/5
Resources	2/5	1/5	3/5
Outcome	1/10	2/10	2/10
<b>Total</b>	<b>5/20</b>	<b>5/20</b>	<b>8/20</b>

C

2010 D+ 2011 D+

Human-rights violations continued in China in 2012 against the background of the leadership transition. In June, the EU adopted a new human-rights strategy, which seeks to streamline the EU's approach to human rights across countries and regions. High Representative Catherine Ashton's spokesperson said it was "very clear" that the strategy applied to China. The EU was also more vocal on human rights in 2012 than it was in 2011. For example, it included human-rights defenders, including Ai Weiwei, at the EU Nobel Prize event in Beijing, where the Chinese foreign ministry responded by throwing an early New Year's banquet the same evening to reduce the number of attendees to the EU event. The EU human-rights dialogue was also held in Brussels, although it stayed within its symbolic confines and China refused for a third year to host a second round of the dialogue in China. Finally, the EU institutions didn't manage to counter China's critical "press gag" at the EU-China summit in September and the end result was that no press conference was held at all.

The slightly stronger push at EU level hasn't reduced completely member states' desire to follow up on the bilateral level, but either outsourcing to the EU or outright bilateral denial of interest remained a strategy for countries such as Italy, Malta, Portugal, and Romania. Others such as the Czech Republic, Germany, Sweden, and the UK reinforced the EU's stance by taking the initiative on human rights in their bilateral dialogues with China. Meanwhile, human-rights violations continued in China in 2012, particularly as the regime sought stability during the political transition. Ai Weiwei went on trial and, although the authorities let blind lawyer Chen Guangcheng go to the US, they subsequently persecuted his nephew. In fairness, the new long-awaited criminal procedure law did provide certain improvements such as outlawing evidence through torture, but also guaranteed the legality of the infamous "black jails" in which detainees can be held without scrutiny for prolonged periods by the police.

## 07 RELATIONS WITH CHINA ON THE DALAI LAMA AND TIBET

Europeans expressed concerns about human rights in Tibet but have not found a way to protect individual member states from Chinese bullying when politicians meet with the Dalai Lama.

	2010	2011	2012
Unity	2/5	2/5	2/5
Resources	1/5	1/5	3/5
Outcome	2/10	2/10	2/10
<b>Total</b>	<b>5/20</b>	<b>5/20</b>	<b>7/20</b>

C-

2010 D+ 2011 D+

In 2012, tensions continued between the EU and China over visits to Europe by the Dalai Lama and the human-rights situation in Tibet, including cultural and religious rights. The European Parliament continued its active stance through a resolution requesting the creation of a special envoy for Tibet. High Representative Catherine Ashton didn't act on the suggestion but spoke clearly about the "deteriorating situation in Tibet". The Dalai Lama met with the British prime minister, the Austrian chancellor and foreign minister, and the president of the Belgian Senate. However, in Italy there were no political meetings and political pressure even prevented the city of Milan from awarding the Dalai Lama honorary citizenship. As expected, China retaliated against those countries that held political meetings with the Dalai Lama. In particular, it cancelled a visit to the UK by a top Chinese official and high-level political relations between the two countries remain frozen. However, the UK does not seem to be considering apologising or issuing a statement drafted by the Chinese, as other countries such as France and Denmark have done. But

Europeans have still not found a way to protect individual member states from Chinese bullying.

Several EU member states also raised concerns about the state of human rights in Tibet at the UNHRC in June. The most vocal were Denmark in its role as rotating president, Belgium, the Czech Republic, France, Germany, Sweden, and the UK. Latvia took issue with China on Tibet when the Chinese defence minister visited. Comments by Prime Minister Petr Nečas also prompted a debate in the Czech Republic about human-rights policy. During former leader Vaclav Havel's lifetime, Czech politicians had always made a point of meeting with the Dalai Lama. But at a trade fair in Brno in September, Nečas criticised the Dalai Lama and said that publicly supporting such "fashionable" causes could have "consequences for our exports". Foreign Minister Karel Schwarzenberg said it was a "horrifying" mistake.

## 08 RELATIONS WITH CHINA ON IRAN AND PROLIFERATION

Talks with China continued, but China publicly criticised EU sanctions against Iran. Chinese reluctance also delayed action against North Korea.

	2010	2011	2012
Unity	5/5	5/5	5/5
Resources	4/5	3/5	4/5
Outcome	6/10	4/10	3/10
<b>Total</b>	<b>15/20</b>	<b>12/20</b>	<b>12/20</b>

# B-

2010 B+ 2011 B-

Europeans seek to cooperate with China in stopping nuclear proliferation, in particular in Iran and North Korea. They are directly involved in negotiations on Iran through the E3 (France, the UK, and Germany). In 2012, the EU wanted China to support an international consensus on dealing with Iran or at least to agree to not undermine or dilute such initiatives through its bilateral engagement with Iran. The EU kept open lines of communication with China, both in official talks and in the separate strategic dialogue, but China remained non-committal. Although Beijing has no desire to see a nuclear-armed Iran, it does not believe in crippling sanctions or a military strike to prevent Iran developing nuclear weapons.

China did not support the sanctions that the EU unilaterally imposed on Iran in 2012 and even criticised the EU publicly by calling sanctions a tool to intensify “confrontation”. Instead, a foreign ministry spokesperson said China wanted to continue “normal and transparent trade and energy exchanges” with Iran. European pressure, both in the E3+3

meetings and through bilateral channels, did not produce any more common ground on how to proceed. However, China’s Arab partners had more success than the Europeans. China’s increasing dependence on the Gulf for oil meant that Wen Jiabao had to criticise Iran more sharply than usual during a visit to Saudi Arabia and other Gulf states.

Europeans are not directly involved in the stalled Six-Party talks on the North Korean nuclear programme. After Kim Jong-un took over from his father at the end of 2011, North Korea successfully launched a long-range rocket in December after a first launch in March spectacularly failed. The EU responded with statements of protest. But although China said it also regretted the rocket launch, Europeans and other international partners were unable to persuade it to take immediate action against North Korea in the UNSC (though it agreed in early 2013 to tighten sanctions).

## 09 RELATIONS WITH CHINA IN ASIA

Europeans have not yet decided how to respond to the US “pivot” to Asia but became more vocal about maritime disputes in East Asia in 2012. Sanctions on Burma were suspended.

	2010	2011	2012
Unity	-	-	4/5
Resources	-	-	3/5
Outcome	-	-	6/10
<b>Total</b>	-	-	<b>13/20</b>

**B**

2010 – 2011 –

The EU has wide-ranging interests in Asia that go beyond trade. In particular, it seeks regional security. However, Europeans have not yet decided how to respond to the US “pivot” to Asia or figured out what their role might be in the region. On paper, however, the EEAS did everything right in 2012. High Representative Catherine Ashton visited the region in what she called an “Asian Semester”, participated in the ASEAN Regional Forum, and made a joint statement with her US counterpart, Secretary of State Hillary Clinton, on cooperation in Asia. But although some saw in this focus on Asia a European “mini-pivot”, it was mostly ignored in Beijing and even in EU member state capitals.

In June, the EU published new foreign-policy guidelines on Asia, which included speaking out on the conflicts in the South China Sea. But during ASEM, the EU–Asia summit, which was held in Laos, most EU member states seemed as malleable as ASEAN member states on addressing maritime disputes in the region after pressure from China to keep silent. Still, on

other occasions in 2012, the EEAS did start to speak up on the maritime conflicts in East Asia and Ashton’s spokesperson called for “peaceful and cooperative solutions in accordance with international law”. The East Asia Summit in November, convened by ASEAN, passed without European participation, but in July Ashton signed the Treaty of Amity and Cooperation in Southeast Asia (a non-aggression pact between ASEAN members and their partners), which is expected to allow the EU to participate in the future.

As Burma moved towards democracy – and also to some extent away from Chinese influence – the EU was quick to respond. British Prime Minister David Cameron was the first Western leader to visit the country and met with Aung San Suu Kyi in Rangoon in April. Shortly afterwards, the EU agreed to suspend for a year most sanctions in recognition of the “historic changes” in the country.

## 10 RELATIONS WITH CHINA ON AFRICA

The Chinese adopted a new approach to engagement in Africa that copies the EU on governance. Led by France, Europeans reached agreement with China on Mali.

	2010	2011	2012
Unity	3/5	4/5	3/5
Resources	3/5	3/5	3/5
Outcome	4/10	5/10	5/10
<b>Total</b>	<b>10/20</b>	<b>12/20</b>	<b>11/20</b>

# B-

2010 C+ 2011 B-

Europeans aim to cooperate with China to limit the arms trade, support good governance, and apply criteria such as the UN Millennium Development Goals to aid in Africa. The EEAS holds an annual dialogue on Africa and several member states such as France and the UK also hold bilateral dialogues. Some member states such as the UK also seek to engage China in trilateral cooperation on development aid and others such as Belgium and France seek to cooperate with Chinese companies in Africa. Denmark has partnered with UN agencies to promote cooperation with China on Africa.

Europeans attended the opening ceremony of China's triennial Forum on China–Africa Cooperation (FOCAC) in July, but weren't given the observer status they had wanted. At FOCAC, China announced a renewed surge of cheap loans and a new focus on regional governance and capacity building to Africans to complement infrastructure deals and cheap Chinese labour. This policy change seems to have been the result of criticism from Africans rather than European engagement with

China. It remains to be seen whether it is implemented, but it already means that Africans pay more attention to action plans from Beijing than policy documents from Brussels.

In 2012, Europeans also sought Chinese cooperation in Mali, where the security situation deteriorated during the year as Islamists took over the northern part of the country. In October, China voted for UNSC Resolution 2007, which declared the situation a “threat to international peace” and opened the way for military intervention and a military training mission led by the EU. In Sudan, China was motivated by its commercial interests to take a lead itself in managing the conflict between North and South Sudan during 2012. China supported UNSC statements in March and April and Resolution 2046 in May, which demanded an end to the fighting between the two sides. The EU's special envoy for Sudan and South Sudan, Rosalind Marsden, also went to China.

## 11 RELATIONS WITH CHINA ON REFORMING GLOBAL GOVERNANCE

Europeans failed to get Chinese support for an international response to the conflict on Syria. But China cooperated on Sudan and Mali.

	2010	2011	2012
Unity	3/5	3/5	2/5
Resources	2/5	2/5	2/5
Outcome	2/10	2/10	2/10
<b>Total</b>	<b>7/20</b>	<b>7/20</b>	<b>6/20</b>

C-

2010 C- 2011 C-

Europeans want China to take responsibility for global governance, especially at the UN and the IMF, commensurate with its expanding economic power. However, with the euro crisis still the main focus of the G20, the EU was not in a position to make demands of China in 2012. European efforts to agree a conventional arms treaty were thwarted by China, which insisted on linking the issue to the EU's arms embargo, as well as the US (see component 67).

Europeans also failed to get Chinese support in the UNSC for an international response to the conflict in Syria: together with Russia, China opposed any UNSC mandate for action against the Assad regime on the basis of what State Councillor Dai Bingguo called the "ironclad principle of non-interference in others' internal affairs". Yet China did twice take initiative on Syria: first with a six-point proposal similar to what became the Annan Plan; and then with a ceasefire suggestion in October. China took these steps – perhaps small steps for any solution in Syria but giant steps for China's normally reactive diplomacy – in order to demonstrate to

its Arab League partners that it was being constructive. The Chinese also made contacts with, but did not recognise, the Syrian opposition. If President Bashar al-Assad falls and a transition ensues, these Chinese steps open space for collaboration with the EU and other powers since China wants to make friends with a new regime quickly and is likely to be a more willing partner in international efforts.

China was also pragmatic on conflicts in Africa. In getting South Sudan and Sudan back to talks, China led active shuttle diplomacy and also was behind a firm international response from the UN on the issue. China's national interest was in making sure oil continued to flow between the two countries. China also allowed the French-led EU initiative for intervention in Mali to pass in the UN without invoking its principle of non-interference.

## 12 RELATIONS WITH CHINA ON CLIMATE CHANGE

The EU managed to keep the ball rolling at Doha and enhanced bilateral cooperation with China on energy. But the EU and China clashed over solar panels and carbon taxes.

	2010	2011	2012
Unity	4/5	4/5	4/5
Resources	4/5	4/5	5/5
Outcome	5/10	7/10	6/10
<b>Total</b>	<b>13/20</b>	<b>15/20</b>	<b>15/20</b>

# B+

2010 B 2011 B+

The EU aims to secure China’s cooperation on climate change, including on associated green technologies and energy efficiency. In 2012, the EU took initiative with a large energy forum in May that was attended by Li Keqiang, China’s new number two. This fits with China’s ambition to curb energy intensity in its economy and with the EU’s ambition to get China to reduce its carbon footprint. However, in the international negotiations at the summit in Doha, progress was back to snail’s pace after last year’s breakthrough. “Frustration is a renewable source”, said EU Climate Action Commissioner Connie Hedegaard. Still, the EU managed to further chip away at the distinction between developed and developing economies and managed to get China to stick to its previous commitments, including to a global deal by 2015.

On other areas, there was more friction. Following external pressure from China, Russia, and the US, and internal pressure from Airbus and France, the EU postponed the application of the carbon airfare tax in 2013. China remains strongly opposed to the tax and ordered its airlines not

to comply with the EU legislation and continued to cooperate with Russia and the US. The issue is likely to create further tension between the EU and China next year.

Solar panels were also a hot issue after the EU decided in September to pursue an anti-dumping complaint against Chinese solar-panel manufacturers. Although the original complaint was brought by German companies, Chancellor Angela Merkel urged the European Commission not to pursue the case, which she feared could prompt a trade war with China. The anti-subsidy case will affect more than \$35.8 billion in Chinese exports of solar products. A Chinese business insider called it a “disaster for the Chinese solar industry”, although the industry is surviving on a diet of subsidies from state-owned banks. The Chinese state retaliated with a WTO case against European polysilicon producers that export to China.

# Russia

Overall grade

**B-**

Overall grade 2011 **C+**

Overall grade 2010 **C+**



	2012	2011	2010
<b>TRADE LIBERALISATION AND OVERALL RELATIONSHIP</b>	<b>B</b>	<b>B</b>	<b>B-</b>
13 Trade liberalisation with Russia	B+	A-	B-
14 Visa liberalisation with Russia	B-	B-	C+
<b>HUMAN RIGHTS AND GOVERNANCE</b>	<b>C</b>	<b>C-</b>	<b>C-</b>
15 Rule of law and human rights in Russia	C+	C-	C
16 Media freedom in Russia	C	C-	C-
17 Stability and human rights in the North Caucasus	C	C-	C-
<b>EUROPEAN SECURITY ISSUES</b>	<b>B-</b>	<b>B-</b>	<b>C+</b>
18 Relations with Russia on the Eastern Partnership	B-	C+	C
19 Relations with Russia on protracted conflicts	C+	C+	C+
20 Relations with Russia on energy issues	B	B-	C+
21 Diversification of gas-supply routes to Europe	C+	B-	B-
<b>COOPERATION ON REGIONAL AND GLOBAL ISSUES</b>	<b>B-</b>	<b>C+</b>	<b>B-</b>
22 Relations with Russia on Iran and proliferation	B	B-	A-
23 Relations with Russia on the Greater Middle East	B	B-	n/a
24 Relations with Russia on climate change	C	C+	C+
25 Relations with Russia on the Arctic	B	n/a	n/a

2012 was a good year for European unity and resolve in relation to Russia – for a long time one of the most divisive issues in European foreign policy. But although the year started with excitement and expectations of possible changes inside Russia, it ended in disappointment after Vladimir Putin was re-elected as president in March. Putin’s new regime is weaker than it previously was, but therefore resorts to coarser measures to deal with dissent. Although the pro-Putin consensus of the first decade of the century has collapsed, there are no credible challengers, and neither the regime nor the opposition has a viable strategy for the future. European disappointment and Moscow’s unwillingness to cooperate with the EU on almost any issue made real dialogue almost impossible in 2012.

After meeting with force the first anti-Putin demonstrations that broke out after the December 2011 parliamentary elections, the regime changed tactics and, up until the presidential elections in March, allowed rallies to proceed

peacefully. It also relaxed controls on the media: between January and March, many opposition figures who had been banned from the state-controlled television channels for years were invited to participate in talk shows and the state-controlled media also started to cover the demonstrations and did not hesitate to ask Putin inconvenient questions. Even though this new, open approach was clearly dictated by election-campaign logic rather than respect towards rights and freedoms, the EU still welcomed it. It also gave a moderately positive assessment of the presidential elections: it asked Russia to address the shortcomings in the conduct of elections but did not question Putin's victory.

However, immediately after Putin's inauguration in May, there was a crackdown. Demonstrations were once again dissolved by force and many activists were detained (quite a few still remain behind bars). New laws were adopted that re-criminalised slander and severely restricted freedom of assembly as well as working conditions for NGOs. The vague way in which these laws are formulated means that they can be arbitrarily applied to punish almost any civic activism.

European leaders criticised these developments with unanimity and clarity. Most significant was the change of mood in Germany – in the past, Russia's best friend in the EU. Chancellor Angela Merkel's envoy for relations with Russian civil society, Andreas Schockenhoff, was publicly critical of Putin's handling of the trial of members of the punk band Pussy Riot and of Russia's response to the Syria crisis. In November, ahead of a visit by Merkel to Moscow, the Bundestag adopted a resolution (drafted by Schockenhoff) that was unusually critical of developments in Russia, which was followed by a sharp exchange between Merkel and Putin about Russia's human-rights record just a few days later during their meeting. Thus Germany, which was once a problem for a coherent and effective European policy towards Russia, might slowly but surely be becoming one of Europe's leaders on this issue.

Despite this new resolve, however, the EU's actual influence on conditions on the ground in Russia remains very limited. Still, the EU did not hesitate to demonstrate its muscle on energy relations with Russia and, in September, the European Commission took an unprecedented step by launching an anti-competition probe against Russian state energy giant Gazprom for possible abuse of its dominant market position in Central and Eastern Europe. In response, Putin issued a decree forbidding Gazprom and other "strategically important companies that do business overseas" from providing information to foreign regulators unless they obtain approval from the Kremlin.

EU–Russia trade relations could have been the success story of the year. In August, Russia finally became a formal member of the WTO – the step that had been strongly supported by the EU during the 18-year-long negotiations. But Russia’s application of new protectionist measures even after officially joining the WTO has made the EU visibly frustrated, prompting Trade Commissioner Karel De Gucht to complain in December that “Russia is doing exactly the opposite to what it is supposed to do” and to hint that EU retaliation – for which the WTO framework provides legal options – may be on the cards some time soon.

In recent years the EU has made progress in diversifying its energy imports, especially gas-supply sources, by building interconnectors between member states. However, the Nabucco project, one of the EU’s main projects to ensure gas supply from sources other than Russia, now seems to be viable – if at all – only in its “lighter” version as “Nabucco West” after Turkey’s and Azerbaijan’s announcement in 2012 that they would build their own pipeline. In December, Russia raised the stakes by announcing construction of the South Stream pipeline, a direct competitor to Nabucco – but so far it is unclear to what extent this will actually influence the EU’s energy policies.

There was also little substantial cooperation between the Europeans and Russia on resolution of the protracted conflicts in the neighbourhood. Germany remains heavily involved in the Transnistria dispute, but apart from re-launching the formal talks in the 5+2 format (including Moscow), there was little progress. However, the EU did occasionally stand up to defend its neighbours against Russian pressure and did so more vocally than in the past: Energy Commissioner Günther Oettinger called on EU member states to stand by Moldova and called a possible gas-price hike from Russia “pure blackmail” and Moscow’s behaviour “unacceptable”.

The EU and a number of individual member states also worked hard to persuade Russia to drop its opposition to more determined international action on Syria. But although the question was on the agenda of most bilateral exchanges with Russia, it had little success: Russia, together with China, vetoed resolutions pushed by the EU and the US to impose UN sanctions on the Assad regime.

Thus, although Europe has demonstrated laudable unity in its reactions to the events and flexed its muscles on several important dossiers – namely, in energy and trade relations – it clearly lacks power to influence developments inside Russia. In handling relations with Russia, the EEAS was not in a lead

role – the most important issues were handled either by the member states or by the European Commission – but it has been instrumental in exchanging information and contributed more substantially to certain policies, such as the EU’s stance on human rights in Russia. The challenge for Europe is now to capitalise on its new unity and resolve and devise smart ways to contribute to democratic change in Russia, while also engaging in diplomatic “contingency planning” in case things get worse before they get better.

## 13 TRADE LIBERALISATION WITH RUSSIA

Russia's accession to the WTO was an important step forward but it was unwilling to obey the WTO rules and to engage in further liberalisation.

	2010	2011	2012
Unity	4/5	5/5	5/5
Resources	3/5	3/5	4/5
Outcome	5/10	8/10	5/10
<b>Total</b>	<b>12/20</b>	<b>16/20</b>	<b>14/20</b>

# B+

2010 B- 2011 A-

The EU wants to see further trade liberalisation with Russia. There was an important step forward in August when, after lengthy negotiations, Russia finally formally joined the WTO. The EU's most important objective now in this respect is to make sure that Russia actually follows WTO rules. Currently, there are around dozen issues on which it is in breach of the rules: it has an import ban on livestock; it charges so-called scrapping or recycling fees for imported cars; and there are ongoing anti-dumping cases. Russia also applies tariffs higher than those allowed by WTO rules. The WTO dispute-settlement mechanism has equipped the EU with a good arsenal of legitimate ways for retaliation. But although the EU would prefer to solve the differences without resorting to these, its patience is close to being exhausted – as Trade Commissioner Karel De Gucht made clear in December.

The main reason for the lack of progress in 2012 was that Russia did not reciprocate. A mutual free-trade agreement between Russia and the EU has effectively been shelved, because Russia's Common

Economic Space with non-WTO members Belarus and Kazakhstan makes any progress on this front practically impossible. The EU has also been hoping to negotiate a new wide-ranging partnership agreement with Russia, to replace the old Partnership and Cooperation Agreement (PCA), but negotiations are stuck. The EU wants the trade-related clauses of this agreement to go further than what has been agreed in the WTO framework; it also wants to prevent the agreement being tilted in Russia's favour like the former PCA, which gave Russia "most favoured nation" status without getting much in return. So far, there is no evidence of enthusiastic reciprocation from the Russian side. EU member states were unanimous in stressing that Russia needs to comply with the rules, with those most affected by non-compliance (such as automobile manufacturers and livestock exporters) in the lead.

## 14 VISA LIBERALISATION WITH RUSSIA

Europeans stood firm as Russia pushed for visa freedom without fulfilling the agreed technical preconditions. But finding unanimity on political conditions will be a challenge.

	2010	2011	2012
Unity	4/5	4/5	5/5
Resources	3/5	3/5	3/5
Outcome	3/10	4/10	4/10
<b>Total</b>	<b>10/20</b>	<b>11/20</b>	<b>12/20</b>

# B-

2010 C+ 2011 B-

Moscow wants visa-free travel with the EU by the time of the 2014 Winter Olympics, which will be held at Sochi, on the Black Sea. But despite Russian pressure in 2012, Europeans remained impressively united in asking Russia to first fulfil a number of previously agreed conditions (specified in the “common steps” towards visa liberalisation between the EU and Russia which were agreed in 2011) that they see as a pre-condition for lifting the visa regime with Russia.

In 2012, several mutual expert missions took place. But Russia was slow to implement a number of conditions it agreed to in the “common steps” package and the EU could have done more to explain to the Russian public what the country has to do to get visa freedom – for example, by making the “common steps” document public. A visa-facilitation agreement that would allow more groups (including students and businesses) to travel from Russia to the EU and vice versa with fewer documents and a smaller fee is close to completion, but kept hostage by Russia’s demand that the so-called service passport holders be granted

visa-free travel under the deal – a condition that the EU refuses to accept.

Even though member states now agree that Russia should have a perspective of a visa-free regime with the EU, a debate on its conditions effectively still lies ahead. Finding unanimity within Europe could be a challenge because some member states may tie technical requirements outlined in the “common steps” to demands on the human-rights situation and the rule of law in Russia or to other issues. Some member states such as Italy and Spain are open to a shorter timeframe for abolishing the regime; others such as Lithuania, Latvia, and the four Visegrad countries point out that all technical requirements must be met and Moscow should not get a “geopolitical discount” compared to Ukraine or Moldova. However, neither of these potential debates undermined the EU’s dialogue with Russia in 2012.

## 15 RULE OF LAW AND HUMAN RIGHTS IN RUSSIA

Europeans criticised the deterioration in political freedoms in Russia in 2012, with Germany becoming one of the more critical member states, but did not take further action.

	2010	2011	2012
Unity	4/5	3/5	4/5
Resources	2/5	2/5	3/5
Outcome	2/10	2/10	2/10
<b>Total</b>	<b>8/20</b>	<b>7/20</b>	<b>9/20</b>

C+

2010 C 2011 C-

In 2012, the EU sharpened its focus on human rights and the rule of law, but it did not manage to arrest or even slow the deterioration of political freedom in Russia. After demonstrations were allowed to proceed during the first few months of the year, a crackdown started after the elections. In early May, demonstrations were again broken up by force and many activists were detained and charged for economic crimes or for plotting to organise riots. In August, a Moscow court passed a two-year-long jail sentence for three members of the punk group Pussy Riot (one of them was conditionally freed in October), who were arrested in February after performing a song criticising the closeness between President Vladimir Putin and the Russian Orthodox Church in a prominent Moscow cathedral. Most importantly, Russia passed several notorious laws that restrict freedom of assembly, re-criminalise slander, and hamper work conditions for NGOs.

Europeans were vocal in criticising these developments in Russia. The EEAS played a significant role by coordinating the writing of a human-rights report on

Russia. It also convened two rounds of the human-rights consultations – both in Brussels in 2012 because Russia refused to hold it in Moscow. Member states also demonstrated greater unanimity than in the past. Potentially significant is Germany’s criticism of developments inside Russia, which became more vocal in 2012. In November, the Bundestag adopted a critical resolution and there was a sharp exchange between Chancellor Angela Merkel and Putin a few days later. Many smaller member states such as Sweden also adopted a noticeably principled stand.

However, Europeans did not take any further action such as the adoption of the “Magnitsky law” to discourage perpetrators of human-rights violations inside Russia. Although the Dutch parliament and the European Parliament pushed the issue, Europeans did not move forward with such legislation, unlike the United States, which in December legalised visa and asset bans on Russian state officials involved in the murder of the lawyer Sergei Magnitsky.

## 16 MEDIA FREEDOM IN RUSSIA

After the presidential election, the state reasserted its control over the media in Russia. Preoccupied by other issues, the EU did little to help and had almost no impact.

	2010	2011	2012
Unity	3/5	3/5	4/5
Resources	2/5	2/5	2/5
Outcome	1/10	1/10	2/10
<b>Total</b>	<b>6/20</b>	<b>6/20</b>	<b>8/20</b>

C

2010 C- 2011 C-

At the beginning of 2012, Russia relaxed state controls of the media: between January and March opposition figures were invited to participate in talk shows, and state-controlled media reported protests and asked presidential candidate Vladimir Putin inconvenient questions (although this may have actually had the effect of legitimising the state-controlled channels). However, after the March presidential election, the state once again reasserted its control over the media: several media outlets scaled back criticism of the regime; critically minded journalists lost their jobs or resigned, citing unacceptable demands and conditions; and owners of independent media outlets faced pressure and the offices of critical websites were raided.

In the summer, a series of illiberal laws (see component 15) were adopted – often badly or vaguely drafted and therefore vulnerable to arbitrary interpretation – that have implications for media freedom as well. In addition, anti-extremism laws and the new law protecting children “from information harmful to their health and environment” will affect the media. In

November, a law came into force that bans more than 48 percent foreign-owned radio stations. The new government also asked for more control over the internet and Prime Minister Dmitry Medvedev signed a decree to block access to a list of “harmful” websites. The State Duma is also preparing a bill that would ban journalists who have foreign or dual citizenship from working on state television if they criticise Russia.

Preoccupied by wider human-rights issues, Europeans paid little attention to the specific issue of media freedom in Russia in 2012. A few member states such as Sweden did continue to make internet freedom their priority and Estonia gave asylum to a Russian blogger who was facing a jail sentence for criticising the Russian Orthodox Church. But Europeans could take a more hands-on approach to supporting media freedom in Russia by offering financial and other support to independent media organisations, engaging with the possibilities offered by social media and other internet-based media, and training Russian journalists.

## 17 STABILITY AND HUMAN RIGHTS IN THE NORTH CAUCASUS

The EU lacks both presence and influence in the North Caucasus and increasingly struggles even to get information about what is happening in the region.

	2010	2011	2012
Unity	4/5	4/5	4/5
Resources	1/5	1/5	2/5
Outcome	1/10	1/10	2/10
<b>Total</b>	<b>6/20</b>	<b>6/20</b>	<b>8/20</b>

C

2010 C- 2011 C-

The EU's stated objectives in the North Caucasus are stability, development, and improved human rights. However, in 2012, the North Caucasus continued its decline into a failed region inside the Russian Federation. Dagestan, Kabardino-Balkaria, and Ingushetia stood out as the most violent republics, but everywhere in the region there was an erosion of secular and state power. The population is becoming increasingly radical – especially young people. The human-rights situation in the North Caucasus also remained dire. Extra-judicial killings, torture, and abductions continued to be common. Murdered civilians were often presented as insurgents. There were also cases of intimidation in Moscow: NGO Human Rights Watch said its lead researcher on the North Caucasus received death threats; the newspaper Novaya Gazeta said its chief correspondent in the region was attacked.

The EU had neither a presence in the region nor influence over this deteriorating situation in 2012. The EU concluded its cooperation programme with North

Caucasus in 2011 and EU representatives did not pay a single visit to the region in 2012. Russia also rejected an EU proposal to open a new programme on socio-economic development. Europeans continued to work in the region via the UN representation or local NGOs. However, the latter's ability to receive money from and to give information to any foreign powers was dealt a blow by the adoption of restrictive legislation in the summer of 2012 – effectively causing the EU's influence to wane even further. The North Caucasus does not figure prominently in exchanges between European leaders and Moscow. The issue is routinely raised at human-rights consultations, but European diplomats admit that their influence is close to zero.

## 18 RELATIONS WITH RUSSIA ON THE EASTERN PARTNERSHIP

The EU and Russia clashed on trade and energy as Moscow's belief that the Eastern Partnership undermines its own interests in the region prevented a constructive dialogue.

	2010	2011	2012
Unity	3/5	4/5	4/5
Resources	2/5	3/5	4/5
Outcome	3/10	3/10	3/10
<b>Total</b>	<b>8/20</b>	<b>10/20</b>	<b>11/20</b>

# B-

2010 C    2011 C+

In 2012, the EU and Russia clashed on trade and energy, just as they did in 2011. The EU launched DCFTA negotiations with Moldova, Georgia, and Armenia and signed an Association Agreement (which includes a DCFTA) with Ukraine (see component 48). Meanwhile, Russia established a Common Economic Space with Belarus and Kazakhstan, which built on the Customs Union they had created in 2010. Russia also continued to encourage other countries, above all Ukraine, to join the Customs Union. In fact, various Russian government representatives suggested that Kyiv might face restrictions on its exports to Russia if it did not become a member. Russia also pushed back against the EU's effort to extend its energy-liberalisation legislation to Ukraine and Moldova and offered Chisinau a gas discount if it renounced the plan to separate the ownership of production and supply of gas and gas-transmission networks, which it sees as a direct threat to the interests of state-owned Gazprom.

The EU remained relatively united in trying to pursue the goals under its Eastern Partnership initiative despite Russia's resistance. Some member states such as Germany and Poland were particularly active in speaking out against Russian pressure on the EU's eastern neighbours. In particular, German Chancellor Angela Merkel took a personal interest in Moldova. During a visit to Chisinau in August to celebrate 20 years of diplomatic relations between the two countries, Merkel even talked about a European perspective for Moldova – which Moscow would almost certainly oppose. The EU also pushed back forcefully against Russia's offer of a gas discount to Moldova in return for backtracking on its commitment to unbundle its gas pipeline system. In a statement in October, Energy Commissioner Günther Oettinger urged member states to resist "unacceptable" Russian pressure on Moldova and said the EU would not tolerate "pure blackmail" from Moscow.

## 19 RELATIONS WITH RUSSIA ON PROTRACTED CONFLICTS

Russia did little in 2012 to help solve protracted conflicts beyond agreeing to a formal re-launch of the 5+2 negotiation format. Europeans could do little except issue statements.

	2010	2011	2012
Unity	3/5	4/5	4/5
Resources	3/5	3/5	3/5
Outcome	4/10	3/10	3/10
<b>Total</b>	<b>10/20</b>	<b>10/20</b>	<b>11/20</b>

C+

2010 C+ 2011 C+

In 2011, Germany's Meseberg initiative offered Russia establishment of a joint EU–Russia Political and Security Committee in exchange for Moscow's constructive approach to Transnistrian conflict settlement. However, Russia did little in 2012 to help solve the conflict beyond agreeing to a formal re-launch of the 5+2 negotiation format. By appointing the eccentric former ambassador to NATO Dmitry Rogozin as Russia's envoy to Transnistria and chairman of the Moldovan–Russian economic commission, Moscow signalled that it was not interested in real progress. Russia was even less constructive on the resolution of Georgia's separatist conflicts: Moscow continued to increase its military and political presence in both South Ossetia and Abkhazia, and Russian Foreign Minister Sergey Lavrov called on the new Georgian government to recognise the independence of both entities. There was no progress on the Nagorno-Karabakh conflict either – in fact, tensions continue to escalate. Unlike the EU, Russia recognised the outcomes of the presidential elections in South

Ossetia and parliamentary elections in Abkhazia earlier this year.

Since the EU is not part of the negotiations framework, it was unable to do much beyond issuing statements calling on both parties to solve the conflict peacefully. The Safarov affair (see component 51) tainted the image not just of Hungary but of the whole EU as an impartial side in the Nagorno-Karabakh conflict. Europeans remained united, but except on Transnistria, where Germany has taken the initiative in recent years, they invested little political attention into solving these conflicts. On the other hand, the EU continued to fund its border-assistance mission to Moldova and Ukraine (to help improve management of their border, which includes the separatist region of Transnistria) as well as the EU Monitoring Mission (EUMM) in Georgia (where many member states stationed their staff). However, the EU has thus far been unable to persuade Moscow and the secessionist authorities in South Ossetia and Abkhazia to allow access of EUMM to these regions.

## 20 RELATIONS WITH RUSSIA ON ENERGY ISSUES

In 2012, the European Commission took a potentially important step to enforce its market rules in the energy sector by investigating Gazprom.

	2010	2011	2012
Unity	4/5	3/5	4/5
Resources	2/5	3/5	4/5
Outcome	3/10	5/10	5/10
<b>Total</b>	<b>9/20</b>	<b>11/20</b>	<b>13/20</b>

# B

2010 C+ 2011 B-

Russia remains the EU's most important supplier of gas, providing over one third of gas imports. But the relationship is interdependent: when it comes to its gas exports, the EU remains Russia's most important customer. The EU hopes to anchor this strategic relation in the Energy Charter Treaty, which has been ratified by 48 countries but not by Russia (and four other countries). Moscow also remains a staunch opponent of the EU's plan to fully liberalise its energy market, which Russia considers a direct threat to its business interests in the EU.

Although the Energy Charter Treaty remained unratified by Moscow, the European Commission took a potentially important step to enforce its market rules in the energy sector by launching an anti-competition probe against Russian state energy giant Gazprom for possible abuse of its dominant market position in Central and Eastern Europe. Europeans held together and let the European Commission carry on the investigation. But Russian President Vladimir Putin responded with a decree that required Gazprom and other

“strategically important companies that do business overseas” to obtain approval from the Kremlin before providing information to foreign regulators. Shortly after the European Commission launched the investigation, Lithuania announced that it would sue Gazprom for almost €1.5 billion for overcharging the country for gas deliveries. In 2012, Gazprom paid \$4.3 billion in “retroactive discounts” to settle price disputes with its clients in Germany, France, Poland, and Italy; prices for its clients in Austria, Italy, and Slovakia were also lowered.

Meanwhile, the exploration of unconventional gas, which could further reduce European dependence on Russia, proceeded at a rather slow pace as EU member states took different views of the dangers and potential of “fracking”. Bulgaria, France, and Germany banned the technique because of concerns about its impact on the environment and Romania imposed a moratorium, which, however, the new government might lift in 2013. Poland and the UK were among the few member states that continued exploration.

## 21 DIVERSIFICATION OF GAS SUPPLY ROUTES TO EUROPE

Azerbaijan and Turkey forced Europeans to rethink their plans for the Nabucco pipeline and several member states joined the Russian-sponsored South Stream pipeline.

	2010	2011	2012
Unity	2/5	3/5	3/5
Resources	4/5	4/5	3/5
Outcome	5/10	5/10	4/10
<b>Total</b>	<b>11/20</b>	<b>12/20</b>	<b>10/20</b>

C+

2010 B- 2011 B-

Europeans aim to diversify their gas-supply routes to reduce central and eastern members' dependence on Russia and to ensure security of supply. Europeans want Russia to abide by the EU's market rules and to prevent it obstructing the construction of alternative gas-supply routes. In 2012, they were partially successful in achieving these objectives, mainly because of the continued construction of gas interconnectors (between states such as Hungary and Romania) and the implementation of measures that allow reverse flows (such as in Austria, the Czech Republic, and Slovakia). A liquid-natural-gas terminal in Poland, which will reduce its and possibly other Central Europeans' dependence on Russian gas deliveries, is expected to be completed in 2014 despite financial problems.

However, the Nabucco project – one of the EU's main projects to ensure gas supply from sources other than Russia – suffered another blow in 2012 after Azerbaijan and Turkey announced that they would build their own pipeline, the so-called Trans-Anatolian pipeline, connecting these two states rather than joining Nabucco (which

was originally envisaged as a pipeline starting all the way from the Georgian-Turkish border). There is an alternative to the original route: a "Nabucco West" pipeline, which would be linked to the Trans-Anatolian pipeline and continue through Bulgaria, Romania, Hungary, Austria, and beyond. But even if final agreement on gas transportation is reached, the envisioned annual capacity of this "lighter" version will be half of that originally planned.

Moreover, the Nord Stream project, which links Russia and Germany through a seabed-laid pipeline in the Baltic Sea (and which thus increases rather than decreases the EU's dependence on Russian gas) was given another boost as the second of the two pipelines became operational on 8 October 2012. Hungary, Bulgaria, and Slovenia also joined the Russian-sponsored South Stream project, which is seen as an alternative to Nabucco. Thus EU member states continue to seek bilateral solutions to their energy issues rather than joining forces to reduce their dependence on Russia.

## 22 RELATIONS WITH RUSSIA ON IRAN AND PROLIFERATION

Russia cooperated with the West in the renewed diplomatic push that took place in 2012 but opposed EU sanctions.

	2010	2011	2012
Unity	4/5	5/5	5/5
Resources	4/5	4/5	4/5
Outcome	8/10	3/10	4/10
<b>Total</b>	<b>16/20</b>	<b>12/20</b>	<b>13/20</b>

# B

2010 A- 2011 B-

The EU and the US see blocking Iran from acquiring nuclear weapons capacity as one of their primary foreign-policy goals. As a member of the UNSC and an Iranian partner in military transfers and the construction of the Bushehr nuclear plant, Russia has the power to obstruct or facilitate Western objectives. Russia does not want a nuclear-armed Iran but neither does it fully share the West's analysis of the situation. In particular, Russia strongly disagrees with the EU policy of sanctions, which it thinks is at least partially counter-productive. However, Russia still has more common ground with the EU than it does with the US.

In 2012, as the impact of EU and US sanctions brought Tehran back to the negotiating table, Europeans were once again led by the EU3 (France, Germany, and the UK) in attempts to get Russian support on Iran. But although three meetings of the E3+3 group were held, including one in Moscow, a breakthrough proved elusive. Russia cooperated in the meetings, but continued to oppose sanctions and denounced the EU oil blockade. Russia

also said Iran was neither seeking nuclear weapons nor would attack other states with them, and implied that the threat of force against Iran prevented the crisis from being resolved. Despite participating in the E3+3, Moscow also continued its conventional arms sales to Iran.

Thus, although the EU and Russia cooperated in the renewed diplomatic push that took place in 2012, differences in their approaches remained. Europeans were frustrated by Russia's reluctance to play a stronger role as a broker. Russia, on the other hand, continues to see Western policy as making conflict more rather than less likely. Strains developed towards the end of 2012 when the EU tightened its sanctions towards Iran by imposing measures targeting the banking, trade, and energy sectors, which Russia opposes. Russian President Vladimir Putin also reiterated his support this year for Iran's right to nuclear energy and warned that Israel would "regret" an attack on Iran.

## 23 RELATIONS WITH RUSSIA ON THE GREATER MIDDLE EAST

Russia blocked action against Syria at the UNSC but, despite anti-NATO rhetoric, continued to cooperate in supplying forces in Afghanistan.

	2010	2011	2012
Unity	-	3/5	5/5
Resources	-	4/5	4/5
Outcome	-	5/10	4/10
<b>Total</b>	-	<b>12/20</b>	<b>13/20</b>

# B

2010 – 2011 B-

The EU and Russia found themselves on opposing sides of the conflict in Syria. Unlike on Libya the year before, Europeans were united in trying to persuade Russia to change its policy on Syria. Nevertheless, Russia (together with China) vetoed resolutions proposed by the EU to impose sanctions on the Assad regime in Syria. As Moscow dismissed criticism and continued its arms shipments to Damascus, the EU started to offer more significant support to the rebels. Although Europeans did not give up on attempts to change Russian policy – Syria was on the agenda of nearly every European leader whose interaction with Russia involves global strategic issues – they may not have done all they could to win Russian support at the UN. Given that Moscow is on principle opposed to regime change from outside, but at the same time does not necessarily see President Bashar al-Assad’s rule as a policy goal, Europeans hope that cooperation with Russia on Syria will be more fruitful once Assad has fallen.

joint statements on the Israeli-Palestinian conflict, and on a visit to Israel and the Palestinian Territories, Russian President Vladimir Putin reiterated his support for the two-state solution. Although Russia did not make much effort on the Middle East Peace Process, it successfully maintained relationships with Fatah, Hamas, and Israel. Russia criticised what it called NATO’s “artificial deadline” for pulling out of Afghanistan by 2014 and expressed fears that the country would turn into a major exporter of drugs and terrorism. However, it also warned about staying longer and claimed any continued NATO bases would require a UN resolution to be legal. But despite its anti-NATO rhetoric, Moscow continued its cooperation in supplying NATO forces in Afghanistan. In an unprecedented move, it even allowed a NATO transit centre to open at its base in Ulyanovsk – a city about 500 miles southeast of Moscow, and the birthplace of Vladimir Lenin.

Meanwhile, cooperation within the Middle East Quartet has stagnated but improved in Afghanistan. The EU and Russia issued

## 24 RELATIONS WITH RUSSIA ON CLIMATE CHANGE

In a generally uneventful year, Russia reaffirmed its refusal to be part of a second commitment period of the Kyoto Protocol on climate change.

	2010	2011	2012
Unity	3/5	3/5	3/5
Resources	3/5	3/5	2/5
Outcome	3/10	3/10	3/10
<b>Total</b>	<b>9/20</b>	<b>9/20</b>	<b>8/20</b>

C

2010 C+ 2011 C+

The EU seeks to cooperate with Russia – the world’s fourth-biggest emitter of greenhouse gases behind China, the United States, and India – at both the global and regional levels in reducing climate change. Cooperation on climate-change reduction was identified as a key priority in the EU–Russia Partnership for Modernisation, which was agreed in 2010. However, Russians do not in general see combating climate change as a high priority and there are differences of views among domestic actors. When climate-related policies contradict economic interests, the latter usually win.

2012 was a generally uneventful year. There was some debate in Russia over whether or not to sign the Kyoto Protocol, whose second period of emissions-reductions commitments is due to start in 2013 and continue to 2020. In the end, however, the country stuck to the decision to stay out which it had made in late 2011. But Moscow did promise to be part of a new global climate treaty, which is to be negotiated by 2015 and made operational by 2020. At the same time, together with Ukraine and

Belarus, Russia almost derailed the UN climate talks in Doha in December. The three countries insisted that they should be allowed extra credit for the emissions cuts they made when their industries collapsed in the 1990s. Poland also voiced similar arguments and held back the rest of the EU until it received assurances that its emissions cuts would be treated flexibly. In the end, the conference made it possible for the Kyoto Protocol to be replaced by a new treaty to tackle climate change by 2015.

Prime Minister Dmitry Medvedev also promised to slash carbon emissions to 25 percent below 1990 levels by 2020 – not exactly a tall order, given that Russian emissions dropped sharply after 1990 and stood 34 percent below that year’s level in 2010.

## 25 RELATIONS WITH RUSSIA ON THE ARCTIC

The EU made a U-turn in its vision of Arctic governance, which made Russian support for the EU's bid for observer status in the Arctic Council more likely.

	2010	2011	2012
Unity	-	-	4/5
Resources	-	-	4/5
Outcome	-	-	5/10
<b>Total</b>	-	-	<b>13/20</b>

B

2010 – 2011 –

The melting of Arctic ice has created economic prospects and geopolitical competition. The EU's most concrete objective – and the one for which it wants Russia's support – is observer status in the Arctic Council, for which it first applied in 2008. (The EU's three Arctic states – Denmark, Finland, and Sweden – are members of the Arctic Council and six other EU member states have observer status). Canada and Russia were traditionally against involving outsiders in the Arctic Council's work. Denmark also had reservations but Copenhagen now officially supports the EU's bid. A decision is due in 2013.

Russian support for the EU's bid was made more likely by the U-turn on governance of the Arctic that the EU made in 2012. In its first joint communication on the subject in 2008, the EU had said the Arctic Ocean should be governed multilaterally as humankind's common heritage. But, in a second joint communication published in July, it dropped all references to multilateralism and argued that management of the Arctic should be based

on the United Nations Convention on the Law of the Sea (UNCLOS), which defines borders of territorial waters, exclusive economic zones, and continental shelves. In other words, the EU now shares the Russian position that most of the Arctic should be divided up among the littoral states. But Russian pressure was not the main factor behind this policy change. Most Arctic states, including the EU's three Arctic member states, had independently come round to that position.

The EU sees its engagement in the Arctic issues largely through the prism of "soft issues" such as research, help to indigenous peoples, and combating climate change; Russia sees it in terms of economic interests and geopolitics. For example, Russia claims that the underwater Lomonosov and Mendeleev ridges, which reach the North Pole, are a continuation of its continental shelf. If this claim is recognised by the UN Commission on the Limits of the Continental Shelf, Russia's economic zone would be extended by another 1.2 million square kilometres.

# United States

Overall grade

**B-**

Overall grade 2011 **B-**

Overall grade 2010 **B-**



	2012	2011	2010
<b>TRADE LIBERALISATION AND OVERALL RELATIONSHIP</b>	<b>B-</b>	<b>B-</b>	<b>B</b>
26 Reciprocity on visa procedures with the US	C-	C-	C
27 Relations with the US on trade and investment	B+	B-	B-
28 Relations with the US on standards and norms, consumer protection	B	B-	B
29 Relations with the US on the euro crisis	C+	B-	n/a
<b>COOPERATION ON EUROPEAN SECURITY ISSUES</b>	<b>B-</b>	<b>B-</b>	<b>C+</b>
30 Relations with the US on counter-terrorism	B-	B+	A
31 Relations with the US on NATO, arms control and Russia	C+	C-	n/a
32 Relations with the US on the Balkans	B-	B	B+
<b>COOPERATION ON REGIONAL AND GLOBAL ISSUES</b>	<b>B</b>	<b>B</b>	<b>B-</b>
33 Relations with the US on the Arab Awakening	B+	B+	n/a
34 Relations with the US on the Middle East peace process	C-	C-	C
35 Relations with the US on the Syrian conflict	A-	n/a	n/a
36 Relations with the US on Asia	B-	n/a	n/a
37 Relations with the US on Iran and weapons proliferation	A-	A-	A
38 Relations with the US on climate change	B	B+	B-

The American “pivot” to Asia, a policy which was developed further in the course of 2012, has often been interpreted as an attempt by the US to redirect its assets and attention away from Europe, which is seen as an increasingly cumbersome partner, to where the future of the world will be decided – that is, in the emerging economies in general and Asia in particular. According to this narrative, the combination of Europe’s recession in 2012, the deep cuts in its defence budgets, the constant distraction of rescuing and revamping the eurozone, and the associated loss of soft power would make Europe an afterthought in America’s grand strategy. As a result, Europe would essentially lose clout with the US.

In 2012, however, this was not the reality. First, the US had its share of domestic problems itself, from anaemic growth and the fiscal crunch to intense partisan bickering that was amplified by the upcoming election. Whether in Asia, on Syria, or on Arab transitions in general, the US did not demonstrate much appetite for new international ventures. In fact, President Barack Obama campaigned on the need to do nation building at home and keep the defence budget in check.

This suggests that it is not just Europe that is losing power relative to other parts of the world but the West in general.

Second, although the implicit vision of world order that the pivot expresses represents a break with the traditional Western vision, there were signs of resilience in the transatlantic alliance in 2012. A striking symbol of this was the success of the G8 summit at Camp David and the NATO summit in Chicago in May compared to the G20 summit in Los Cabos a month later, which attracted little attention and delivered precious few decisions. Obama had started his first term extolling the virtues of the G20 and downplaying the G8. In fact, at the G20 summit in Pittsburgh, in September 2009, he indicated that the latter might gradually fade away and be replaced by the former. The president certainly remains committed to paying greater attention to emerging powers and crafting a “multi-partner” strategy. But the G20 world is not yet a reality. This leaves Europe, with all its flaws, as the only dependable partner the US has.

In particular, for all his desire to shift the focus of US foreign policy towards Asia, Obama has been constantly drawn back to the Middle East – where Europe remains his most important partner. This is especially true on the Iranian nuclear issue, a top US priority. For the first time, the tighter sanctions imposed by the EU3 (France, Germany, and the United Kingdom) in 2012 had a profound effect on the Iranian economy as dialogue continued through High Representative Catherine Ashton. The ultimate success of this policy, however, will depend on whether negotiations, rather than war, can achieve the main objective: to prevent Iran from getting nuclear capacity. In the meantime, Europeans have defended their red lines, kept the international community united, and helped avoid escalation of conflict in the region. Europeans were also at the forefront of joint Western efforts to support Arab transitions, especially in Egypt, and closely coordinated with Washington on the situation in Syria, whether on the ground, in the “Friends of Syria” group, or at the UN, in the face of Russian intransigence.

There were also efforts to tie Europe to the pivot. Regular meetings took place in Washington between Assistant Secretary of State Kurt Campbell and European ambassadors. In Phnom Penh, in July, Hillary Clinton and Catherine Ashton pledged US–EU cooperation and consultation in Asia. One concrete achievement was the successful lifting of sanctions on Burma in the first half of 2012, with the UK playing a key role. 2013 could also see negotiations for a Transatlantic Free Trade Area (TAFTA) following extensive and discreet preparatory work done in 2012 by the EU–US High Level Working Group on

Jobs and Growth. If adopted, such an agreement would not only be a symbol of both the resilience of transatlantic relations but would also give the West a further edge in defining the economic standards and norms of tomorrow.

However, despite these signs of resilience, Europeans did not always get what they wanted from their relationship with Washington in 2012. The euro crisis continued to cast a long shadow on transatlantic relations and in particular generated tensions between the US and Germany, with Obama supporting calls by France, Italy, and Spain for a growth strategy. The lack of full visa reciprocity is also still a sore point, especially for Poland. The Israel–Palestine issue also remains a point of contention, with Europeans able to resist diplomatic US demarches but still too divided to influence US policy in any meaningful way, as the vote on the non-member state status for Palestine illustrated. Obama also allowed his Secretary of Transportation to exempt US airlines from complying with the EU Emissions Trading System in spite of European gestures of goodwill. In the longer term, as the US energy revolution locks it into dependence on fossil fuels (shale gas and tight oil), transatlantic tensions over climate change could increase.

On this issue and a few others, including the defence of European interests in the face of US Iran sanctions, the EEAS in Washington plays an increasingly substantial role of coordination and advocacy, without pretending to substitute itself to the still powerful embassies of the member states, especially on sensitive diplomatic issues. While the EU delegation is still modest in size (it is comparable to that of a medium-sized European country), it is a place for consultation and exchange of information, with regular meetings of the 27 ambassadors each month and Deputy Chiefs of Mission (DCM) each week and a growing ability to match the US bureaucratic machinery and hence to advance European interests.

Meanwhile, it is hard not to notice how the differences between European reactions to disagreements with the US have changed in the last few years. Drone strikes and cyber attacks under President Barack Obama pose the same type of vexing legal and moral problems as Guantanamo prison, torture, and extraordinary rendition under President George W. Bush did. However, Europe's voice and normative ambitions on these issues – and more generally on multilateral governance – seem to have been muffled in the last few years. Only greater European unity and an economic resurgence can ensure that Europeans get the most of a resilient transatlantic relationship – and that they reverse the declining clout of the West in general.

## 26 RECIPROCITY ON VISA PROCEDURES WITH THE US

Four member states still need visas for travel to the US, and Europeans did not exercise their collective clout on this issue.

	2010	2011	2012
Unity	3/5	2/5	2/5
Resources	2/5	2/5	2/5
Outcome	3/10	3/10	3/10
<b>Total</b>	<b>8/20</b>	<b>7/20</b>	<b>7/20</b>

C-

2010 C 2011 C-

Four EU member states – Bulgaria, Cyprus, Poland, and Romania – are still excluded from the Visa Waiver Program (VWP) with the United States, whereas Americans can travel visa-free to and within the EU. The reasons are ostensibly technical: their visa refusal rate is above the 3 percent threshold fixed by the US Congress, and Bulgaria and Romania are not yet part of the Schengen Area. But there is nothing a country can do to lower its visa refusal rate. Citizens are free to apply and reapply multiple times, thereby worsening the statistics. Furthermore, the requirements for Schengen are much more stringent than for the VWP. The real reason is that some senators do not like the VWP and seek to limit the number of countries benefitting from it.

In 2012, several bills aimed at expanding the VWP were nonetheless introduced in Congress, most notably the JOLT Act, and the Obama administration was very supportive. However, nothing came out of it. Of the four member states still not in the VWP, Poland was the most vocal on this issue by far, and it may be the only one to

get admitted in the near future, whereas the Schengen requirement may delay the entry of Romania and Bulgaria. The EEAS pleaded with US authorities on behalf of the four countries, both in Washington through the EU delegation and in bilateral talks with the US administration more generally, but there is little it can do to influence Congress. Moreover, other EU member states were not mobilised.

The European Commission has yet to issue its final verdict on whether the US ESTA (Electronic System for Travel Authorization), a mandatory registration scheme with an attendant \$14 fee per person to travel to the US on the VWP, is a visa in disguise or not. Regardless of the ruling, Europeans should keep pressing Washington to drop the fee, for which the EU has no equivalent for Americans travelling to Europe.

## 27 RELATIONS WITH THE US ON TRADE AND INVESTMENT

There was some progress on the usual disputes, but the energy on both sides was focused on preparing a major transatlantic free-trade deal for 2013.

	2010	2011	2012
Unity	3/5	3/5	4/5
Resources	3/5	3/5	4/5
Outcome	6/10	5/10	7/10
<b>Total</b>	<b>12/20</b>	<b>11/20</b>	<b>15/20</b>

# B+

2010 B- 2011 B-

2012 brought mixed results in resolving the traditional transatlantic disputes in trade and investment. On the one hand, the old rivalry between Airbus and Boeing continued. In September, the Europeans lodged a new request with the WTO to impose annual sanctions of more than €9 billion to Washington for failing to comply with the previous no-subsidy ruling. The EU is also pushing the US to relax its foreign-ownership rules for airlines, which requires approval by Congress. On the other hand, however, there was notable progress on longstanding disputes. For example, in March 2012, the European Parliament voted to end the transatlantic beef war with the US, expanding quotas for high-quality, non-hormone-treated US beef imports, in exchange for an agreement by the US to lift restrictions on European beef and veal imports. The issue had been contentious since 1996.

While these traditional issues are important, in 2012 a large part of the work and efforts of the EEAS, including that of the EU delegation in Washington, was in support of the High Level Working Group

(HLWG) on Jobs and Growth. The HLWG was established during the US–EU summit of November 2011 to explore the possibility of a far-reaching transatlantic free-trade area, in particular through the removal of tariffs and non-tariff barriers. It released its interim report in June 2012 and its final report in early 2013.

While nothing substantial came out of these efforts in the course of 2012, the potential implications of the work done during that year are momentous. If concluded, a Transatlantic Free Trade Area (TAFTA) could boost trade and investment between the two sides of the Atlantic, adding substantial activity in a time of slow growth and strengthening the ability of the West to define industrial standards and norms. Among those member states that were particularly active in the efforts to pave the way for negotiations were the UK and Germany, as well as Poland and Spain, and no member states opposed the efforts.

## 28 RELATIONS WITH THE US ON STANDARDS AND NORMS, CONSUMER PROTECTION

As in the trade and investment component, the mixture of progress and failure of 2012 was overshadowed by the prospect of a transatlantic free-trade deal in the coming years.

	2010	2011	2012
Unity	4/5	4/5	4/5
Resources	3/5	3/5	3/5
Outcome	6/10	5/10	6/10
<b>Total</b>	<b>13/20</b>	<b>12/20</b>	<b>13/20</b>

**B**

2010 B 2011 B-

During 2012, a lot of energy was devoted to helping the EU–US High Level Working Group (HLWG) identify the areas in which trade and investment barriers need to be removed in order to prepare negotiations for a Transatlantic Free Trade Area (TAFTA, see component 27). Since tariffs between the two sides of the Atlantic are already low, around 2 to 3 percent on average, recommendations revolve largely around issues of standards and norms. They might make or break the deal, with agriculture the ever-difficult topic of contention.

Apart from this preparatory work, the European Commission’s DG Trade and the EEAS – which is on the front line on such issues – enjoyed success in various areas. In February, the US and EU signed an agreement on the mutual recognition of organic products, a deal which is encouraging in the perspective of a possible TAFTA because each side accepted the other’s definition of “organic” despite substantial differences. In October, the US Patent and Trademark Office and the European Patent Office announced the early completion of the Cooperative Patent

Classification (CPC) system, to be launched in 2013. The system incorporates the best practices of both sides of the Atlantic and creates a harmonised classification system that allows users to search for patents in the US and Europe at the same time, which could be a step towards a global patent system based on Western preferences.

There were, however, some more disappointing results in other areas. There was no progress on the agreement signed in 2011 on e-health because of the vast differences between the European and American healthcare systems. In 2012, both the US and the EU legislated separately on counterfeit products and will be introducing unique identifiers to mark products, using separate American and European systems. Transatlantic compatibility has not been a priority. In this area, the West is reducing its chances to set the standards for tomorrow’s global economy.

## 29 RELATIONS WITH THE US ON THE EURO CRISIS

Anxious Americans were supportive of European efforts to save the euro, while siding with the pro-growth camp in the crisis.

	2010	2011	2012
Unity	-	2/5	2/5
Resources	-	3/5	3/5
Outcome	-	6/10	5/10
<b>Total</b>	-	<b>11/20</b>	<b>10/20</b>

C+

2010 – 2011 B-

In 2012, the Obama administration feared an unravelling of the eurozone, which would have triggered a new economic recession and endangered the president's chances of re-election in November. But the administration had few policy tools at its disposal that could make a difference: it could not contribute to rescue funds directly and had no margin of manoeuvre to contribute more through the IMF. In fact, all it could do was publicly support European efforts and thus reassure nervous markets – a task it usefully fulfilled, and which satisfied Europeans' expectations. As was the case in 2011, the US Federal Reserve also kept swap lines open with the ECB in order to facilitate the provision of liquidity.

Privately, President Barack Obama, Treasury Secretary Timothy Geithner, and their emissaries urged eurozone leaders to do more to contain the crisis. The US preference for more action led to tensions between Washington and Berlin, which were visible at the G8 summit at Camp David in May. Obama sided with the pro-growth camp of French President François

Hollande, Spanish Prime Minister Mariano Rajoy, and Italian Prime Minister Mario Monti rather than the pro-fiscal consolidation camp of German Chancellor Angela Merkel. But, here again, there was little the US president could do.

The euro crisis was also at the centre of the discussions at the G20 meeting in Los Cabos the following month, with the US and other powers insisting that European leaders commit all possible resources to solving the crisis. This elicited an angry response from European Commission President José Manuel Barroso, who said that Europe didn't need economic lessons from the US – where the crisis originated. The US administration was satisfied with the decision to create a banking union announced at the following European Council in June, and, most importantly, with the ECB decision to buy euro area government bonds, thereby assuaging fears of a collapse of the euro.

## 30 RELATIONS WITH THE US ON COUNTER-TERRORISM

Europeans received support from Americans in the fight against terrorism, but their efforts at imposing stricter rules and norms have met with limited success.

	2010	2011	2012
Unity	5/5	4/5	3/5
Resources	5/5	3/5	3/5
Outcome	8/10	7/10	6/10
<b>Total</b>	<b>18/20</b>	<b>14/20</b>	<b>12/20</b>

# B-

2010 A 2011 B+

Transatlantic cooperation on counter-terrorism is mostly conducted on a bilateral basis, with some coordination provided by the European Commission's DG Home Affairs and the EEAS. Operational exchanges are hard to evaluate, but they are reputed to be dense and fruitful. On the other hand, European efforts at establishing common norms in the fight against terrorism met mixed success.

The renegotiated PNR ("Passenger Name Record") agreement on the transfer of airline data to US authorities approved by the European Council in late 2011 was ratified by the European Parliament in April 2012. While some MEPs criticised the long retention period of data and insufficient judicial redress, the new agreement strikes a much better balance between security and privacy than the 2007 one. There was some concern, however, regarding the implementation of the SWIFT agreement of 2010, as the transfer of financial data to the US for counter-terrorism purposes didn't follow the procedure it was supposed to, according to a EUROPOL report.

In early 2012, the EEAS gathered comments from member states regarding the new provisions for military detention and trials of suspected terrorists signed by President Barack Obama in December 2011. These comments influenced the implementing guidelines so as to minimise the negative impact on transatlantic cooperation, for example by making sure that the normal criminal-justice track was preferred over the military track when the suspect is a citizen of an allied country.

Lastly, while the new aspects of the war on terrorism such as the use of drones often present the same type of legal and moral dilemmas as Guantanamo or extraordinary rendition, Europeans have remained much more silent and their normative ambitions seem muted. A majority of people in many European states disapprove of drone strikes, but the issue has simply not gotten much attention and European governments do not have an official position on the issue. There is quiet diplomacy with the US, for example through the bi-annual dialogue of the legal advisers, but it is restricted to an exchange of views.

## 31 RELATIONS WITH THE US ON NATO, ARMS CONTROL AND RUSSIA

In spite of scattered efforts to limit the impact of the deep cuts in their defence budgets, Europeans were still divided and their dependence on US leadership increased.

	2010	2011	2012
Unity	-	2/5	2/5
Resources	-	2/5	2/5
Outcome	-	2/10	5/10
<b>Total</b>	<b>-</b>	<b>6/20</b>	<b>9/20</b>

C+

2010 C-/C\* 2011 C-

\*In 2010, Europeans got a C- for relations with NATO and a C for relations with the US on arms control and Russia.

Relations within NATO and with the US in 2012 were good, but European efforts at advancing their own defence capabilities and vision of the European security architecture faltered. The NATO summit in Chicago in May was a success, at least superficially, and even the anticipated French withdrawal from Afghanistan created few problems with Washington. There was broad agreement on the principle of “smart defence” and on missile defence.

In both cases, however, Europeans went along with Americans largely as a way to keep them engaged in a time of doubt about US commitment, especially for the missile defence plans, which are anyway mainly financed by Washington. Many “smart defence” projects lack serious substance, and while the coordination between NATO ACT (Allied Command Transformation) and the European Defence Agency’s “pooling and sharing” programme was better than ever before, concrete achievements were somewhat limited. Under one of these two programmes, for example, Northern and Eastern European states cooperated around NATO Baltic air policing; the Czech

Republic launched a new cooperative initiative to build a Multinational Aviation Training Centre; and France, Germany, and the Netherlands initiated a joint air-to-air refuelling programme. Many states, however, kept cutting their budget without much NATO or ESDP coordination.

More generally, shrinking defence budgets in the West combined with modest capabilities in Eastern European member states explain the timidity of European positions on the security of their own continent. There was little activity in relation to Russia, for example on reviving the Conventional Armed Forces in Europe (CFE) Treaty. Europeans disagreed about the NATO Deterrence and Defense Posture Review, with Central and Eastern European member states emphasising the importance of nuclear weapons, including tactical ones, in the security balance with Russia, while Germany and the Benelux countries insisted on taking steps towards nuclear disarmament. At the Chicago summit, decisions were postponed.

## 32 RELATIONS WITH THE US ON THE BALKANS

Even though transatlantic cooperation is good, persistent European disunity over the Balkans ensured a continued US presence and frustrated European aspirations.

	2010	2011	2012
Unity	3/5	2/5	2/5
Resources	4/5	4/5	4/5
Outcome	7/10	7/10	5/10
<b>Total</b>	<b>14/20</b>	<b>13/20</b>	<b>11/20</b>

# B-

2010 B+ 2011 B

The convergence of views on the Balkans is generally high: all agree that Americans should stay engaged while gradually handing over responsibility to Europeans for their own neighbourhood. However, as a result of European disunity, and because they fear they might have to come back if they leave and the situation deteriorates, American scepticism that Europeans can manage the situation entirely on their own is being reinforced.

This is especially true for Kosovo, whose independence is still not recognised by five EU member states (Cyprus, Greece, Romania, Slovakia, and Spain). While their position is generally one of constructive abstention, this division remains a drag on European leadership. It is all the more vexing that 2012 again demonstrated that the EEAS has a clear lead on Serbia–Kosovo negotiations, a lead that Washington acknowledges, as both Europeans and Americans insist on the two countries getting to an agreement as a pre-condition to EU membership. American personnel also contribute to the EU Rule of Law Mission in Kosovo

(EULEX). In late October, US Secretary of State Hillary Clinton travelled jointly to the region with her EU counterpart Catherine Ashton to express EU–US determination in this regard.

Clinton and Ashton also criticised Bosnian politicians for failing to implement reforms and threatening to derail the Dayton Agreement framework. In a resolution in March, the European Parliament called again for the dissolution of the Office of the High Representative (OHR), while Americans remained opposed. The US often defers to Brussels on Bosnia and views Peter Sorensen, the Special Representative and Head of the EU Delegation to Bosnia and Herzegovina, very favourably. But after a brief improvement at the beginning of 2012, the situation deteriorated. As a result, Americans still see the OHR as the guarantor of the Dayton Agreement framework, even if it does not accomplish much. Lastly, Europeans and Americans cooperate on facilitating Macedonia's progress towards joining the EU and NATO, but the obstacle of the name dispute remains.

### 33 RELATIONS WITH THE US ON THE ARAB TRANSITIONS

Europeans and Americans tried – and to some extent succeeded – in coordinating their aid to support Arab countries in transition.

	2010	2011	2012
Unity	–	5/5	4/5
Resources	–	3/5	4/5
Outcome	–	6/10	6/10
<b>Total</b>	–	<b>14/20</b>	<b>14/20</b>

# B+

2010 – 2011 B+

Americans and Europeans broadly agreed in their analysis of what needs to be done to support Arab countries in transition. In 2012, American and European coordinators for aid to the region, most notably William Taylor for the State Department and Bernardino León for the EEAS – but also Italian, German, French, and Spanish coordinators – conferred every three months or so in informal meetings, which also included Turkey. They exchanged evaluations and tried to maximise the effectiveness of their action and influence in transition countries such as Egypt and Tunisia. For example, they jointly agreed to condition significant cash transfers to Egypt to the acceptance of an IMF agreement, thereby getting more leverage (though the Turks didn't go along with this particular conditionality).

Some countries in the region do not want to see aid coordinated, as was the case for Egypt when Minister of International Cooperation Faiza Abou el-Naga was still in office. On the other hand, the new Tunisian government expressed an interest in such coordination and suggested to set up a

new mechanism to coordinate all donors including international organisations. Donor coordination, moreover, is not always effective on the ground because Europeans and Americans have their bureaucratic rigidities, and actual cooperation with the Arab countries is mostly done on a bilateral basis.

At a more general level, Americans and Europeans failed to come up with a more ambitious initiative such as a joint Marshall Plan for North Africa. The Deauville format launched by the G8 in 2011 did not deliver as hoped either. Europeans have the feeling that Americans let them bear the brunt of support to countries in transition; Americans, for their part, have the feeling that Europeans promised a lot but did not deliver commensurately. The US, however, has also been working with Central European member states (Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Slovakia, Romania, and Slovenia), both in the Emerging Donors Challenge Fund and also the Community of Democracies.

## 34 RELATIONS WITH THE US ON THE MIDDLE EAST PEACE PROCESS

In a US election year, Europeans were unable to get Americans to refocus efforts on the peace process and they went their separate ways at the UN.

	2010	2011	2012
Unity	3/5	2/5	2/5
Resources	3/5	2/5	3/5
Outcome	2/10	2/10	2/10
<b>Total</b>	<b>8/20</b>	<b>6/20</b>	<b>7/20</b>

C-

2010 C 2011 C-

With a US presidential election looming, the emphasis in Washington in 2012 was on damage control rather than new initiatives. As a result, there was no meaningful transatlantic interaction on the Middle East Peace Process during the year and the so-called Quartet was at best marginal and at worst an excuse for inaction.

Washington pressured EU member states to support its opposition to the Palestinian bid to upgrade its status at the UN. The US said in a private memorandum to EU member states in late September that such an upgrade would be “extremely counterproductive” and threatened “negative consequences” for the Palestinians, but US pressure subsided as a result of Israeli intransigence. In the vote in the UNGA in November, Europeans were divided: the Czech Republic voted alongside the US and seven other countries against granting the non-member state status; 14 other EU member states voted in favour (Austria, Belgium, Cyprus, Denmark, Finland, France, Greece, Ireland, Italy, Luxembourg, Malta, Portugal, Spain, and Sweden); and the remaining 12 member

states, including Germany, abstained. In the vote on Palestinian admission to UNESCO a year before, by contrast, five EU member states voted against admission, 11 voted in favour, and 11 abstained.

Europeans were thus more united in 2012 than a year earlier in spite of US pressure, but they are not yet voting as one. They still also disagree on other issues such as the recognition of Hezbollah as a terrorist group – a cause pushed by the US and Israel, especially after the bombing in Bulgaria in July that killed five Israeli tourists and a local bus driver, and was widely attributed to the Lebanese group (although the official investigation has yet to be published). However, there was better European and transatlantic alignment during the hostilities in Gaza in November. The EU and the US defended Israel’s right to self-defence against rocket attacks by Hamas and other entities, while urging proportionality in the response and pushing both against a ground incursion by Israel and for a ceasefire that involved indirect negotiations (largely Egyptian-mediated) with Hamas.

## 35 RELATIONS WITH THE US ON THE SYRIAN CONFLICT

Americans and Europeans – most notably France and the UK – coordinated policy towards Syria but had limited impact on the ground.

	2010	2011	2012
Unity	-	-	4/5
Resources	-	-	4/5
Outcome	-	-	8/10
<b>Total</b>	-	-	<b>16/20</b>

**A-**  
2010 – 2011 –

Europeans and Americans generally saw eye-to-eye on Syria during the course of 2012. All insisted – though without success – that the Syrian government cease its repression and enter into a transition process, with President Bashar al-Assad removed from power.

Both the US and the EU were frustrated by Russia and China, which in February and July again vetoed action against Syria at the UNSC. In an attempt to create a strong coalition and come up with viable solutions to the Syrian crisis beyond the UN, they formed the “Friends of Syria” group in February. Several meetings were held, at which Americans and Europeans played an important role, but the value of the group diminished as the year went by. A crucial push to force the opposition to organise itself and become more representative came from US Secretary of State Hillary Clinton, alongside Qatar, and leading European states such as France, leading to the Syrian National Coalition in November 2012.

On the European side, the main diplomatic players were the French and the British. Apart from a brief period of tension during the summer, when the French called for a no-fly zone at one point, both cooperated closely with the US, with France often leading the way in exploring new options (the “Friends of Syria” group, the free zones, and the recognition of the Syrian National Coalition), and both coordinating on non-lethal arms supply for the resistance. Lastly, the EU as a whole also strongly supported the Western effort, with new rounds of sanctions every month or so, in step with the US. These sanctions were taken outside a UNSC resolution framework. They confirmed, after the Iranian case, that the EU could apply sanctions effectively.

### 36 RELATIONS WITH THE US ON ASIA

In 2012, the US tried to tie Europe to its “pivot” to Asia, but Europeans are right to chart their own course in the region.

	2010	2011	2012
Unity	-	-	3/5
Resources	-	-	2/5
Outcome	-	-	7/10
<b>Total</b>	-	-	<b>12/20</b>

# B-

2010 – 2011 –

If the US is not pivoting away from Europe, is it then pivoting with Europe? In other words, is there a transatlantic dimension to the new US focus on Asia? In 2012, there were new developments in this respect. Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell stepped up coordination with European countries in Washington, holding a monthly lunch with a number of ambassadors, including the EU one. In July, while attending the ASEAN Regional Forum in Phnom Penh, High Representative Catherine Ashton and US Secretary of State Hillary Clinton issued a joint statement that gave a new impetus to US–EU cooperation in the Asia-Pacific region. Americans also supported increased EU participation in regional organisations such as the ASAEN Regional Forum and the East Asia Summit, though admission still seems distant.

A good example of close EU–US coordination was provided by Burma. In May, the EU suspended economic sanctions for a trial period of one year in response to the many positive developments there. The same month, the

US announced the lifting of a 15-year ban on American investment, opening up trade relations with the democratising state. The US also nominated an ambassador, the post having been vacant for some time, while the EU opened an office and is upgrading to a delegation in 2013. Both partners worked with ASEAN to assist in democracy building.

While increased transatlantic coordination on Asia is welcome, there are limits to the idea of a “joint pivot”. First, Americans do not think of the “pivot” as a Western project, there has been little follow-up of the joint declaration among officials of either side in the region, and US policymakers tend to see Europeans as insufficiently political in their approach to Asia. Second, Europe has been culturally and economically present in Asia for some time, and is associated with soft power, the rule of law, and commerce. It doesn’t necessarily want to be seen as playing the same role as the US.

## 37 RELATIONS WITH THE US ON IRAN AND WEAPONS PROLIFERATION

Europeans and Americans coordinated a decisive tightening of sanctions on Iran. Their strategy will ultimately be vindicated if a negotiated deal comes through and could prove counter-productive if not.

	2010	2011	2012
Unity	5/5	4/5	4/5
Resources	5/5	5/5	5/5
Outcome	8/10	7/10	8/10
<b>Total</b>	<b>18/20</b>	<b>16/20</b>	<b>17/20</b>

**A-**  
 2010 A    2011 A-

The close coordination with the US that Europeans have established on the Iranian issue continued in 2012 with a new tightening of sanctions, which for the first time had a visible impact on Iran's economy. In January, the EU adopted sanctions banning imports of Iranian crude oil, petroleum products, and key equipment; freezing the assets of the Iranian central bank; and prohibiting trade in gold, precious metals, and diamonds between EU member states and the Iranian central bank. These sanctions entered into force on 1 July in spite of the counter-measures taken by Iran. European resolve helped ease differences of views and interests with the US. The EU is in favour of targeted sanctions but opposed to a general trade embargo; and it does not want to bar the Iranian central bank from all activity like the US does.

Alongside British, French, and German diplomats, the EU delegation in Washington played a significant role by organising briefings of key congressmen and staffers on Capitol Hill to defend European conceptions and interests, for

example by making sure that SWIFT (the financial transactions clearing house based in Belgium) or the Shah Deniz gas consortium (which includes an Iranian company as well as EU ones) were not hit by American sanctions. High Representative Catherine Ashton and Helga Schmidt of the EEAS also negotiated with Iran in Istanbul, Baghdad, and Moscow, thus keeping the door open to a peaceful deal. But the EU3 remained key in the discussions with the US, and managed to rally other member states for the new rounds of sanctions – even Sweden, which has misgivings about the sanctions policy.

While some European objectives were met – like avoiding a regional war and punishing Iran for flouting the non-proliferation treaty (NPT) and UN resolutions – President Barack Obama reminded the world that ultimately the EU policy pursued in conjunction with the US will be vindicated only if a deal is found. In March, he declared that he would not accept a nuclear Iran and rejected a strategy of containment, thereby making military intervention more likely for 2013 or later.

## 38 RELATIONS WITH THE US ON CLIMATE CHANGE

In spite of the crisis, Europeans kept pressing the US on the issue of climate change, but were rebuffed on many fronts, especially aviation-emissions regulations.

	2010	2011	2012
Unity	5/5	4/5	5/5
Resources	4/5	4/5	4/5
Outcome	2/10	7/10	4/10
<b>Total</b>	<b>11/20</b>	<b>15/20</b>	<b>13/20</b>

# B

2010 B- 2011 B+

2012 was a frustrating year for Europeans who advocate stronger action against climate change by the US. The inclusion of aviation in the EU Emissions Trading System (ETS) came into effect in January, even though airlines were already required to register and report their CO<sub>2</sub> emissions in 2011 (no American airline had refused to register). The negative reaction intensified during 2012, especially from China, India, and the US, in anticipation of the phasing-in of the associated tax in 2013. A loose international group dubbed the “coalition of the unwilling” met in New Delhi in 2011, and in Moscow and Washington in 2012, to try to derail the EU’s plans.

After the meeting of the International Civil Aviation Organization (ICAO) in November 2012 in Montreal, at which member countries agreed to provide a mutually agreed framework for market-based measures dealing with carbon emissions by the autumn of 2013, EU Climate Action Commissioner Connie Hedegaard announced that, as a gesture of goodwill, the EU was “stopping the clock” on the inclusion of aviation into the ETS

for a year. But that didn’t prevent the US House of Representatives from passing a bill a day later that allows the Secretary of Transportation to exempt US airlines from complying with the ETS. President Barack Obama signed it into law in spite of his commitment to renew his efforts against global warming during his election campaign.

Europeans faced challenges on other fronts as well. In particular, when they sought support from the US for EU membership or permanent observer status in international environmental organisations such as the Green Climate Fund and Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), or the Arctic Council, they did not get it: Americans generally argued that Europeans would be overrepresented. Europeans also failed to get much American commitment at the UN Conference on Sustainable Development, (“Rio+20 Earth Summit”) in June. The level of European unity was high, with a distinct role for the EEAS, but there was little more that could be done to move the US in an election year.

# Wider Europe

Overall grade

**C+**

Overall grade 2011 **C+**

Overall grade 2010 **C+**



	2012	2011	2010
<b>WESTERN BALKANS</b>	<b>B</b>	<b>B</b>	<b>B</b>
39 Overall progress on enlargement in the Western Balkans	B+	n/a	n/a
40 Rule of law, democracy and human rights in the Western Balkans	B-	B+	B
41 Kosovo	A-	B+	B+
42 Bosnia and Herzegovina	C	C	C
<b>TURKEY</b>	<b>C</b>	<b>C-</b>	<b>C-</b>
43 Bilateral relations with Turkey	C-	D+	D+
44 Rule of law, democracy and human rights in Turkey	C-	C-	C-
45 Relations with Turkey on the Cyprus question	C-	D+	D+
46 Relations with Turkey on regional issues	B-	C+	C-
<b>EASTERN NEIGHBOURHOOD</b>	<b>C+</b>	<b>C+</b>	<b>C+</b>
47 Rule of law, democracy and human rights in the Eastern Neighbourhood	C	C	C-
48 Relations with the Eastern Neighbourhood on trade	A-	B+	B+
49 Relations with the Eastern Neighbourhood on energy	C	B+	B+
50 Visa liberalisation with the Eastern Neighbourhood	B-	B-	C+
51 Relations with the Eastern Neighbourhood on protracted conflicts	C+	n/a	n/a

In 2011, the EU made progress in enlargement despite the euro crisis. However, in 2012, the EU's power in the Wider Europe was diluted, not just because the EU remains focused on the crisis but also because the emergence of a multi-tier Europe is in effect downgrading the value of membership of the EU. The recession in the EU – a key trading partner for all Western Balkan countries – has also hit local economies hard by depressing demand for exports and reducing FDI. Even the star performer in the Western Balkans, Croatia, is beset by negative growth for a fourth consecutive year. In other words, the EU is now exporting the crisis to its already-troubled periphery and this is to some extent undercutting its policy in the region.

That is not to say that the story of enlargement is over. The Western Balkans still see membership as a strategic goal: Croatia is expected to become the twenty-eighth member of the EU in 2013; Montenegro started accession negotiations; Serbia

became a candidate in March; and even Kosovo, unrecognised by five EU member states, edged closer to signing a Stabilisation and Association Agreement (SAA) with the EU. This progress was the result of efforts by key member states such as Austria, Germany, Italy, the UK, and the Visegrad quartet and by the European Commission and the EEAS. Thanks to the EEAS's mediation efforts, Prishtina and Belgrade reached a key agreement with High Representative Catherine Ashton hosting unprecedented meetings between the two prime ministers, Ivica Dačić of Serbia and Hashim Thaçi of Kosovo, in October–December.

However, the EU struggled to impose itself in a stagnant Western Balkans. In May, Boris Tadić lost the presidential election in Serbia; it is unclear how far his successor, former paramilitary fighter Tomislav Nikolić, will work with the post-Milošević socialists to press ahead with reconciliation with Serbia's neighbours. Pushing for democratisation and improved governance standards is a formidable challenge for the EU when there is a deficit of political will on the other side. Brussels has no choice but to deal with local leaders such as Macedonian Prime Minister Nikola Gruevski and Albanian Prime Minister Sali Berisha, who polarise public opinion and are accused of power grabbing.

It was also a difficult year for the EU in relation to Turkey. The election of François Hollande as French president led to cautious optimism that 2012 might see an upturn in stalled relations. In May, the European Commission launched a Positive Agenda intended to sustain harmonisation with the *acquis* under policy chapters that have been frozen because of the lack of progress in Cyprus or French opposition to Turkish membership. But the mere fact that Hollande has not yet lifted any of the vetoes suggests that hopes are premature and an opening is not in sight. Equally, Turkey has not made moves to implement the 2004 Ankara Protocol, which would unblock a host of chapters and revive the talks. On the brighter side, the European Council agreed a roadmap for visa liberalisation with Turkey in November. The Cypriot presidency of the European Council in the second half of the year was not accompanied by a major crisis in bilateral relations, as some feared.

In 2012, Turkey was preoccupied not by EU membership but by domestic affairs and the situation in Syria, where the civil war has led to more than 100,000 refugees flocking into Turkish border towns and created new challenges on the Kurdish issue and political tensions within Turkey as well as with Iran and Russia. Despite the ongoing dialogue between the Turkish foreign ministry and the EEAS, NATO and the US have been its partners of choice in dealing with challenges in the neighbourhood, notably Syria. But European diplomats were unhappy with the Turkish government's exclusive backing for the Muslim Brotherhood and its

alignment with Saudi Arabia and Qatar. On the other hand, Turkey continued to be a valuable intermediary between the EU and Iran, hosting the E3+3 talks on the nuclear dossier in July.

In the Eastern Partnership region, in 2012 there was progress with Moldova and Georgia. Moldova advanced its reforms and relations with the EU to the point that both German Chancellor Angela Merkel and European Commission President José Manuel Barroso began to talk openly about the country's European perspective – something that would have been inconceivable just a few years ago. Georgia, meanwhile, went through the first peaceful transition of power in its modern history, despite the fact that the highly polarised election campaign led many to worry about possible instability. Georgia seems to be continuing to move towards democracy – albeit in a zigzag.

On the other hand, there was little progress in relation to Ukraine – the biggest and most important country in the Eastern Partnership region. The government avoided launching any painful reforms ahead of the October parliamentary elections, which fell short of democratic standards. The lack of reform means there has been little progress in Kyiv's relations with the EU: although negotiations for the Association Agreement and DCFTA were concluded, a number of member states are unwilling to sign and ratify the documents. The failure by member states to coordinate their approach to the European football championship, which was held in Poland and Ukraine in May and June 2012, illustrated European divisions on Ukraine.

The situation in Azerbaijan and Belarus remained unchanged: the EU was unable to push the governments of the two countries – both serious human-rights violators – towards political liberalisation. In the case of Belarus, EU member states remained united and adopted a series of visa bans and asset freezes on more than 240 individuals and companies linked to President Alyaksandr Lukashenka's regime. However, there is no such consensus about Azerbaijan: President Ilham Aliyev's regime has been effective in playing divide and rule among Europeans. There was little progress on protracted conflicts in 2012: the 5+2 talks on Transnistria were formally re-launched but there was no breakthrough. As elsewhere in the Wider Europe, the EU lacked resources, consensus and, perhaps most importantly, partners in Eastern Europe.

## 39 OVERALL PROGRESS ON ENLARGEMENT IN THE WESTERN BALKANS

There was considerable progress on enlargement, which continued despite the crisis, but political roadblocks hampered several Balkan countries' progress.

	2010	2011	2012
Unity	-	4/5	4/5
Resources	-	4/5	4/5
Outcome	-	5/10	6/10
<b>Total</b>	-	<b>13/20</b>	<b>14/20</b>

# B+

2010 – 2011 B

The EU's enlargement policy aims at transforming and integrating the Western Balkans. Despite the euro crisis, the EU has not lost sight of this priority and there was considerable progress in 2012. By the end of the year, 21 member states had ratified Croatia's accession agreement. Montenegro also launched accession talks in June, having fulfilled pre-conditions set in December 2011 and persuaded Sweden and France to lift reservations. Serbia obtained candidate status in March after making steps towards normalisation with Kosovo. In October, the European Commission's regular report recommended that Albania be granted conditional candidate status – but the European Council postponed the decision in December. Even Kosovo made headway (see component 41). The European Commission presented a positive feasibility study – a critical step towards signing a Stabilisation and Association Agreement (SAA).

The outliers are Bosnia and Herzegovina and Macedonia: Bosnia failed to meet EU conditions for moving closer to candidacy (see component 42) and Macedonia didn't

obtain a negotiations date in December, despite the European Commission's positive assessment. Greece, the principal blocker, demands a settlement of the name issue before accession talks are launched. Bulgaria similarly conditioned its support to Macedonia on progress in cross-border cooperation and demanded the establishment of an intergovernmental council on the model set with countries such as Turkey or Israel. But in March, the commission inaugurated the High Level Accession Dialogue (HLAD) to ensure the harmonisation with the *acquis* is not altogether blocked in Macedonia.

With the European Council preoccupied with the crisis, the European Commission was in the driver's seat on enlargement. The EEAS also played a key role in mediating between Serbia and Kosovo, together with Germany as well as Austria and Italy, which have extensive economic interests in the area. Traditional advocate Slovenia has been on the back foot owing to a severe financial crisis at home and unresolved issues with Croatia over savings in Nova Ljubljanska banka.

## 40 RULE OF LAW, DEMOCRACY AND HUMAN RIGHTS IN THE WESTERN BALKANS

Despite European unity, there was no dramatic improvement in 2012. Conditionality remains indispensable for consolidating the region's weak democratic regimes.

	2010	2011	2012
Unity	3/5	4/5	4/5
Resources	4/5	4/5	3/5
Outcome	6/10	7/10	5/10
<b>Total</b>	<b>13/20</b>	<b>15/20</b>	<b>12/20</b>

# B-

2010 B    2011 B+

European goals in the Western Balkans include strengthening the rule of law, fighting corruption and organised crime, and helping consolidate democratic institutions and safeguard human rights. The progress of the enlargement process in 2012 was not matched by noticeable improvement in domestic governance. The electoral success of the populist Serbian Progressive Party (SNS) headed by Tomislav Nikolić, who was elected president in May, remained a divisive issue. Despite the popular mandate and its pro-EU rhetoric, the party, which is the senior partner in the governing coalition, is tainted by the radical nationalism of the 1990s and has more recently ridden high on a populist agenda. The government's decision to place a core party member at the helm of its central bank and to ban the regular Gay Pride parade in Belgrade raised concerns among Europeans. However, Brussels cautiously welcomed the governing party's popular anti-corruption campaign.

In Albania, the government-opposition deadlock was partly overcome in the interest of passing EU-oriented legislation,

but polarisation between the partisans of centre-right Prime Minister Sali Berisha and opposition leader Edi Rama remains high. Montenegrin general elections were won, once again, by the ruling coalition led by Milo Djukanović's Democratic Party of Socialists – the political force that has governed Montenegro since the end of Yugoslavia. The EU has decided to kick-off accession negotiations with the chapters dealing with judicial reform and the fight against organised crime and corruption, universally seen as a formidable challenge in that country. Whether this choice makes a long-term difference is hard to tell, especially given the prospects for Milo Djukanović's return to active politics, which signals continuity rather than rapid change. The European Commission continued to judge Macedonia sufficiently compliant with the political criteria so as to start membership negotiations. Still, local civil-society raises serious concerns regarding media freedom and corruption at high levels. Inter-ethnic relations, though peaceful, were tense.

## 41 KOSOVO

The EEAS-mediated dialogue between Belgrade and Prishtina delivered first results. Kosovo took initial steps towards integrating into the EU while the international presence was downscaled.

	2010	2011	2012
Unity	3/5	3/5	4/5
Resources	4/5	4/5	4/5
Outcome	7/10	8/10	8/10
<b>Total</b>	<b>14/20</b>	<b>15/20</b>	<b>16/20</b>

# A-

2010 B+ 2011 B+

Kosovo was a European success in 2012 as EU-mediated talks between Belgrade and Prishtina bore fruit. In March, the so-called footnote agreement was reached on Kosovo's participation in Balkan regional forums. Added to the deal on integrated border management (IBM) struck in December 2011, the deal helped Serbia qualify for EU candidacy. Talks were resumed in October following elections in Serbia in April/May. High Representative Catherine Ashton hosted an unprecedented meeting with the prime ministers, Ivica Dačić and Hashim Thaçi, followed by another meeting in November. However, there are lingering questions about whether and how Dačić's coalition cabinet will be able to implement the IBM agreement and make further necessary steps.

The EU has asked Serbia to "normalise relations with Kosovo" as a prerequisite for opening accession talks but it has yet to be defined. Austria, the Netherlands, Germany, and the UK want to press Serbia to formally recognise Kosovo. In 2012, some German Christian Democrats even called for Belgrade and Prishtina to commit

in advance of talks to sign a legally binding agreement. The five member states that still do not recognise Kosovo themselves (Cyprus, Greece, Romania, Slovakia, and Spain) plus others such as Italy and the Czech Republic take a softer line towards Serbia.

The International Steering Group, the body charged with overseeing the implementation of the Ahtisaari Plan, closed the International Civilian Office (ICO), the body supervising Kosovo's independence, after concluding that Kosovo had met all conditions, including the rights of the ethnic communities and decentralisation of governance. In June, the European Commission also issued a positive feasibility study and a roadmap for visa liberalisation. Top officials such as Enlargement and Neighbourhood Commissioner Stefan Füle have now begun openly to talk of Kosovo as an EU member state and Kosovo was accepted as a recipient country by the EBRD in November. In 2012 non-recognisers Greece and Slovakia also started accepting passports issued by Prishtina.

## 42 BOSNIA AND HERZEGOVINA

Political bickering frustrated hopes that Bosnia would be able to move forward on its EU path. Bosnia remains dysfunctional yet constitutional reform isn't forthcoming.

	2010	2011	2012
Unity	4/5	3/5	3/5
Resources	2/5	3/5	3/5
Outcome	2/10	2/10	2/10
<b>Total</b>	<b>8/20</b>	<b>8/20</b>	<b>8/20</b>

C

2010 C 2011 C

In 2012, the EU struggled to influence political disputes in the two Bosnian entities. The conflicting parties failed to meet the August deadline set by the EU to implement the Sejdić–Finci decision of the European Court of Human Rights (ECHR), end discrimination of individuals not belonging to any of the three “constitutive peoples”, and move closer to candidacy. In June, the governing coalition in the Federation of Bosnia and Herzegovina (BiH), the predominantly Bosniak and Croat-populated entity, collapsed because of squabbles between the Party of Democratic Action (SDA) and Zlatko Lagumdžija’s Social Democrats over the budget. The leader of the Bosnian Serbs, Milorad Dodik, said BiH was falling apart but also suffered considerable losses to the opposition Serbian Democrat Party at the October local elections in Republika Srpska.

The instability in both entities rules out all efforts at upgrading and making more functional the central level of governance, a key demand set by Brussels. What followed was a deal between Lagumdžija and Dodik resulting in SDA marginalisation. Croatian

parties approved the agreement seeing an opportunity to use it as a stepping-stone for changing the rules for electing a Croat member of the tripartite state presidency in their favour. Critics have condemned the deal as unprincipled power-grabbing undermining democratic standards, in light of certain changes to electoral laws that ensued.

The EU had little leverage. In June, the European Commission issued a roadmap to prompt all parties to implement Sejdić–Finci, agree on a coordination mechanism to pass EU legislation, and ultimately launch a membership application at the end of the year. But the roadmap was undercut by internal bickering. Part of the problem is EU member states’ continued division over the closure of the Office of the High Representative (OHR): Germany, France, and others insist on a speedy transition to a EU Special Representative (EUSR) and the UK opposes it (together with the US and Turkey). Still, 2012 saw the end of the international supervision in the special district of Brčko, a precedent for the OHR.

## 43 BILATERAL RELATIONS WITH TURKEY

Relations with Turkey were improved by the election of François Hollande but, despite modest gains on visa liberalisation, divisions among EU member states continue to limit progress.

	2010	2011	2012
Unity	2/5	2/5	3/5
Resources	2/5	2/5	2/5
Outcome	1/10	1/10	2/10
<b>Total</b>	<b>5/20</b>	<b>5/20</b>	<b>7/20</b>

C-

2010 D+ 2011 D+

The atmosphere in EU–Turkish relations was improved after François Hollande won France’s presidential race in May, defeating Nicolas Sarkozy – the leading opponent of Turkey’s membership of the EU – though France has not yet lifted any of the vetoes it imposed on five negotiating chapters in 2007. However, the European Commission capitalised on the change of mood and in mid-May put forward a Positive Agenda that aims to speed up preparations in key policy dossiers that have been frozen within the negotiations. For its part, Turkey did not move on the implementation of the 2004 Ankara Protocol needed to “unfreeze” chapters blocked over Cyprus (see component 45).

There was also progress on visa liberalisation. In November, the European Council approved a roadmap for visa liberalisation, modelled on the process already implemented in the Western Balkans. In June, Turkey had initialled a readmission agreement, an instrument to fight illegal migration from third countries through the common border with the EU. Whether the roadmap is implemented

and the readmission agreement is signed depends on large EU member states. In Germany, which holds the balance, the interior ministry remains to be convinced that Turkey is a safe proposition, as do usual sceptics such as Austria and Cyprus.

Fortunately, the Cypriot presidency of the European Council in the second half of the year did not lead to a standstill in bilateral ties with Turkey. But nor did relations improve dramatically in 2012. With Turkey focused on Syria, Minister for EU Affairs and Chief Negotiator Egemen Bağış used his position to launch repeated rhetorical attacks on the EU in order to build up his political profile at home. There was little formal exchange between Turkey and the EU on the future architecture of Europe in the wake of the euro crisis, mainly because Ankara has no interest in this issue. Meanwhile, individual member states, from Bulgaria to Germany, scrambled to deepen bilateral relations with Turkey and reap economic and political benefits.

## 44 RULE OF LAW, DEMOCRACY, AND HUMAN RIGHTS IN TURKEY

A disunited EU has little leverage to prevent the authoritarian turn of Turkey's ruling AKP and the criticism from the European Commission fell on deaf ears.

	2010	2011	2012
Unity	3/5	3/5	3/5
Resources	2/5	2/5	2/5
Outcome	2/10	2/10	2/10
<b>Total</b>	<b>7/20</b>	<b>7/20</b>	<b>7/20</b>

C-

2010 C- 2011 C-

As in other enlargement cases, the EU seeks to promote democratisation, human rights, and the rule of law in Turkey. But, unfortunately, it is now widely accepted that Turkey is backsliding in the absence of the EU pressure that anchored reforms between 1999 and 2005, and a Turkish interest in reform. Over the past year, the Kurdish issue has also re-emerged with a new salience. The struggle between the outlawed Kurdistan Workers' Party (PKK) and the Turkish armed forces led to more than 700 victims, the largest escalation for years. Work on a new liberal constitution continues to be difficult, making a grand bargain on the Kurdish issue as well as on the rights of other ethnic and religious communities harder. Still, President Abdullah Gül has tried to play a moderating role and enter into dialogue with the parliamentarians of the pro-Kurdish Peace and Democracy Party (BDP). By January 2013, it transpired that Hakan Fidan, head of the security service, was in talks with imprisoned PKK leader Abdullah Öcalan.

There were increasing concerns in the EU in 2012 about the authoritarian turn in the ruling AKP, while the opposition Republican People's Party (CHP) fails to present an alternative to government policies. However, EU leverage continues to be low, if not non-existent. Prime Minister Recep Tayyip Erdoğan failed to mention the EU in his speech before the AKP's convention in September. In October, the EU published one of its most critical progress reports in years, which discussed at length deficits in areas of human rights and democratic governance. But Turkish Minister for EU Affairs Egemen Bağış dismissed it as biased and Burhan Kuzu, an AKP parliamentarian, threw a copy of it in the recycling bin while appearing on a television show. As long as the negotiations remain stagnant, notably over chapters unilaterally blocked by Cyprus and France, it is hard to envision any credible EU policy to reignite change in Turkey, which is praised as a source of inspiration for the Arab Awakening.

## 45 RELATIONS WITH TURKEY ON THE CYPRUS QUESTION

Cyprus's presidency of the European Council didn't derail EU-Turkish relations but produced no results either. Tensions remain high.

	2010	2011	2012
Unity	3/5	3/5	3/5
Resources	1/5	1/5	2/5
Outcome	1/10	1/10	2/10
<b>Total</b>	<b>5/20</b>	<b>5/20</b>	<b>7/20</b>

C-

2010 D+ 2011 D+

When Cyprus joined the EU in 2004, the problem changed from an external to an internal matter with all attendant complications. Indeed, Nicosia has not shied away from liberally using its veto in the European Council to put pressure on Turkey, notably on issues such as the 2004 Ankara Agreement obliging Ankara to open ports and airports to Greek Cypriot traffic. Given such constraints, the EU has been in damage-limitation mode rather than facilitating a comprehensive settlement resulting from the ongoing talks between Cypriot Greeks and Turks.

Fortunately, Turkey did not freeze its relations with the EU during the Cypriot presidency of the European Council in the second half of 2012, as it had threatened to do. Tensions in the Eastern Mediterranean over prospective sources of gas and oil that were so salient in 2011 went through a lull, only to re-emerge in October when Nicosia announced that it would license 15 companies (possibly including Italy's ENI, France's Total, and Russia's Novatek) to explore for natural gas southwest of the island. Such moves, though helping

Cyprus co-opt allies, may lead to new confrontations, particularly after Turkish jets chased Israeli military aircraft that intruded in what it sees as its own airspace north of Cyprus. The plans to use gas as an incentive for a deal have not materialised.

The year saw no significant breakthrough in the reunification talks that began in 2008. The issue of the hydrocarbons will be part of the agenda, but there is no indication that any of the sides are prepared to compromise. Meanwhile, politics in Greek Cyprus is focusing on immediate challenges such as the financial crisis that has hit the island in the wake of the troubles in Greece and the upcoming presidential elections in February 2013. President Dimitris Christofias is in a weak position following the setback his party, AKEL, suffered in the 2011 general elections. The lack of impetus from within the island has shifted both Turkey's and the EU's attention away from the Cyprus issue.

## 46 RELATIONS WITH TURKEY ON REGIONAL ISSUES

The conflict in Syria brought Turkey closer to Western allies. Yet forging a common EU-Turkish policy was difficult because of the EU's limited resolve and capacity to act.

	2010	2011	2012
Unity	2/5	3/5	4/5
Resources	3/5	3/5	3/5
Outcome	2/10	3/10	4/10
<b>Total</b>	<b>7/20</b>	<b>9/20</b>	<b>11/20</b>

# B-

2010 C+ 2011 C-

The EU aims to engage Turkey to address pressing issues across the shared neighbourhood, notably in the Middle East and North Africa. In 2012, the key issue was the conflict in Syria, which dominated Turkey's foreign policy and by extension its dealings with the EU. Both wanted President Bashar al-Assad out and supported the efforts of UN mediators. There was an ongoing dialogue between the EEAS and the Turkish foreign ministry, which played a very positive role. Turkish Foreign Minister Ahmet Davutoğlu participated in the EU's Foreign Affairs Council.

In December, NATO agreed to deploy Patriot missiles, including from Germany and the Netherlands, along the 900-km border with Syria. Turkey has not openly called for humanitarian assistance to nearly 140,000 Syrian refugees but informally indicated that aid should be channelled via Turkish charities. The EU is therefore prevented from playing a role in humanitarian relief. EU foreign ministers were critical of Turkey for promoting the Muslim Brotherhood in Syria, though they

welcomed its acquiescence to establish in November the Syrian National Coalition, which aims to build a more inclusive opposition platform.

Turkey played a complex role in relation to Western sanctions on Iran. Exports from Turkey to Iran, in large part gold, have more than doubled over the year, reducing the sanctions' bite. Istanbul hosted E3+3 talks on the Iranian nuclear programme in June and a bilateral meeting between High Representative Catherine Ashton and Iranian chief negotiator Saeed Jalili in September. Turkey also continued to play a leading part in Europe's energy politics. During a visit by Russian President Vladimir Putin to Ankara in December shortly after Gazprom signed a 30-year contract with Turkey, the two countries agreed to disagree on Syria and deepen economic ties. Meanwhile, the EU encouraged Turkey's diversification efforts, which also benefit the EU. Energy Commissioner Günther Oettinger praised Turkey's ratification of the Trans-Anatolian gas pipeline agreement, a joint enterprise with Azerbaijan's SOCAR.

## 47 RULE OF LAW, DEMOCRACY AND HUMAN RIGHTS IN THE EASTERN NEIGHBOURHOOD

Europeans were divided about Ukraine but relatively united about Belarus – but failed to achieve their objectives in both cases.

	2010	2011	2012
Unity	3/5	4/5	3/5
Resources	2/5	3/5	4/5
Outcome	2/10	1/10	1/10
<b>Total</b>	<b>7/20</b>	<b>8/20</b>	<b>8/20</b>

C

2010 C 2011 C-

The EU's goal is to help the countries in the Eastern Partnership region transform into democratic and pluralist societies. While none of the region's four parliamentary elections in 2012 fully met OSCE standards, the Armenian elections (in May) and the Georgian elections (in October) were relatively competitive and peaceful. On the other hand, the OSCE saw the elections in Belarus and Ukraine as a step back for democracy. The EU was vocal in calling for the release of political prisoners in Belarus (two prisoners were released but another ten remain in jail) and much less vocal in Azerbaijan (where dozens remain in prison).

Europeans were particularly divided on Ukraine, where former prime minister Yulia Tymoshenko and former internal affairs minister Yuriy Lutsenko are imprisoned on charges that the EU considers politically motivated. Europeans failed to send a coherent message to Kyiv when the government was in the spotlight both domestically and internationally ahead of the European football championship in Poland and Ukraine in the summer.

Germany, the Netherlands, and the UK called for a boycott of matches taking place in Ukraine; Poland, Slovakia, and other Central Europeans thought that isolating Ukraine would push it closer to Russia. However, after the elections, all member states agreed to suspend the signing of the Association Agreement and the related free-trade deal (see component 48).

The EU put more pressure on the Lukashenka regime in Belarus by extending the list of individuals and companies on its visa ban/asset freeze list (though Slovenia lobbied for an exemption from these measures for an entrepreneur in business with a Slovenian company). In February, all member states recalled their ambassadors from Belarus after the Polish and EU envoys to Minsk were told by the regime to leave – however, when Minsk expelled the Swedish ambassador in the summer, member states took no similar action. Germany criticised the worsening human-rights situation in Azerbaijan but most other states remained silent.

## 48 RELATIONS WITH THE EASTERN NEIGHBOURHOOD ON TRADE

The EU was united on trade issues and continued to make progress towards free-trade areas with Armenia, Georgia, and Moldova. But there was little progress with Ukraine.

	2010	2011	2012
Unity	5/5	5/5	4/5
Resources	4/5	4/5	5/5
Outcome	5/10	6/10	7/10
<b>Total</b>	<b>14/20</b>	<b>15/20</b>	<b>16/20</b>

**A-**

2010 B+    2011 B+

Trade liberalisation is one of the key objectives of the ENP and the Eastern Partnership. The EU hopes that trade liberalisation with its neighbours will increase levels of interdependence, help spread prosperity, and modernise the economies of its neighbours, and that it will gradually contribute to consolidating the rule of law and democracy in the region.

In 2012, Europeans made significant progress towards achieving trade liberalisation with three of its eastern neighbours after it launched negotiations on DCFTA with Moldova, Georgia, and Armenia in February. It is expected that talks with at least some of these states could be finalised around the time of the EU–Eastern Partnership summit in Vilnius in November 2013. In the course of 2012, the EU also signed a DCFTA agreement with Ukraine, the EU’s most important economic partner in the Eastern Neighbourhood. But the agreement is not in force yet due to the EU member states’ concerns over the state of democracy and human rights in Ukraine, especially in light of the imprisonment of former prime minister Yulia Tymoshenko

(see component 47). However, there was no progress on initiating similar talks with Belarus (which is currently subject to EU sanctions) or Azerbaijan, which expressed no interest in the EU’s free-trade offer.

The EU was united in pursuing the goal of trade liberalisation, under the leadership of the European Commission. However, it was divided on how to approach Ukraine, and in particular about whether it should sign a DCFTA and the Association Agreement amid concerns about the state of democracy and the rule of law in Ukraine: the Visegrad quartet and the Baltic states argued that ratification of the deal would bind Kyiv closer to the EU but Germany and the UK insisted that the Ukrainian government should first tackle the issues of selective justice and human-rights violations. It remains to be seen whether negotiations with other partners can be completed and a free-trade area between the EU and its eastern neighbours can be established.

## 49 RELATIONS WITH THE EASTERN NEIGHBOURS ON ENERGY

Moldova and Ukraine began to implement the provisions of the EU's Third Energy Package but progress was slow.

	2010	2011	2012
Unity	5/5	5/5	3/5
Resources	4/5	4/5	2/5
Outcome	5/10	6/10	3/10
<b>Total</b>	<b>14/20</b>	<b>15/20</b>	<b>8/20</b>

C

2010 B+ 2011 B+

There were mixed results on cooperation in the sphere of energy between the EU and Eastern Europe in 2012. Moldova and Ukraine, the only members of the Energy Community from the Eastern Partnership region, made little progress towards meeting their commitments and implementing the provisions of the EU's Third Energy Package, which provides for liberalisation of their energy markets.

Following the expiry of Chisinau's supply contract with Gazprom at the end of 2011, Russia started to mount pressure on Moldova to refrain from liberalising its energy market, offering lower gas prices in return. Following a series of exchanges between Chisinau and Moscow as well as the EEAS and the European Commission, the Energy Community (most of whose members are EU member states) gave Moldova almost four more years to unbundle its gas pipeline network in an attempt to grant more breathing space to Chisinau. Ukraine, which remains even more vulnerable to Russia's pressure following the start of the operation of the Nord Stream pipeline in late 2011 and

the beginning of the construction works on the South Stream pipeline in late 2012 (both bypass Ukraine), made some progress on meeting its commitments as a member of the Energy Community, but key deep regulatory reforms remain to be implemented. Although the European Commission now has a mandate to negotiate with Azerbaijan and Turkmenistan on the construction of a Trans-Caspian pipeline, a key component for the EU's planned Nabucco pipeline (which helps diversify the EU's imports away from Russia), there was no major progress in the talks in 2012.

Europeans were relatively united on the need to promote greater energy cooperation with its eastern neighbours, with the European Commission taking a clear lead. However, in practice, steps by states such as Hungary, Slovenia, or Bulgaria, which joined the Russian-sponsored South Stream project, undermine the viability of the EU's own diversification project, the Nabucco pipeline, whose own future remains uncertain (see component 21).

## 50 VISA LIBERALISATION WITH THE EASTERN NEIGHBOURHOOD

The EU made slow but steady progress towards visa liberalisation with Moldova, Ukraine, and Georgia, and towards visa facilitation with Armenia and Azerbaijan.

	2010	2011	2012
Unity	3/5	4/5	3/5
Resources	2/5	3/5	3/5
Outcome	5/10	5/10	5/10
<b>Total</b>	<b>10/20</b>	<b>12/20</b>	<b>11/20</b>

# B-

2010 C+ 2011 B-

The EU's objective in the region is to offer some of its neighbours an easing of visa policy in exchange for measures such as border-management reform, the introduction of more secure documents, or signing readmission agreements. To achieve these goals the EU has a policy of visa facilitation, which implies the easing of conditions for the issuance of visas, and visa-liberalisation policies that presuppose the abolition of visas for short-term trips for up to three months. However, although all EU member states have signed up to the objective of visa liberalisation for the Eastern Partnership states, they disagree on how fast the EU should move towards that objective. Anti-immigration sentiment in the EU means visa liberalisation can be a particularly divisive issue.

In 2012, the EU continued its dialogue with Moldova and Ukraine on visa liberalisation. Moldova made significant progress in meeting the conditions for visa liberalisation and was moved to the second phase. Ukraine, on the other hand, made less progress. In mid-2012, the EU also launched a visa-liberalisation dialogue

with Georgia with the aim of abolishing visas at some point in the future. The EU also offered Azerbaijan and Armenia visa-facilitation agreements that would allow specific categories of citizens from these countries to obtain Schengen visas under a more relaxed regime (Ukraine, Moldova, and Georgia have benefited from such agreements for several years already).

However, there were signs of increasing divisions among member states on visa liberalisation. Germany and the Netherlands called for the reintroduction of visa requirements for the Balkan countries and their interior ministries remained sceptical about pursuing visa liberalisation with the EU's eastern neighbours. This is not a good omen for the Eastern Europeans. Meanwhile, the three Baltic countries, the four Visegrad countries, and Romania remained committed to swift visa liberalisation with the region and continued to push for it at the EU level. Overall, however, the EU continued to make slow but steady progress towards the achievement of its objectives.

## 51 RELATIONS WITH THE EASTERN NEIGHBOURHOOD AND THE PROTRACTED CONFLICTS

The EU maintained relative unity and made some progress on Transnistria, but it was unable to achieve its objectives in the Caucasus.

	2010	2011	2012
Unity	-	-	4/5
Resources	-	-	2/5
Outcome	-	-	3/10
<b>Total</b>	-	-	<b>9/20</b>

C+

2010 – 2011 –

The EU's objective is to support the peaceful settlement of the conflicts in Transnistria, South Ossetia, and Abkhazia and Nagorno-Karabakh. With a new leader in Tiraspol, talks on Transnistria gained some momentum in 2012 and the two sides agreed several confidence-building measures such as restarting train links and reducing trade restrictions. Europeans, especially Germany, supported the process through diplomatic engagement and invited Tiraspol to the EU–Moldova trade talks. The EU also increased funding for conflict-settlement efforts. Progress was such that, in September, EU member states cancelled visa restrictions for several former Transnistrian leaders, which had been in force since 2003.

However, little progress was made in the conflicts in the Caucasus. The EU unanimously refused to recognise local elections in Abkhazia in March and South Ossetia in April, but it made no progress at the Geneva talks between Russia and Georgia. There is some hope that, after the longstanding Saakashvili no-contact policy with the breakaway regions, a new

government in Georgia would develop a policy of constructive engagement with the two regions. However, the position of Russia, the provinces' principal backer, remains unchanged when it comes to insisting that Tbilisi acknowledge their independence, a proposition the new government isn't willing to entertain.

Neither the EEAS nor member states played an active role on Nagorno-Karabakh in 2012. The French, Russian, and US ambassadors, the three co-chairs of the OSCE Minsk Group, met the foreign ministers of Armenia and Azerbaijan in Paris and New York, in September, but the talks did not produce any concrete results. In September, the image of the EU as an impartial observer was tarnished by Hungary's decision to release Ramil Safarov, an Azerbaijani officer serving a life sentence for killing an Armenian officer with an axe in Budapest in 2004. The decision not only caused predictable outrage in Armenia but also showed how shallow the EU's consensus on Nagorno-Karabakh is: Budapest was widely suspected of angling for an Azerbaijani loan.

# Middle East and North Africa

Overall grade

**C+**

Overall grade 2011 **C+**

Overall grade 2010 **n/a**



	<b>2012</b>	2011	2010
<b>REGIONAL ISSUES</b>	<b>C</b>	<b>B-</b>	–
52 Rule of law, human rights, and democracy	C	C+	–
53 Financial instruments	C+	B-	–
54 Security sector reform	D+	n/a	–
<b>NORTH AFRICA</b>	<b>B-</b>	<b>B-</b>	–
55 Tunisia	B+	B+	–
56 Egypt	B-	C+	–
57 Libya	B-	B+	–
58 Algeria and Morocco	C-	C+	–
<b>LEVANT</b>	<b>C+</b>	<b>C</b>	–
59 Syria	C	C	–
60 Lebanon	B+	n/a	–
61 Jordan	C+	n/a	–
62 Middle East peace process and state-building in Palestine	C+	C-/C+	–
<b>PERSIAN GULF</b>	<b>B-</b>	<b>C+</b>	–
63 Iran	B-	B-	–
64 Yemen	B-	B-	–

2011 was a tumultuous year in which the EU recovered from its surprise at the Arab Awakening, regrouped, and began revamping the ENP. 2012 should therefore have been the year in which the preparatory work was consolidated and Europe moved to a new, more political approach with the changed Middle East and North Africa (MENA) region. But it didn't quite turn out that way. Although the EU now has ENP action plans for Egypt, Israel, Jordan, Lebanon, Morocco, the Palestinian Territories, and Tunisia, the onus remained on programmatic support for a broad aspiration to support democratic transitions. The EU failed to bring its significant influence to bear in other ways such as through political, diplomatic, and security engagement.

The EU appeared to conceive of its response only within the framework of its neighbourhood policy, when stronger, more frank and strategic relationships at a political level might have achieved much more. Thus it tends to focus its energies

largely on improving the technical aspects of cooperation, usually engaging politically with the leaders in the region – both longstanding and new – as part of set-piece dialogues with little broader impact. The EU–Arab League Ministerial meeting in November was a case in point. Meanwhile, member states have jockeyed with one another to deepen their bilateral ties and understanding with the Muslim Brotherhood in Egypt and Tunisia. However, the joint visit of the Bulgarian, Polish, and Swedish foreign ministers, on behalf of the High Representative, to Lebanon and Iraq in June showed both a united European front and a willingness to move to a more political collective relationship.

More candid diplomats acknowledge that there remains a lack of vision about what the EEAS can do in the MENA region. There are some notable exceptions to this rule such as in Yemen, where the active EU delegation has identified a niche for itself in supporting the aid aspects of the GCC transition plan and in cooperating closely with the “Group of 10” national embassies that are influential in the country, which includes the UK and France from within the EU. But in general, given Europe’s geographical, diplomatic, and commercial assets in relation to the region, there was potential for better results than were achieved on EU policy in the Middle East and North Africa in 2012. This year, European diplomats no longer had the excuse that there was no clear role for international actors until transitions got underway.

In Libya, Europeans put considerably fewer resources into supporting the process of state building after the intense focus there during the intervention in 2011. In Egypt and Tunisia there was genuine demand for Europe to take a more influential role instead of allowing the US to be in the strategic driving seat, but the EU did not take that opportunity. The most visible aspect of EEAS activity in these countries has been the task forces that have now met in Egypt, Tunisia, and Jordan. As investment conferences, they proved quite effective, but their willingness to accept the sidelining of political reform, particularly in the case of Egypt and Jordan, set a problematic precedent for a longer-term strategy to support the development of democracy in these countries.

Clearly, European influence in the region was limited by austerity. Leaders in the southern Mediterranean region say in private that they would welcome a more strategic relationship with the EU, but the EU needs to “pay to play”. But even taking into account the euro crisis, European contributions – the promise of money, markets, and mobility – have been disappointing. They are perceived on the southern side of the Mediterranean as incommensurate with the scale of the challenges that the post-revolutionary Arab countries face. The EU also struggled

to press collectively for political reform in non-transition countries, particularly in Algeria, Jordan, and Morocco, where various member states such as France, Spain, and the UK have strong bilateral ties.

The most serious crisis of the year was of course the ongoing civil war in Syria. While Russian and Chinese positions at the UN blocked the possibility of a united international response, the EU – together with the US – also failed to fully back political efforts and contributed towards the curtailing of much-needed diplomatic channels and non-UN-based problem solving. The EU strongly welcomed the creation in Doha in November of the National Coalition for Syrian Revolutionary and Opposition Forces, and by December most states had recognised it as the legitimate representative of the Syrian people. At the end of the year there were some indications that France and the UK might be willing to move towards arming the rebels in 2013, though this is only likely to occur if the US decides to support the effort.

When Israel launched Operation Pillar of Defence in Gaza in November, the EU came out in support of Israel's right to defence almost immediately but it was unable to play a mediating role or engage when Arab leaders went to Gaza because their hands were tied by their policy on Hamas. The successful Palestinian bid for observer state status at the UN in late November again exposed divisions among EU member states. Those that abstained, including Germany and the UK, were left disappointed a day later when Israel announced the construction of thousands of new homes in settlements. However, the year ended more positively with an agreement in principle among EU parties, spearheaded by Germany, to reactivate the EU Border Assistance Mission (EUBAM) at Rafah in order to support development in the Gaza Strip.

The EU had a better story to tell in relation to Iran. It led the E3+3 process and adopted two sets of sanctions in January and October that sent a clear and consistent signal about the importance that Europeans (alongside the US) place on the dismantling of the Iranian weapons programme. Although the EU was led by France, Germany, and the UK on Iran, other states, notably Greece, Italy, and Spain, made important contributions by diversifying their oil imports in order to make the embargo bite when it came into force in the second half of the year. However, European unity and resolve did not produce a change of course by the Iranian regime. Meanwhile, the sanctions are weighing heavily on the wider population of Iran, who are now suffering from high inflation, the spiralling costs of basic commodities and energy, and increasing shortages of essential items.

## 52 RULE OF LAW, HUMAN RIGHTS AND DEMOCRACY

Member states struggled to agree on how to implement conditionality and a lack of European unity undermined the EU's political reform message.

	2010	2011	2012
Unity	-	3/5	2/5
Resources	-	2/5	2/5
Outcome	-	5/10	4/10
<b>Total</b>	<b>-</b>	<b>10/20</b>	<b>8/20</b>

C

2010 – 2011 C+

2012 saw less widespread turbulence than the previous year in the Middle East and North Africa, but the EU's goals in backing the rule of law, human rights, and democracy were even more complex: to protect fundamental rights in the transitions in Tunisia and Egypt; support the construction of a democratic state in Libya; push reluctant reformers such as Morocco, Algeria, and Jordan; maintain a consistent line on rule of law with Gulf states such as Bahrain; and guarantee accountability in the Syrian conflict.

The EEAS made important advances in 2012 in developing an effective foreign-policy machinery, including the adoption of a global Human Rights Strategy in June and the appointment of Stavros Lambrinidis as EU Special Representative for Human Rights in July. Expert missions were sent to Morocco, Egypt, Yemen, and Iraq, and EU election observation missions to Algeria, Libya, and Tunisia. The European Endowment for Democracy was further developed in 2012 and is next year expected to begin disbursements, with a priority on the neighbourhood. Some EU

member states – notably Hungary, Poland, Slovakia, and Sweden – have made pledges of financial support.

However, the EU was less united in 2012 than in 2011, particularly on the issue of the use of conditionality to promote political reform. Germany held back some promised support from Egypt until after the elections, and Finland and the Netherlands were firmly of the view that “more for more” should also mean “less for less”, whereas Italy and Portugal were against penalising non-revolutionary countries for a lack of reform. This divergence led to a lack of coherent European red lines on human rights. For example, EU representatives simply accepted the Egyptian foreign ministry's last-minute withdrawal of an invitation to Egyptian human rights NGOs to attend the EU–Egypt Task Force in November. Similarly, the EEAS was unable to hold the line when the civil society component at the Jordanian Task Force was relegated in the face of business and economic priorities on the insistence of the Jordanian government.

## 53 FINANCIAL INSTRUMENTS

Bilateral aid continued and the European Commission requested a 50 percent increase in funds from 2014. However, Europeans have not yet delivered on the promises they made in 2011.

	2010	2011	2012
Unity	-	4/5	3/5
Resources	-	3/5	2/5
Outcome	-	5/10	5/10
<b>Total</b>	-	<b>12/20</b>	<b>10/20</b>

C+

2010 – 2011 B-

After a series of eye-catching announcements on financial support to North Africa in 2011, 2012 was supposed to be a year in which the EU followed through and put the promised funds to good use on the southern side of the Mediterranean. In particular, last year's increase in EIB lending ceilings, the extension of the EBRD mandate, and the launch of a new Support for Partnership, Reform and Inclusive Growth (SPRING) fund and civil society facility in the region created many delivery challenges. However, by the end of the year, the wider EBRD mandate was not yet operational – there are a number of technical changes needed, for example around the central banking systems in Egypt and Tunisia, in order to allow lending to begin – and the expenditure of money under the new funds still required extensive preparation. In fact, according to a Joint Communication published in May this year, only around €200 million of extra money had been spent on the southern neighbourhood in 2011; the figure for 2012 is likely to be at a similar level.

By contrast, overall foreign direct investment from the private sector in EU countries in the Mediterranean region recovered in 2012 after a drop in response to the Arab Awakening. €19 billion in new investments was announced in the first half of 2012, compared with €17 billion in the first half of 2011. The European Commission has requested an increase of 50 percent in funds for the southern Mediterranean under the next financial perspective for the period 2014–2020. The current environment of heated summit-level negotiations over the EU budget will test European unity around the priority of southern neighbourhood spending, but to date bilateral funds to the region have continued. In fact, many member states, notably Denmark, Finland, France, Germany, Italy, the Netherlands, Romania, Spain, and Sweden, increased their bilateral aid to the Middle East and North Africa in 2012.

## 54 SECURITY SECTOR REFORM

Individual member states and groupings such as the 5+5 carried out some security sector reform projects, including training, exchanges, and arms sales, but the EU itself is not involved.

	2010	2011	2012
Unity	-	-	2/5
Resources	-	-	1/5
Outcome	-	-	2/10
<b>Total</b>	-	-	<b>5/20</b>

**D+**  
2010 – 2011 –

Security sector reform (SSR) will be key to consolidating the democratic transitions in the Arab world. The military and security services can be a brake on political reform, as in Jordan, Algeria, and Morocco, or even threaten counter-revolution, as the generals in Egypt did in June. Democratically elected governments in the region will need to deliver on security – that is, law and order and control of borders – as much as on the economy. This is something on which the EU – with its vaunted civilian/military expertise and experience in places such as the Balkans, sub-Saharan Africa, and Afghanistan – should be well placed to help. In practice, however, there has been little demand for EU help. In 2012 the EU did launch small advisory missions on maritime capacity-building in the Horn of Africa, aviation security in South Sudan, and gendarmerie training in Niger. A more substantial effort to train the Malian army is under consideration. Under UN auspices, the EU also carried out a border-management needs assessment for Libya, but this was delayed and has not yet elicited requests for follow-up assistance.

Within the 5+5 forum (which brings together the five Maghreb states with the five southern member states of the EU), France, Italy, Spain, and Portugal have also sought to revive or supplement their long-standing bilateral military cooperation agreements across the Mediterranean that typically focus on training, exchanges, and exercises, as well as arms sales. In 2012, the Slovaks and Dutch worked with Tunisia; Germany and the UK also assisted in North Africa and the Gulf. However, the EU itself is not involved in such efforts. As the European Parliament noted in relation to Libya in November, “it is regrettable that the EU contribution in the security sector is slow to materialise, and that difficulties in planning and implementing this contribution are leaving the field open to bilateral initiatives of doubtful visibility and consistency”. A Special Security Representative for the region could champion more vigorous use of the CSDP in support of the Arab transitions, including in SSR.

**55 TUNISIA**

The EU consolidated its relationship with the Tunisian government and supported broader development while taking a “hands off” approach on domestic political debates.

	2010	2011	2012
Unity	-	3/5	4/5
Resources	-	3/5	4/5
Outcome	-	8/10	7/10
<b>Total</b>	<b>-</b>	<b>14/20</b>	<b>15/20</b>

**B+**

2010 – 2011 B+

The EU had two aims in its relationship with Tunisia in 2012: supporting a stable democratic transition and economic development, and establishing itself as Tunisia’s main partner.

On the first objective, progress in 2012 was good. Tunisia focused on the key building blocks of a new democracy and in particular on drawing up a new constitution. The EU was relatively united: it took a “hands off” approach to domestic political debates about constitutional references to blasphemy and the role of women, and focused instead on the process and the precarious economic situation. New announcements of EU support punctuated the year. On a visit to Tunisia in July, Enlargement and ENP Commissioner Stefan Füle pledged €20 million for competitiveness and €7 million for civil society. The European Commission launched a €12 million package for healthcare support in August and a four-year, €25m Support for Partnership, Reform and Inclusive Growth (SPRING) programme for justice sector reform in October. The Tunisia Task Force, convened

by Special Representative Bernardino León, also met for the second time in 2012.

Progress on the EU’s second objective – that is, encouraging Tunisia to view the EU as its preferred partner – is harder to assess. The signature at the EU–Tunisia Association Council in November 2012 of a “Privileged Partnership” underlined the EU’s collective commitment. However, there were other indicators in 2012 that parts of Tunisian society felt less affinity with the West. Tunisia struggled with the return of political violence, with attacks against members of opposition parties, and excessive use of force against unions. The Salafi movement grew in prominence, with high-profile incidents such as the replacement of a Tunisian flag by a black Islamist flag at Manouba University in Tunis in March. In September, rioters attacked and burned the American embassy and school in Tunis. Although senior EEAS officials argued that the Tunisian government was “more European than ever”, Commission representatives feared that Tunisian society was less focused on Europe than a year ago.

**56 EGYPT**

In a year of crises and confrontations in Egypt, the EU's soft-spoken approach ultimately meant it forfeited any chance of influencing the standards by which the transition would be judged.

	2010	2011	2012
Unity	-	3/5	4/5
Resources	-	2/5	3/5
Outcome	-	5/10	5/10
<b>Total</b>	<b>-</b>	<b>10/20</b>	<b>12/20</b>

**B-**

2010 – 2011 C+

This was a year of complex and sometimes fast-moving political change in Egypt. A series of crises and confrontations between the army, the Muslim Brotherhood, and civil/liberal opposition groups ended with President Mohammed Morsi pushing through a controversial constitution that entrenched presidential and military power and fell short on human rights. While the EU achieved some success in building relations with new forces and mobilising economic support, it was unable to make any real mark on Egypt's turbulent political scene.

It was always going to be difficult for Europe to find a way of inserting itself into a political process that is driven above all by domestic Egyptian factors. At times, it was also wise to avoid responding to every twist and turn of events, for example during the manoeuvring between the army, the courts, and the Muslim Brotherhood in the summer. But the EU's soft-spoken approach ultimately meant it forfeited any chance of influencing the standards by which the transition would be judged. The EU's policy of focusing

on incremental cooperation and sectoral reform seemed poorly aligned with the realities of Egyptian political life.

In the first half of the year, the EU could have taken a stronger line against the Supreme Council of the Armed Forces for its opaque and divisive handling of the transition, which poisoned the political scene for the rest of 2012. The EU was also notably reticent over the Egyptian government's crackdown on civil society in February. In November, the EEAS-led Task Force showcased the priorities and limitations of the EU's relationship with Egypt. The meeting managed to find the significant sum of €5 billion in loans and grants for 2012–13, but EU representatives were unable to prevent the Egyptian government from withdrawing an invitation for human rights groups to attend the Task Force meeting. This suggested the lack of a clear vision of how the EU's commitment to democracy and human rights should be advanced in this strategically important country.

**57 LIBYA**

As Libya languished in post-revolutionary disorder, the EU provided little support in 2012 except by making preparations for a mission to support border-security management.

	2010	2011	2012
Unity	-	3/5	4/5
Resources	-	5/5	2/5
Outcome	-	7/10	5/10
<b>Total</b>	<b>-</b>	<b>15/20</b>	<b>11/20</b>

**B-**

2010 – 2011 B+

For much of 2012, Libya seemed to languish in post-revolutionary disorder. While elections in July went smoothly (and reassured some nervous onlookers by producing a non-Islamist majority), it was not until November that a functioning government took office. The killing of the US Ambassador J. Christopher Stevens during an attack by a jihadist militia in Benghazi on 11 September highlighted the security problems in the country, in which many militias continued to operate outside central control. Nevertheless, by the end of the year, there was some hope that the new prime minister could get a grip on the country's halting transition.

After the intense involvement of several European countries in the military intervention in Libya in 2011, European attention seemed to shift away from Libya this year. Some southern EU member states continued to follow events in the country closely. In particular, Italy remained focused on Libya and Prime Minister Mario Monti led an official visit in January. But across the EU as a whole, there was a sense that much of the urgency had gone out of

policymaking towards Libya. While an EU delegation was opened in November 2011, it was only in the early autumn of 2012 that a critical mass of staffing was achieved.

Member states supported a variety of training and civil-society initiatives during the year, but the EU's main focus was on helping Libya manage the security of its borders. Progress was slow: a needs-assessment mission was dispatched in March; its report was considered by foreign ministers in December; this laid the groundwork for a possible CSDP mission in 2013. The administrative weakness of the Libyan state clearly made it a difficult partner, but Europeans might have achieved more if they had attached greater resources and energy to pushing forward with their core priority of constructing a stable state governed by the rule of law.

## 58 ALGERIA AND MOROCCO

The EU was ineffective in encouraging political reform in Algeria and Morocco this year and failed to use opportunities such as the Election Observation Mission in Algeria.

	2010	2011	2012
Unity	-	3/5	2/5
Resources	-	2/5	2/5
Outcome	-	5/10	3/10
<b>Total</b>	<b>-</b>	<b>10/20</b>	<b>7/20</b>

C-

2010 – 2011 C+

The challenge for the EU in Algeria and Morocco is to pool influence in national capitals to drive much-needed political reform. While technical cooperation driven by the European Commission and the EEAS continued in 2012, and in the case of Algeria expanded, there was little evidence of real reform in either case. After years of procrastination, Algeria agreed in early 2012 to come to the negotiating table regarding an ENP Action Plan; and in May it invited an EU observation mission (EOM) to its legislative elections for the first time (though there were concerns about malpractice by the ruling party and allegations of voter fraud in municipal elections in December). But in the second half of the year, as France and the US focused on efforts to win Algerian support for an ECOWAS-led mission in Mali, the centre of gravity in the EU–Algerian relationship shifted back to member-state capitals with a focus on energy ties – particularly Italy, Portugal, Spain, and the UK. In November the Netherlands joined this group as it signed a deal for shale-gas exploration in Algeria. By the end of the year, there were few signs that the EU–

Algerian partnership had deepened or that meaningful reform had taken place.

There was little evidence of real reform in Morocco either. In February, the European Parliament signed off on a deal on agriculture and fisheries after years of negotiations, but as an incentive rather than a reward: the ENP progress update in May had no substantive reform in Morocco to report. In the autumn, scoping reviews were completed, allowing negotiations for a DCFTA to begin. Morocco’s Autonomy for Western Sahara plan, launched in 2012, was the first move on this frozen conflict in a number of years but, as the year closes, the situation remains blocked. A Joint Communication on a Maghreb Strategy, published in December, proposed measures to increase regional integration through a range of economic, energy, and security measures, but only alluded to the Western Sahara as a challenge and did not propose a solution.

59 SYRIA

European diplomacy, led by France and the UK, was unsuccessful in leveraging help to end the conflict in Syria.

	2010	2011	2012
Unity	-	3/5	3/5
Resources	-	3/5	3/5
Outcome	-	2/10	2/10
<b>Total</b>	-	<b>8/20</b>	<b>8/20</b>

C

2010 – 2011 C

As the Syrian crisis intensified in 2012, Europeans sought to advance a political transition to meet the aspirations of the population and save the country from a descent into deep conflict. France and the UK led efforts to secure international action in the UNSC, but this was predictably and repeatedly blocked by Russia and China. However, Europeans, as part of the “Friends of Syria” initiative, also contributed to the failure of international diplomacy by failing to fully back the efforts of the UN–Arab League envoys, through their unconditional support for an opposition unwilling to countenance any deal with the regime, thereby excluding key Assad backers Iran and Russia. Europeans were also quick to engage in finger pointing at the expense of serious problem solving, which further damaged much-needed diplomatic channels. Having failed to give the political track full support, Europe also only offered half-hearted support for strengthening the rebel movement and its ability to win the battle militarily. A lack of political appetite for involvement in a new conflict and an EU arms embargo meant Europeans offered only meagre financial

and non-lethal support, which in turn gave them little leverage among internal actors and in particular the moderate forces they wanted to support.

At the end of the year, France, Spain, and the UK recognised the new Syrian National Coalition opposition body as the sole legitimate representative of the Syrian people. Other EU member states followed suit at the year-end “Friends of Syria” meeting. France (which has been most forward-leaning in providing support to the rebels) and the UK have suggested considering arming the rebels but the EU arms embargo was renewed in early December for three months (instead of the default option of a year). In the face of these efforts, the civil war – which has growing sectarian and jihadist undertones – worsened, with at least 40,000 Syrians now dead. While Bashar al-Assad is slowly losing ground, he remains in power. The country and wider region now face a growing humanitarian crisis, with four million Syrians in desperate need of support within the country and external refugees numbering over 600,000.

60 LEBANON

The EU strongly supported Lebanon's commitment to stability instead of aligning itself with either side in the Syrian conflict.

	2010	2011	2012
Unity	-	-	4/5
Resources	-	-	3/5
Outcome	-	-	7/10
<b>Total</b>	-	-	<b>-14/20</b>

**B+**

2010 – 2011 –

European efforts towards Lebanon were centred on preventing violent spillover from the conflict in Syria. Given President Bashar al-Assad's longstanding influence and in particular his close relationship with Lebanon's dominant force, Hezbollah, Europeans were very wary of a potential flare-up. Europeans remained united in supporting political stability and offered firm backing for the country's stated policy of non-association towards the Syrian conflict (even if the country has acted as a hub of support for both sides). Central to this European approach was a continued willingness to support the Hezbollah-backed government of Prime Minister Najib Mikati.

There were a number of high-level visits to the country, including a joint one by the Bulgarian, Polish, and Swedish foreign ministers in June. Europeans resisted increased pressure from the US government to place sanctions on Hezbollah, and many EU member states continued to engage with the movement. However, the July bombing of a tourist bus in Bulgaria, which killed five Israelis and one Bulgarian, was

quickly blamed on Hezbollah. The British and Dutch governments responded by calling for European sanctions on the movement. However, this was resisted by other member states in the context of the Bulgarian investigation not yet being completed and therefore the absence of clear proof of Hezbollah's complicity.

There were limited increases in support to the Lebanese armed forces, particularly on border-security issues. EU member states continued to play a lead role in supporting maintaining peace along the southern border with Israel by contributing significant troops to the 11,260-strong United Nations Interim Force in Lebanon (UNIFIL). However, France withdrew a third of its troops and Spain has announced that it will cut its contribution by half. During a tempestuous year, with violent clashes breaking out in Tripoli and Beirut, the October assassination of Wissam al-Hassan, a key anti-Assad Lebanese security official, and an increasingly dysfunctional government, Lebanon succeeded in forestalling a broader descent into conflict.

61 JORDAN

European support for the Jordanian monarchy's plans for reform was challenged by growing protests and the slow pace of meaningful change.

	2010	2011	2012
Unity	-	-	3/5
Resources	-	-	3/5
Outcome	-	-	4/10
<b>Total</b>	-	-	<b>10/20</b>

C+

2010 – 2011 –

Jordan, a longstanding European ally, has over the last year been singled out as a role model for pre-emptive, government-led reform efforts. Europeans, led by High Representative Catherine Ashton and the EEAS, have offered King Abdullah firm political support and praise for his reform efforts. Given the tight security relationships between Jordan and European states, a desire to protect the Jordanian peace treaty with Israel, and fears about the potential for regional implosion due to the Syrian crisis, Europe has cautioned against any attempts to destabilise the country.

On the back of an EU–Jordanian task force in February, the EU offered increased economic backing, allocating €220 million in neighbourhood support for 2011–2013. Member states, led by the UK, France, and Germany, committed approximately €1.2 billion over the coming three years in the form of bilateral loans and grants. The preparatory process for the launch of DCFTA negotiations also began. However, in the face of growing concerns about the slow pace of the king's reform efforts, coupled with widening economic tensions,

Europe failed to change tack in 2012 or acknowledge the shortfalls of the king's much-praised efforts.

The size and nationwide scope of protests in November in response to fuel price increases highlighted deepening economic and political problems. While the tone of the opposition remains moderate and the threat of upheaval is limited, the king's unwillingness to establish a more inclusive political order able to manage the economic challenges could result in wider instability. Yet, both the EEAS and member states failed to channel their political and economic leverage towards pushing the king towards implementing more meaningful change aimed at securing stability. Europeans now risk a repeat of their failed strategy towards North Africa prior to the 2011 uprisings. While European heads of missions in Amman called for greater implementation of the "more for more" strategy in late 2012, this was rejected in favour of increased levels of financial support from Brussels.

## 62 MIDDLE EAST PEACE PROCESS AND STATE-BUILDING IN PALESTINE

In 2012, Europeans failed to find a response to Operation Pillar of Defence, settlement expansions, and the UNGA vote on Palestinian observer status.

	2010	2011	2012
Unity	-	-	3/5
Resources	-	-	3/5
Outcome	-	-	3/10
<b>Total</b>	-	-	<b>9/20</b>

**B-**

2010 – 2011 C-/C+\*

\*In 2011, Europeans got a C- for the Middle East peace process and a C+ for state-building in Palestine

Judging by their own criteria for success, 2012 was a failure for Europeans. Above all, they wanted a return to negotiations, but after a brief Jordanian-facilitated negotiation in January, there were no more talks. They called for an end to Israeli settlement expansion, but instead it proceeded at breakneck pace (some 5,500 units built in 2012, a threefold increase from 2011). They also urged the US to re-engage but this did not happen either. Europeans failed to persuade the Palestinians to postpone their bid to upgrade their status at the UN, although at the vote in the UNGA in November Europeans were at least slightly more united than at UNESCO a year earlier: only the Czech Republic opposed the Palestinian upgrade, with 14 voting in favour and 12 abstaining. Despite the euro crisis, the EU's continued financial support for the PA and for the United Nations Relief and Works Agency (UNRWA) remained impressive: in 2012 it allocated €156 million towards the PA's recurrent expenditure (in addition to an annual UNRWA contribution in excess of €100 million). But the PA nevertheless ended the year in worse financial straits

as the Israeli government again withheld some of its revenues.

Israel's Operation Pillar of Defence in November showed that the EU still has no coherent policy on Gaza four years after the devastation of Operation Cast Lead. As Arab League ministers flocked to Hamas's side, Europe was relegated to the margins. European ministerial-level visits to Israel may have helped to some extent in advancing a ceasefire. A possible EU-resumed border role at Rafah, on which Germany has played an instrumental role, could be constructive but a bolder rethink is long overdue. The EU also struggled to respond meaningfully to further settlement announcements immediately after the UN vote, notably in the E1 area of occupied Palestinian land around Jerusalem. However, the EU appears to be considering some limited steps to leverage its influence. Led by Denmark, Ireland, and the UK, and building on the impressive reporting work undertaken by EU member-state missions on the ground, European foreign ministers moved in the direction of taking action on settlement products.

**63 IRAN**

Led by the E3, Europeans were united around the diplomatic and the sanctions tracks against Iran, but the policy has still not led to a change in Iranian nuclear policy.

	2010	2011	2012
Unity	-	4/5	5/5
Resources	-	3/5	4/5
Outcome	-	4/10	3/10
<b>Total</b>	<b>-</b>	<b>11/20</b>	<b>12/20</b>

**B-**

2010 – 2011 B-

The EU presented a united and active front in 2012 on the nuclear programme in Iran, with a dual-track approach of sanctions and dialogue. In the context of the E3+3 negotiations, the UK, France, and Germany continued to take the lead in communicating the EU’s strategy. In a joint statement in January, they announced the adoption of the EU oil embargo on Iran and asset freeze on the Iranian central bank. High Representative Catherine Ashton and the EEAS also played a leading role in diplomatic negotiations throughout the year. The EU oil embargo and asset freeze agreed in January came into full force in July in order to give Greece, Italy, Portugal, and Spain – significant importers of Iranian oil – time to adjust. In October, the EU introduced a new set of restrictive measures. EU sanctions are now biting but are also beginning to have humanitarian consequences, with rising prices for basic commodities and shortages pushing the cost of living up to unmanageable levels for parts of the Iranian population. However, this strategy has still not led to a change in Iranian nuclear policy – and

Europeans do not seem to have a plan B if negotiations fail in 2013.

EU member states largely left the EU institutions to take the lead on the human-rights situation in Iran. In March, however, they did renew and extend the travel ban and asset freeze on targeted members of the Iranian government implicated in violations. Ashton issued a series of statements on human-rights violations, majoring on condemnation of Iran’s use of the death penalty. In October, a long-postponed and controversial European Parliament delegation visit to Tehran was again cancelled at the last moment, reportedly because of the lack of guarantees that it would be able to meet human-rights defenders. As with its dual-track strategy on the Iranian nuclear programme, the EU’s human-rights policy was implemented quite consistently but yielded few clear results in 2012.

**64** YEMEN

The EEAS and member states actively supported the GCC transition process and the response to the humanitarian crisis in Yemen, but both projects hang in the balance.

	2010	2011	2012
Unity	-	4/5	4/5
Resources	-	2/5	3/5
Outcome	-	5/10	5/10
<b>Total</b>	-	<b>11/20</b>	<b>12/20</b>

**B-**

2010 – 2011 B-

The transition in Yemen is the least reported – but perhaps the most complex – in the Middle East and North Africa. It is complicated not only by tribal divisions, corruption, and high levels of terrorist activity, notably from Al-Qaeda in the Arabian Peninsula, but also by a humanitarian crisis linked to chronic food and water shortages. However, there is an internationally agreed process for the transition in the context of the GCC initiative for national dialogue and constitutional reform. The EU’s aim in relation to Yemen is to support the GCC process, and international efforts to combat the humanitarian crisis and terrorist activity. The security situation remained unstable, with frequent attacks on urban targets in 2012, including the Bulgarian embassy in May and the US embassy in September.

Following the national vote in February, Abd Rabbuh Mansur Hadi, who had replaced Ali Abdullah Saleh on an interim basis at the end of 2011, was confirmed as president. In October, High Representative Catherine Ashton met with him, and in

August the EU announced €18 million to help train electoral teams, develop capacity at local level, and register the population ahead of the 2014 elections. In the context of the “Group of 10”, the EU delegation and the British and French embassies were particularly active on the ground, encouraging the different parties to come to the table in the National Dialogue. France also chaired a working group to develop plans for constitutional reform. However, the transition process is still very precarious and dialogue did not begin as planned in November. If it slips too far into 2013 without results, this could lead to a further deterioration in stability as various parties become disillusioned with the process. On the ground, the EU delegation and Germany were active in the international community’s response to the humanitarian crisis but significant challenges remain in delivering aid to the more remote parts of the country.

# Multilateral Issues & Crisis Management

Overall grade

**B**

Overall grade 2011 **B**

Overall grade 2010 **B+/B-**



	2012	2011	2010
<b>KEY ELEMENTS OF THE INTERNATIONAL SYSTEM</b>	<b>B-</b>	<b>B-</b>	<b>n/a</b>
65 European policy in the G8 and G20 and Bretton Woods Institutions	B-	C-/B-	C+
66 UN reform	C-	C+	C+
67 European policy on non-proliferation	B-	B	A-/B+
68 European policy on the World Trade Organization	B	B	A-
<b>INTERNATIONAL JUSTICE</b>	<b>B+</b>	<b>B+</b>	<b>n/a</b>
69 European policy on human rights at the UN	B+	B+	C+
70 European policy on the ICC and international tribunals	B+	B+	B+
<b>CLIMATE CHANGE AND DEVELOPMENT</b>	<b>B-</b>	<b>B+</b>	<b>n/a</b>
71 Climate change	B	A-	B+
72 Development aid and global health	B-	B-	n/a
<b>HUMANITARIAN RELIEF</b>	<b>B+</b>	<b>B</b>	<b>n/a</b>
73 Humanitarian response	B	n/a	n/a
74 Drought in the Sahel	B+	n/a	n/a
<b>PEACEKEEPING</b>	<b>B-</b>	<b>B</b>	<b>n/a</b>
75 UN Security Council and Syria	B-	n/a	n/a
76 The Sudans and the DRC	B-	B-	n/a
77 Mali and the Sahel	C+	n/a	n/a
78 Somalia	B+	B+	B
79 Afghanistan	B-	C+	C+

The EU's member states endured a frustrating year of multilateral diplomacy. They were unable to persuade Russia or China to approve action over Syria at the UNSC, while the Obama administration blocked progress towards a UN conventional arms-trade treaty – a European priority. For the second year in a row, the G20 summit was overshadowed by the euro crisis, which put European leaders on the defensive. However, the EU did take tentative steps towards revitalising its crisis management operations, authorising small, new security assistance missions to Niger, South Sudan, and the Horn of Africa. The European Council also mandated a larger mission to train Malian troops as part of a broader response to the country's collapse. These missions may be

cost-effective alternatives to larger military and civilian deployments, but it is possible that they lack the resources and ambition to make much of an impact.

Diplomacy at the UN was dominated by the issue of Syria as it became clear that the Arab League could not manage the crisis on its own. The European members of the UNSC in 2012 (France, Germany, Portugal, and the UK) led efforts to address the crisis, despite Chinese and Russian opposition and US doubts about the value of the UN-based approach. France and the UK were initially strong backers of Kofi Annan's mediation efforts but lost faith as the war escalated. After Annan's resignation in August, they increasingly looked for alternatives to UN diplomacy over Syria and increased support to the opposition. However, they continued to invest in UN-based responses to other crises. The UNSC responded firmly to the threat of war between Sudan and South Sudan early in the year and the UN and the AU made some military and political progress towards stabilising Somalia. The UK took a prominent role on the issue – an EEAS priority – by organising an international conference on the country in February.

By contrast, the EU, the UN, and African powers have struggled to agree a response towards the collapse of Mali, much of which is now under the control of Islamist forces. France led on the issue, both within the EU and at the UNSC, gradually orchestrating a plan for an African intervention with UN, European, and US support. However, much of this delicate diplomacy was rendered pointless in January 2013, when an Islamist advance in southern Mali led France to intervene militarily. The EU launched a police support mission to neighbouring Niger but, after more than a year, is still trying to devise an operation to help Libya secure its borders – which might hamper the flow of fighters and arms into Mali and Niger.

European diplomats were also incensed when rebels backed by Rwanda won a significant military victory in the eastern Democratic Republic of the Congo (DRC) in November. Reports of Rwanda's destabilising role in the DRC led a number of EU member states, led by the Netherlands, to cut development aid to Kigali earlier in the year. Others, including the UK, followed suit as the crisis mounted, and European and US pressure seems to have persuaded Rwanda to rein the rebels in, at least for now. The weakness of the DRC after 12 years of UN peacekeeping and European aid remains a tragic embarrassment.

However, there were frequent strains between the EU and US over crisis management in 2012. These reflected differences over how to allocate scarce

resources and, in the Syrian case, the Obama administration's concerns over getting dragged into a new war in the Middle East especially during an election year. Electoral concerns also appeared to drive the US approach to negotiations on a conventional arms-trade treaty in July. European governments publicly invested a great deal of political capital in the negotiations, but the US, in tandem with Russia and China, eventually blocked an immediate agreement – and, in doing so, averted a clash with the domestic gun lobby.

There were more open transatlantic tensions, and splits within the EU, over the Palestinian Authority's bid for recognition as an observer state by the UNGA. The Czech Republic was the only EU member to vote against the Palestinian bid in November, along with the US and Israel. Meanwhile, traditional backers of Israel including Germany and the Netherlands abstained and a majority of the remaining member states voted in favour. This split suggests that the Obama administration and its European allies may face further clashes at the UN in the future. The US and most EU members lined up to oppose a new UN treaty threatening internet freedom at the end of the year.

Europe's position in other multilateral institutions also seems to be deteriorating. The G20 had an indifferent year, despite solid chairing by Mexico, but its main summit in Los Cabos centred on the euro crisis. The European Commission and European Council presidents stole headlines with a press conference defending the eurozone, which made them look rattled rather than reassuring, but the meeting had little concrete effect. Russia will chair the G20 in 2013, further reducing the likelihood that the forum will achieve great things. There was no progress towards a new international trade deal in 2012 either. The newly re-elected Russian President Vladimir Putin did not even attend the G8 summit hosted by the US. Talks on climate change in Doha delivered very limited procedural gains. Although the EU committed to the extension of the Kyoto Protocol, a number of other Kyoto signatories (including Japan, Canada, and Russia) have already withdrawn from the agreement.

While the European Commission continues to lead for the EU on climate and trade issues, the EEAS is beginning to play an important role on Africa, and EU officials dealing with crisis management – a relatively low priority in Brussels in recent years – now have their hands full with new, albeit small, missions. The EEAS also provided useful technical help to the short-lived UN monitoring mission in Syria. Yet bigger European states – notably France – have continued to drive policy over Syria, Mali, and other crises rather than

deferring to Brussels. The multilateral directorate within the EEAS, which lagged behind other parts of the new organisation, is finding its feet but may struggle to influence the big European powers.

## 65 EUROPEAN POLICY IN THE G8 AND G20 AND BRETTON WOODS INSTITUTIONS

EU leaders were on the defensive over the euro at the G20 summit. Reforms to European representation in the IMF were delayed but the IMF continued to give credibility to eurozone bailouts.

	2010	2011	2012
Unity	-	-	3/5
Resources	-	-	5/5
Outcome	-	-	4/10
<b>Total</b>	-	-	<b>-12/20</b>

# B-

2010 C+ 2011 C-/B-\*

\*In 2011, Europeans got a C- for policy in the G8 and the G20 and B- for Bretton Woods institutions. In 2010 they got a C+ for both.

Mexico's presidency of the G20 in 2012 was dominated by the euro crisis just as the French presidency in 2011 had been. Mexico pursued a number of substantive and procedural initiatives – including the first G20 foreign ministers' meeting and negotiations on banking regulations – but the group's June summit in Los Cabos came during an especially tense period in the euro crisis. The summit generated new pledges of support to help finance the IMF's response, including over \$60 billion from the BRICS countries, but the media focused on the defensive stance of the presidents of the European Council and European Commission, who insisted that they would not be lectured on financial issues. (While High Representative Catherine Ashton attended the foreign ministers' meeting, G20 diplomacy is a field in which the EEAS has little influence.)

Despite the IMF pledges, Los Cabos did not mark a turning point in the euro crisis, underlining the G20's limitations. In 2013, Russia presides over the G20 and is unlikely to perform better. The G8's ambitions are also reduced. In May, the US

convened the G8 leaders at Camp David (newly elected Russian President Vladimir Putin pointedly did not attend). World leaders put pressure on Chancellor Merkel over Germany's approach to the euro crisis but did not deliver notable results. Britain chairs the G8 in 2013.

The IMF continued to be a valuable ally to the EU in managing eurozone bailouts, despite off-the-record grumbling by IMF officials over a perceived lack of rigour among their European counterparts. However, the EU faced tensions over the implementation of a 2010 agreement to reduce its influence on the IMF board. This was meant to be completed by October 2012, but the US Congress has not yet ratified the agreement. While EU member states cannot be blamed for delays in Washington, they struggled to agree on promised cuts to the number of seats they hold on the IMF board: Belgium, the Netherlands, and Austria have made some concessions to rebalance the EU's overall representation.

## 66 UN REFORM

UN reform was a low priority in 2012 as diplomats focused on immediate crises, although the EU continued to split over even limited suggestions for Security Council reform.

	2010	2011	2012
Unity	4/5	2/5	2/5
Resources	2/5	3/5	2/5
Outcome	3/10	4/10	3/10
<b>Total</b>	<b>9/20</b>	<b>9/20</b>	<b>7/20</b>

C-

2010 C+ 2011 C+

UN reform was a low priority in 2012. In 2011, Germany and three partners (Brazil, India, and Japan) had made a major push to win permanent seats on the UNSC but this lost momentum. In 2012, the UNGA held desultory discussions of UNSC reform but made no real progress. While India continued to pursue the topic aggressively, German officials adopted a more cautious approach, in part because immediate concerns such as Syria dominated the UN agenda. This was a success for Italy and Spain, which are among the main opponents of Germany's ambitions for a permanent seat on the UNSC. It is less satisfactory for the UK and France, which are increasingly convinced that UNSC reform is necessary to protect their interests at the UN (the other permanent members of the council, China, Russia, and the US, are less open to change). While the EU remained split, Belgium and the Netherlands have made a series of unsuccessful attempts to find ways to revitalise the debate.

The prospects of serious debates of reform of the UNGA receded in June, when the

UN's members elected Serbian Foreign Minister Vuk Jeremic to act as the assembly president in 2012–2013. Jeremic, heavily supported by Russia, defeated Dalius Čekuolis of Lithuania by 99 votes to 85. This was widely perceived as a diplomatic defeat for the EU, and Jeremic is unlikely to initiate bold reform ideas.

The EEAS took a useful step towards improving operational cooperation between the EU and the UN in the first half of the year by devising a new agreement on collaboration in peacekeeping. But Scandinavian officials, leading advocates of EU–UN cooperation, were disappointed when Finland failed to win a seat on the UNSC this year (losing to Australia and Luxembourg), and Sweden was unable to secure a place on the UNHRC. This has led to talk of a decline of the “Nordic model” at the UN.

## 67 EUROPEAN POLICY ON NON-PROLIFERATION

Renewed EU-led talks with Iran on nuclear issues failed to deliver major results. A major European push for a UN arms-trade treaty was blocked by the US.

	2010	2011	2012
Unity	-	-	4/5
Resources	-	-	4/5
Outcome	-	-	3/10
<b>Total</b>	-	-	<b>11/20</b>

# B-

2010 A-/B+\* 2011 B

\*In 2010, Europeans got a A- for Iran and proliferation and a B+ for policy on the NPT review conference

2012 saw intensive but often frustrating negotiations over nuclear non-proliferation and arms-control issues. The main challenge for the EU was the revitalisation of the E3+3 talks with Iran led by High Representative Catherine Ashton. Iran signalled its willingness for talks in January, and meetings were held in April, May, and June. Ashton was reported to have performed well in these negotiations, but there was no substantial progress towards agreement with Iran. By the end of the year, many analysts argued that the best remaining option for diplomacy was bilateral talks between the US and Iran. China and Russia opposed new UN sanctions on Iran, although EU sanctions have put Tehran under increasing pressure.

2012 was also meant to see a conference on creating a Nuclear-Weapons-Free Zone in the Middle East, mandated by the 2010 NPT Review Conference. Finland agreed to convene this, with support from the UK as well as the US and Russia. As many analysts had foreseen, the diplomatic obstacles to holding the

event in 2012 proved insurmountable, and in the third quarter of the year it was postponed until 2013.

European policymakers were also heavily involved in efforts to agree a conventional arms-trade treaty in July. Bulgaria was one of the states involved in facilitating negotiations and other EU member states including France, Germany, Sweden, and the UK made a major political investment in the process. The US, however, eventually undermined the process by insisting on more time for negotiations, possibly to placate its domestic gun lobby before November's elections. Russia also raised concerns, and China linked its potential support for the treaty to the end of the EU arms embargo against it. China also opposed efforts by the EU and African organisations to allow regional bodies to be party to the treaty. In November, the UNGA passed a resolution calling for completion of talks on the proposed treaty. A further conference is scheduled for March 2013.

## 68 EUROPEAN POLICY ON WORLD TRADE ORGANIZATION

Russia joined the WTO but EU officials believed Moscow was not following all of its rules. International trade negotiations remained deadlocked.

	2010	2011	2012
Unity	5/5	5/5	5/5
Resources	4/5	4/5	4/5
Outcome	8/10	4/10	4/10
<b>Total</b>	<b>17/20</b>	<b>13/20</b>	<b>13/20</b>

# B

2010 A- 2011 B

After negotiations concluding in 2011, 2012 saw Russia enter the WTO in August, a long-term goal for Europeans. But, by the end of the year, EU officials were accusing Russia of taking a series of protectionist measures that conflicted with its WTO commitments and raised the possibility of a formal European complaint. The issue was one of a number that overshadowed the EU–Russia summit in December.

If Russia’s behaviour surprised the EU, the fact that no progress was made towards the conclusion of the Doha Development Round was less unexpected. The Mexican presidency of the G20 raised the issue, but it had no impact, not least because of the US elections, which made an agreement unlikely. This failure is a disappointment for WTO head Pascal Lamy, who is stepping down in 2013. None of the nine candidates bidding to replace him are from EU member states, so Europe will soon hold one fewer top multilateral position.

In the absence of progress on Doha, EU member states focused on the potential

for an Atlantic free-trade area, which will be a priority for the British G8 presidency in 2013. In the meantime, the EU concluded negotiations for a free-trade area with Singapore and also concluded negotiations with Ukraine, but the deal is on hold due to wider tensions over the rule of law (see component 47).

The WTO passed a long-awaited ruling on US subsidies to Boeing in March, following a similar ruling on European subsidies to Airbus. While the WTO concluded that both the EU and the US had unfairly subsidised the aircraft makers, the two sides continued to argue over the matter through the year. Conversely, the US and the EU cooperated with Japan to raise Chinese restrictions on the export of rare earth minerals, and China clashed with Western powers over solar-industry subsidies. More positively, the EU persuaded the WTO to allow it to offer Pakistan “trade aid” (preferential treatment for some exports) to help alleviate the country’s economic distress.

## 69 EUROPEAN POLICY ON HUMAN RIGHTS AT THE UN

European countries and their allies successfully used the UNHRC and the UNGA to maintain pressure on Syria. EU states were dissatisfied with talks on a UN internet threat in December.

	2010	2011	2012
Unity	3/5	4/5	4/5
Resources	3/5	4/5	4/5
Outcome	4/10	7/10	7/10
<b>Total</b>	<b>10/20</b>	<b>15/20</b>	<b>15/20</b>

# B+

2010 C+ 2011 B+

While European and American diplomats were frustrated by Chinese and Russian opposition to do anything decisive about Syria in the UNSC, they were able to get broad support for resolutions raising the human rights situation there in UN forums. In May 2012, the EEAS mission to the UN in Geneva co-sponsored an HRC resolution on the “deteriorating situation” in Syria with Denmark, the US, and Arab states (the EEAS had previously sponsored a similar resolution in 2011, strengthening its status as a voice of the EU at the HRC, although US diplomats complain that internal European negotiations have been time-consuming). A UNGA resolution on human rights in Syria was passed by a large margin in December. The EU’s stance has been reinforced by strong statements of concern over Syria by the UN High Commissioner for Human Rights, Navanethem Pillay, who secured a second term in 2012.

European diplomats also made a point of raising Syrian human-rights abuses in the UNSC, despite Chinese and Russian complaints that it should focus narrowly

on peace and security. Germany used its temporary seat on the UNSC to press accountability issues especially hard.

While the EU and the US worked closely with non-Western majorities over Syria – and there has been increased support for resolutions addressing the human-rights situations in Iran and North Korea – many fundamental debates over rights and freedoms remained unresolved. This was highlighted outside the normal UN human-rights framework during negotiations on a treaty addressing government control of the internet convened by the International Telecommunications Union (ITU) in December. The treaty was signed by 89 other countries, including not only China and Russia but also Turkey. But the US and EU member states refused to sign the treaty, arguing that it would open the way for curbs on internet freedom, which means that it is effectively dead for the time being.

## 70 EUROPEAN POLICY ON THE ICC AND INTERNATIONAL TRIBUNALS

The ICC made its first verdicts, but its political status remained uncertain. Europeans avoided citing the ICC over Syria, and the UK raised fears that the Palestinians might use it as a tool against Israel.

	2010	2011	2012
Unity	4/5	4/5	4/5
Resources	4/5	4/5	3/5
Outcome	7/10	7/10	7/10
<b>Total</b>	<b>15/20</b>	<b>15/20</b>	<b>14/20</b>

# B+

2010 B+ 2011 B+

The ICC handed down its first guilty verdict in March 2012, concluding that a Congolese warlord had recruited child soldiers (it also found another Congolese defendant not guilty). The ICC's successful completion of these cases was a relief for supporters of the court, including EU member states that have waited for this moment for over a decade. But a series of crises raised questions about the ICC's role in European foreign policy and there were controversies over Balkan war-crimes prosecutions. In 2011, the UNSC had also authorised the ICC to investigate war crimes in Libya. But while the court has pursued individuals including Saif al-Islam Gaddafi (son of the late Colonel Gaddafi), the new Libyan authorities have refused to send them to The Hague for trial. Alternatives, including a trial in Libya, remain under discussion. Meanwhile, proposals by some EU member states including France to involve the ICC in Syria failed to win US support, which feared that this would complicate negotiations.

The ICC was also a concern for some EU member states during the debate over recognising Palestine as an "observer state" in the UNGA. The UK in particular expressed concerns that this would give the Palestinians access to the ICC, allowing them to raise Israeli activities there (which in turn fuelled the accusation that the ICC was a tool only for the West). The Palestinians refused to promise not to do this, causing the UK to abstain on the recognition vote. While EU member states remain strongly committed to the ICC in principle, concerns about its political role are clearly mounting. There were also debates about the political implications of international justice at the end of the year when the ICTY terminated a number of long-running cases against high-profile Croat and Kosovar defendants. Although the tribunal justified this on technical grounds, critics argued that it demonstrated that it had an anti-Serb bias. This was an uneasy moment for Europeans, who have insisted that the former Yugoslav states should cooperate with ICTY if they want to accede to the EU.

## 71 CLIMATE CHANGE

EU member states committed to an extension of the Kyoto Protocol but were accused of making vague promises on climate-related funding to poorer countries.

	2010	2011	2012
Unity	4/5	5/5	4/5
Resources	4/5	4/5	3/5
Outcome	7/10	7/10	6/10
<b>Total</b>	<b>15/20</b>	<b>16/20</b>	<b>13/20</b>

# B

2010 B+ 2011 A-

After UN talks in late 2011 produced a deal to negotiate a globally binding agreement on limiting climate change by 2015, there was much less progress in 2012. The UN convened negotiations in Doha in November and December. After difficult negotiations, the EU, Australia, and Norway agreed to extend the Kyoto Protocol – placing limits on their carbon emissions – until 2020. However, a significant number of other countries, including Canada, Japan, and Russia refused to extend their Kyoto commitments.

The extension of the Kyoto Protocol (originally meant to finish at the end of 2012) is meant to place a partial cap on emissions until a global deal comes into force. There was little substantial progress towards this final deal at Doha, although some procedural complications were ironed out. The European Commission continues to lead talks on behalf of the EU, although its role was complicated by Poland, which opposed modifications to the Kyoto Protocol that threatened its holding of “carbon credits” (internationally tradable rights to extra carbon emissions).

The EU worked out a complex formula to preserve the Polish carbon credits, although other member states waived similar credits. Critics argue that this is part of a wider pattern of Polish objections to EU climate policy in recent years.

Developing countries assailed the EU as a bloc for failing to fulfil promises of aid to fund projects relating to climate change. Denmark, France, Germany, Sweden, and the UK made pledges to make up some of the missing money. Western negotiators also promised to set up a procedure for compensating developing countries for “loss and damage” resulting from climate change. This was particularly important to small island states such as the Seychelles, which have been important EU allies in previous climate change talks. Nonetheless, critics noted that the Doha talks did not involve any major concessions by China and the US, the two powers that are central to any final global deal.

## 72 DEVELOPMENT AID AND GLOBAL HEALTH

Some EU member states increased aid while others made cuts. The UK took a prominent role in discussions on the post-2013 development agenda.

	2010	2011	2012
Unity	-	3/5	2/5
Resources	-	3/5	3/5
Outcome	-	6/10	6/10
<b>Total</b>	-	<b>12/20</b>	<b>11/20</b>

**B-**

2010 – 2011 B-

In 2012, European development aid budgets continued to come under sustained pressure from the financial crisis. Against the background of the crisis, some EU member states cut aid severely. Preliminary figures suggest that Italy slashed development spending by 50 percent and Spain by 20 percent. The overall picture for the EU is better. France, which cut funds heavily in recent years, did not make further major reductions. The UK resisted intensifying domestic pressure for cuts, although it had to lower its projections for future funding in light of its poor growth figures. Finland, Germany, and Sweden, already significant donors, marginally increased their aid budgets and the Danish government has promised further increases. Even smaller EU donors – such as Malta and many countries in Eastern Europe – raised aid a little over the last year. The European Commission remains a leading donor, but concerns were raised in the last quarter of the year that governments would cut its aid budget by up to 10 percent in deal-making on the overall EU budget.

There were also growing criticisms of EU member states' allocations of aid to countries affected by the Arab Awakening. Most donors continued to pursue technocratic projects that do not contribute enough to democratisation or social stability (equally, however, Egypt has rejected some EU aid). The EBRD revised its goals to focus on Arab countries as well as established projects in Eastern Europe, but governments were slow to ratify this change of mission. The last year also saw a debate over what targets, if any, will replace the Millennium Development Goals, which are set to expire in 2015. The UK took a prominent role in this debate, and British Prime Minister David Cameron is co-chairing a UN panel on the issue. Further discussions about developing "sustainable" development goals were launched by a disappointing conference in Rio in June. But if European aid spending has stabilised for the moment, there may still be further cuts ahead.

## 73 HUMANITARIAN RESPONSE

Apart from Spain, EU member states maintained levels of humanitarian aid. Overall, Europeans did better than on development aid.

	2010	2011	2012
Unity	-	-	4/5
Resources	-	-	4/5
Outcome	-	-	5/10
<b>Total</b>	-	-	<b>13/20</b>

**B**

2010 – 2011 –

Humanitarian agencies faced major crises including a drought in the Sahel and massive displacement in Syria in 2012. The humanitarian response in the Sahel was effective (see component 74), but by the end of the year it was increasingly clear that the humanitarian situation in Syria was out of control. Having faced major crises, including the Libyan war and famine in Somalia, in 2011, most EU member states maintained levels of humanitarian aid in 2012. This was true not only of major donors such as Germany, the Nordic countries, and the UK but also of relatively small donors. For example, Poland increased its humanitarian spending by 30 percent, though it amounted to less than €2 million. The main exception was Spain, which cut its humanitarian budget from over €300 million to under €150 million.

As in past years, the European Commission was a leading donor through its humanitarian arm, the European Community Humanitarian Office (ECHO), disbursing €1.3 billion in 2012, including all available emergency resources. The commission also took an important

step forward in policy terms in October, releasing a communication committing it to promoting poor communities' resilience to unforeseen shocks, as well as crisis response. Warnings of forthcoming food-price spikes, which are likely to lead to shortages, increased the need to focus on resilience.

Nonetheless, the scale of the ongoing crisis in Syria threatened to overwhelm European donors, with around 2.5 million citizens displaced inside the country or forced to flee elsewhere. By the end of 2012, the European Commission had devoted €165 million to the crisis and the UK had donated over €80 million, according to figures collected by the International Rescue Committee. Germany set aside an additional €40 million for Syria during the year. Yet the limits of this funding were underlined when the UN announced in late 2012 that it would need over €1 billion in humanitarian aid for Syria in the first half of 2013. The figure is likely to rise further as the war goes on.

## 74 DROUGHT IN THE SAHEL

The overall European response to the Sahel drought was significant and played an important part in averting mass fatalities.

	2010	2011	2012
Unity	-	-	4/5
Resources	-	-	4/5
Outcome	-	-	7/10
<b>Total</b>	-	-	<b>15/20</b>

# B+

2010 – 2011 –

In late 2011, it became clear that drought in the Sahel threatened to create widespread food shortages, with the potential to affect nearly 20 million people in the region in 2012. This humanitarian crisis was compounded by the implosion of Mali in March 2012 (see component 77). But a concerted humanitarian response meant that a major disaster was averted, in part thanks to prompt EU action.

The European Commission’s humanitarian arm, the European Community Humanitarian Office (ECHO), reacted quickly to the crisis with initial aid in late 2011. Of over €700 million spent on the food crisis throughout the year, nearly €350 million came from the European Commission. The US was the next biggest donor, while EU member states gave nearly €100 million. These included some EU member states, including the UK and the Netherlands, that had limited experience of supporting projects in the region. Germany also moved quickly to respond to the crisis. By contrast, some southern member states, which arguably have the greatest direct interest in events in the Sahel, were

unable to make large-scale contributions. For example, Italy pledged €2.5 million for food relief, in contrast to €14 million of aid from the Netherlands, and Portugal was not able to give any aid to the region.

These overall figures do not reflect how well funds are used, but the UN and its partners generally moved quickly in the Sahel throughout 2012. The success of the aid effort has prompted governments in the region to work on options for managing future crises. The crisis also heavily informed the European Commission’s communication on promoting resilience (see component 73). Overall, the discrepancy between aid from member states and that given by ECHO demonstrated the growing power of the European Commission in humanitarian affairs. However, the continuing conflict in Mali and its potential to spill over to other countries in the region threatens to confront the EU with even greater humanitarian crises in the future.

## 75 UN SECURITY COUNCIL AND SYRIA

The European members of the Security Council maintained a high degree of unity and often took the initiative over Syria at the Security Council but could not sway Russia and China.

	2010	2011	2012
Unity	-	-	5/5
Resources	-	-	4/5
Outcome	-	-	3/10
<b>Total</b>	-	-	<b>-12/20</b>

**B-**

2010 – 2011 –

The European members of the UNSC in 2012 – France, Germany, Portugal, and the UK – invested a great deal in resolving the Syrian crisis in the first half of 2012 but became increasingly disillusioned as the year progressed. European officials were initially much keener on the “UN route” than their American counterparts, who did not believe Russia would be willing to bargain.

In February, the European members of the UNSC tabled a resolution effectively calling for President Bashar al-Assad to resign. Russia’s ambassador to the UN signalled willingness to compromise but reversed course after instructions from Moscow. China vetoed the resolution along with Russia. As the crisis continued, British and French officials hoped that China might split with Russia over Syria, but this proved impossible. The UNSC gave unanimous support to Kofi Annan’s mediation efforts and a small UN peacekeeping deployment, but he made little progress. France, the UK, and the US tried to negotiate with Russia and China outside formal UNSC structures, culminating in a weak agreement on a

political transition process for Syria in June. In July, the Europeans and the US supported a further UNSC resolution putting pressure on Assad, but China and Russia once again cast their vetoes. Annan resigned in August.

Even after that, France tried to keep talks at the UN alive and led a ministerial meeting of the UNSC in August. France’s Laurent Fabius and the UK’s William Hague were the only foreign ministers to attend. Thereafter France, followed by the UK, shifted away from the UN, increasing support to the rebels. European officials have given lukewarm support to Annan’s replacement as UN envoy Lakhdar Brahimi. The UN may still have a role in stabilising Syria after the fall of Assad. The EEAS deserves credit for rapidly providing technical assistance to the deployment of UN peacekeepers in Syria in April and May. But Europe’s overall investment in UNSC diplomacy over Syria delivered painfully little in 2012.

## 76 THE SUDANS AND THE DRC

The limits of European power were demonstrated in Sudan and the DRC as the US and China took the lead in averting a new war. EU member states suspended aid to the DRC.

	2010	2011	2012
Unity	-	-	4/5
Resources	-	-	3/5
Outcome	-	-	4/10
<b>Total</b>	-	-	<b>11/20</b>

**B-**

2010 B- 2011 B-

Europeans were actively involved in efforts to end the crises in both the Sudans and the Democratic Republic of the Congo (DRC), but had less leverage than the US in both cases. Sudan and South Sudan came close to war in April after an escalation of tensions, driven by disputes over oil revenues and border areas, between the two parts of the country that separated in 2011. The AU took the lead in negotiating a peaceful outcome, backed by threats of sanctions from the UNSC. The US worked hard publicly and privately in support of the AU and China, which was concerned about threats to its energy investments and played a crucial role in averting war. In the past, the UK played a prominent role in Sudanese affairs but its influence has reduced in recent years. South Sudan also suffers from significant internal security problems. In June, the European Council launched a CSDP mission to help build up security at the country's main airport. Critics argued that the EU could have provided this assistance without a CSDP mission.

The DRC was shaken by rebel attacks in the east that culminated in the last quarter of the year. The EU's response to rebel activity in the eastern DRC was complicated by evidence of links between the rebels and Rwanda, a major recipient of EU aid. Germany, the Netherlands, and the UK suspended some aid to Rwanda in the summer (although there was confusion over UK policy) and the European Commission also did so in September. This did not stop Rwandan-backed rebels seizing the important city of Goma in November. The US blocked an effort by France to "name and shame" Rwanda in the UNSC and focused instead on quiet diplomacy leading to a rebel withdrawal. The EU has two CSDP missions in the DRC, dealing with security sector and police issues, but some member states – notably Germany – have questioned whether they still have value.

## 77 MALI AND THE SAHEL

The EU and the UN struggled to find a solution to the crisis in Mali. France coordinated the response and the EEAS developed a regional strategy.

	2010	2011	2012
Unity	-	-	4/5
Resources	-	-	4/5
Outcome	-	-	2/10
<b>Total</b>	-	-	<b>-10/20</b>

C+

2010 – 2011 –

Fighters retreating from Libya after the 2011 civil war have helped destabilise the already-weak countries of the Sahel (Mali, Mauritania, and Niger). The situation in Mali deteriorated in early 2012, as Islamist rebels seized the north of the country and military officers mounted a coup in the south, initiating a year of deep political confusion. France was particularly concerned about the situation in the Sahel, in part because Islamist groups have taken French citizens hostage. Other EU member states and the US were also concerned that northern Mali could become a terrorist haven, and there are links between Islamists in the Sahel and insurgent groups elsewhere in West Africa, including Nigeria. France took the lead both at the UN and in the EU. Paris has negotiated with West African states to plan an African-led and UN-backed intervention in Mali – ultimately aimed at regaining the north – for 2013. This process was prolonged by differences over the scale of the force involved, and US scepticism towards the plan.

The EEAS also made the Sahel a priority in 2012 and developed a comprehensive strategy for the region. In July, the European Council authorised a CSDP mission to assist the authorities in Niger fight terrorism and strengthen the rule of law. This mission, which may evolve to operate in other states in the region, arguably took too long to get going given the urgency of the situation. In November, the European Council gave initial approval for a further mission to help strengthen Malian forces in parallel to the proposed African intervention. French officials were relieved that Germany, which increasingly questions the role of CSDP missions in Africa, supported this proposal in light of the potential terrorist threat. Overall, however, the international response to the crisis in Mali was too slow. In January 2013, an Islamist advance towards the capital, Bamako, caused France to intervene militarily and speed up the proposed African intervention.

## 78 SOMALIA

EU-backed African forces continued to make progress and anti-piracy operations were successful. There was also political progress in Somalia.

	2010	2011	2012
Unity	4/5	4/5	4/5
Resources	4/5	4/5	4/5
Outcome	5/10	6/10	7/10
<b>Total</b>	<b>13/20</b>	<b>14/20</b>	<b>15/20</b>

# B+

2010 B    2011 B+

The consortium of organisations involved in Somalia – including the AU, the EU, and the UN – made major progress towards stabilising the country in 2012. But their gains remain fragile and could still be reversed. The EEAS has played a significant role in coordinating European strategy towards Somalia for some years, and in November 2011 the European Council adopted a new strategic framework for the Horn of Africa. The UK has taken a lead among member states and in February 2012 hosted a major intergovernmental conference at which EU and non-European governments pledged increased aid to the country.

The African Union Mission in Somalia (AMISOM) continued to mount successful operations against Islamist rebels in 2012. A Kenyan intervention early in the year significantly strengthened the force. The EU’s African Peace Facility (APF), which uses development funds to support African peace operations, provided a significant part of AMISOM’s budget in 2012. However, the APF will run out of funds if it is not replenished in 2013.

The EU runs a training mission to build up Somalia’s armed forces. There had been signs of waning enthusiasm in the EU for the operation, which was set to close at the end of 2012. In December, however, the European Council agreed to extend the mission by two years, with a new focus on offering strategic guidance rather than direct training. The EU also maintains a high-profile anti-piracy mission off the coast of Somalia (in parallel with NATO and other operations), which has been increasingly successful. There were fewer than 100 pirate attacks in 2012 – less than half the figure for 2011. In July, the European Council mandated a new mission, codenamed Nestor, to assist regional states build up their own maritime security capabilities, though this is not yet fully operational. Meanwhile, the UN, which has been involved in the Somalia conflict since the 1990s, moved political personnel into the country in January (a sign of increased security) and supported gradual but promising progress towards creating a representative government.

## 79 AFGHANISTAN

Europeans continued to cut back their contributions to NATO, despite mixed evidence of Afghan capabilities. France sped up its departure, but US decisions overshadow all European choices.

	2010	2011	2012
Unity	2/5	3/5	4/5
Resources	4/5	3/5	3/5
Outcome	3/10	4/10	4/10
<b>Total</b>	<b>9/20</b>	<b>10/20</b>	<b>11/20</b>

# B-

2010 C+ 2011 C+

Europeans have now largely ceded decision-making over Afghanistan to the US. Their common goal remains a smooth transfer of responsibility for security to Afghan forces in 2014. By the end of 2012, there were just over 100,000 NATO troops in the country, of which approximately 28,000 came from EU member states, compared with 68,000 Americans. The majority of European governments have stuck to pre-existing plans to reduce their deployments over the next two years. For example, Spain, which has cut back military commitments in response to its financial problems, has not pulled back from this mission. The main exception is France. Then-president Nicolas Sarkozy had promised to bring forces home before the 2014 deadline, but President François Hollande accelerated this process. French troops ceased combat operations in November, although some remain in training and technical roles. The largest European force contributors are the UK, Germany, and Italy. The UK will significantly cut its presence in 2013.

2012 was a relatively successful year for the EU's Police Mission in Afghanistan,

which has previously been the target of major criticisms. The mission has focused on developing the Afghan National Police staff college, and (sometimes very limited) training continued at a good pace throughout the year. However, the mission was frustrated by slow progress in constructing the college's long-term home. More fundamentally, there are serious concerns about corruption in the police and its ability to maintain order after international forces depart (the Afghan army is making better progress).

There are still questions over the size of the US presence in Afghanistan after 2014, but European governments are keen to leave. Germany used its two-year stint on the UNSC in 2011–2012 to help the UN prepare for post-NATO Afghanistan and resolve problems over sanctions blocking talks with the Taliban. There are signs that negotiations with Taliban leaders, frequently delayed, will now gather pace. But the prospects for stability in Afghanistan remain grim and Europe's ability to shape events very limited.

# Tables



**RELATIONS WITH CHINA**

9.7 C+

Trade liberalisation and overall relationship				10.2	C+	
01	Formats of the Europe-China dialogue	3	3	5	11	B-
02	Investment and market access in China	3	4	4	11	B-
03	Reciprocity in access to public procurement in Europe and China	2	2	4	8	C
04	Trade disputes with China	4	3	6	13	B
05	Cooperation with China on the euro crisis	2	2	4	8	C

**Human rights and governance**

7.5 C

06	Rule of law and human rights in China	3	3	2	8	C
07	Relations with China on the Dalai Lama and Tibet	2	3	2	7	C-

**Cooperation on regional and global issues**

11.4 B-

08	Relations with China on Iran and proliferation	5	4	3	12	B-
09	Relations with China in Asia	4	3	6	13	B
10	Relations with China on Africa	3	3	5	11	B-
11	Relations with China on reforming global governance	2	2	2	6	C-
12	Relations with China on climate change	4	5	6	15	B+

**RELATIONS WITH RUSSIA**

11.02 B-

Trade liberalisation and overall relationship				13	B	
13	Trade liberalisation with Russia	5	4	5	14	B+
14	Visa liberalisation with Russia	5	3	4	12	B-

**Human rights and governance**

8.33 C

15	Rule of law and human rights in Russia	4	3	2	9	C+
16	Media freedom in Russia	4	2	2	8	C
17	Stability and human rights in the North Caucasus	4	2	2	8	C

**European security issues**

11 B-

18	Relations with Russia on the Eastern Partnership	4	4	3	11	B-
19	Relations with Russia on protracted conflicts	4	3	3	10	C+
20	Relations with Russia on energy issues	4	4	5	13	B
21	Diversification of gas-supply routes to Europe	3	3	4	10	C+

**Cooperation on regional and global issues**

11.75 B-

22	Relations with Russia on Iran and proliferation	5	4	4	13	B
23	Relations with Russia on the Greater Middle East	5	4	4	13	B
24	Relations with Russia on climate change	3	2	3	8	C
25	Relations with Russia on the Arctic	4	4	5	13	B

## COMPONENTS BY ISSUE

Unity (out of 5)	Resources (out of 5)	Outcome (out of 10)	Total (out of 20)	Score Grade
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**RELATIONS WITH THE UNITED STATES**

11.69 B-

Trade liberalisation and overall relationship				11.25	B-	
26	Reciprocity on visa procedures with the US	2	2	3	7	C-
27	Relations with the US on trade and investment	4	4	7	15	B+
28	Relations with the US on standards and norms, consumer protection	4	3	6	13	B
29	Relations with the US on the euro crisis	2	3	5	10	C+

**Cooperation on European security issues**

10.67 B-

30	Relations with the US on counter-terrorism	3	3	6	12	B-
31	Relations with the US on NATO, arms control and Russia	2	2	5	9	C+
32	Relations with the US on the Balkans	2	4	5	11	B-

**Cooperation on regional and global issues**

10.6 B

33	Relations with the US on the Arab transitions	4	4	6	14	B+
34	Relations with the US on the Middle East peace process	2	3	2	7	C-
35	Relations with the US on the Syrian conflict	4	4	8	16	A-
36	Relations with the US on Asia	3	2	7	12	B-
37	Relations with the US on Iran and weapons proliferation	4	5	8	17	A-
38	Relations with the US on climate change	5	4	4	13	B

**RELATIONS WITH WIDER EUROPE**

10.3 C+

Western Balkans				12.5	B	
39	Overall progress on enlargement in the Western Balkans	4	4	6	14	B+
40	Rule of law, democracy and human rights in the Western Balkans	4	3	5	12	B-
41	Kosovo	4	4	8	16	A-
42	Bosnia and Herzegovina	3	3	2	8	C

**Turkey**

8 C

43	Bilateral relations with Turkey	3	2	2	7	C-
44	Rule of law, democracy and human rights in Turkey	3	2	2	7	C-
45	Relations with Turkey on the Cyprus question	3	2	2	7	C-
46	Relations with Turkey on regional issues	4	3	4	11	B-

**Eastern Neighbourhood**

10.4 C+

47	Rule of law, democracy and human rights in the Eastern Neighbourhood	3	4	1	8	C
48	Relations with the Eastern Neighbourhood on trade	4	5	7	16	A-
49	Relations with the Eastern Neighbourhood on energy	3	2	3	8	C
50	Visa liberalisation with the Eastern Neighbourhood	3	3	5	11	B-
51	Relations with the Eastern Neighbourhood on protracted conflicts	4	2	3	9	C+

## COMPONENTS BY ISSUE

Unity (out of 5)	Resources (out of 5)	Outcome (out of 10)	Total (out of 20)	Score Grade
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**RELATIONS WITH THE MIDDLE EAST  
AND NORTH AFRICA**

				10.29	C+	
<b>Regional Issue</b>				<b>7.67</b>	<b>C</b>	
52	Rule of law, human rights, and democracy	2	2	4	8	C
53	Financial instruments	3	2	5	10	C+
54	Security sector reform	2	1	2	5	D+

<b>North Africa</b>				11.25	B-	
55	Tunisia	4	4	7	15	B+
56	Egypt	4	3	5	12	B-
57	Libya	4	2	5	11	B-
58	Algeria and Morocco	2	2	3	7	C-

<b>Levant</b>				10.25	C+	
59	Syria	3	3	2	8	C
60	Lebanon	4	3	7	14	B+
61	Jordan	3	3	4	10	C+
62	Middle East Peace Process and state-building in Palestine	3	3	3	9	C+

<b>Persian Gulf</b>				12	B-	
63	Iran	5	4	3	12	B-
64	Yemen	4	2	5	12	B-

## COMPONENTS BY ISSUE

Unity (out of 5)	Resources (out of 5)	Outcome (out of 10)	Total (out of 20)	Score Grade
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## MULTILATERAL ISSUES AND CRISIS MANAGEMENT

				12.6	B	
<b>Key elements of the international system</b>				<b>10.75</b>	<b>B-</b>	
65	European policy in the G8 and G20 and Bretton Woods institutions	3	5	4	12	B-
66	UN reform	2	2	3	7	C-
67	European policy on non-proliferation	4	4	3	11	B-
68	European policy on the World Trade Organization	5	4	4	13	B
<b>International justice</b>				<b>14.5</b>	<b>B+</b>	
69	European policy on human rights at the UN	4	4	7	15	B+
70	European policy on the ICC and international tribunals	4	3	7	14	B+
<b>Climate change and development</b>				<b>12</b>	<b>B-</b>	
71	Climate change	4	3	6	13	B
72	Development aid and global health	2	3	6	11	B-
<b>Humanitarian relief</b>				<b>14</b>	<b>B+</b>	
73	Humanitarian response	4	4	5	13	B
74	Drought in the Sahel	4	4	7	15	B+
<b>Peacekeeping</b>				<b>11.8</b>	<b>B-</b>	
75	UN Security Council and Syria	5	4	3	12	B-
76	The Sudans and the DRC	4	3	4	11	B-
77	Mali and the Sahel	4	4	2	10	C+
78	Somalia	4	4	7	15	B+
79	Afghanistan	4	3	4	11	B-

# CLASSIFICATION OF MEMBER STATES

Unless otherwise stated, member states are supporters

## RELATIONS WITH CHINA

	Enhancing Europe's strategic dialogue with China (see component 1)	Improving the vetting of Chinese investments in Europe (see component 2)	Adopting a stronger stance on anti-dumping e.g. on solar panels (see component 3)	Promoting human rights in China (see components 6 and 7)
<b>Austria</b>				
<b>Belgium</b>				
<b>Bulgaria</b>	Slacker			
<b>Cyprus</b>				
<b>Czech R.</b>	Slacker			Leader
<b>Denmark</b>				
<b>Estonia</b>	Slacker			
<b>Finland</b>				
<b>France</b>				
<b>Germany</b>			Slacker	Leader
<b>Greece</b>				
<b>Hungary</b>	Slacker			
<b>Ireland</b>				
<b>Italy</b>				Slacker
<b>Latvia</b>	Slacker			Slacker
<b>Lithuania</b>	Slacker			
<b>Luxembourg</b>				
<b>Malta</b>				Slacker
<b>Netherlands</b>				
<b>Poland</b>	Slacker			
<b>Portugal</b>				Slacker
<b>Romania</b>	Slacker			Slacker
<b>Slovakia</b>	Slacker			
<b>Slovenia</b>	Slacker			
<b>Spain</b>				
<b>Sweden</b>				Leader
<b>UK</b>			Slacker	

# CLASSIFICATION OF MEMBER STATES

## RELATIONS WITH RUSSIA

	Ensuring Russia adheres to WTO rules (see component 13)	Promoting human rights in Russia (see component 15)	Promoting media freedom in Russia (see component 16)	Co-operating with Russia to solve protracted conflicts (see component 18)	Persuading Moscow to support EU positions on Syria (see component 23)
Austria					
Belgium					
Bulgaria					
Cyprus					
Czech R.					
Denmark					
Estonia					
Finland					
France					Leader
Germany		Leader		Leader	Leader
Greece					
Hungary					
Ireland					
Italy					
Latvia					
Lithuania					
Luxembourg					
Malta					
Netherlands		Leader			
Poland					
Portugal					
Romania					
Slovakia					
Slovenia					
Spain					
Sweden		Leader			
UK					Leader

# CLASSIFICATION OF MEMBER STATES

## RELATIONS WITH THE UNITED STATES

	Developing a joint European approach to the use of drones (see component 30)	Joint defence projects within NATO or CSDP to limit the effects of budget cuts (see component 31)	Resisting US pressure and developing a joint European approach on the UN vote on Palestine (see component 35)	Countering the US offensive against EU regulation of aviation emissions (see component 38)
Austria		Slacker		
Belgium				
Bulgaria				
Cyprus				
Czech R.		Leader		
Denmark				
Estonia		Leader		
Finland				
France		Leader	Leader	Leader
Germany			Leader	Leader
Greece				
Hungary				
Ireland				
Italy				
Latvia		Slacker		
Lithuania		Slacker		
Luxembourg		Slacker		
Malta				
Netherlands		Leader		
Poland		Leader		
Portugal				
Romania				
Slovakia				
Slovenia				
Spain				Slacker
Sweden		Leader		
UK				

# CLASSIFICATION OF MEMBER STATES

## RELATIONS WITH WIDER EUROPE

	Encouraging Serbia to normalise relations with Kosovo (see component 41)	Pushing visa liberalisation for Turkey (see component 43)	Encouraging Turkey to adopt the European position towards the Syrian opposition (see component 46)	Putting pressure on Belarus for political liberalisation (see component 47)	Pushing visa liberalisation for Russia, Ukraine and Moldova (see component 50)
Austria	Leader				
Belgium					
Bulgaria					
Cyprus	Slacker	Slacker			
Czech R.					Leader
Denmark					
Estonia					Leader
Finland	Leader				
France		Slacker	Leader		
Germany	Leader			Leader	Slacker
Greece		Slacker			
Hungary					Leader
Ireland					
Italy					
Latvia				Slacker	Leader
Lithuania					Leader
Luxembourg					
Malta					
Netherlands					Slacker
Poland				Leader	Leader
Portugal					
Romania	Slacker				Leader
Slovakia					Leader
Slovenia				Slacker	
Spain	Slacker				
Sweden		Leader		Leader	
UK	Leader		Leader		

# CLASSIFICATION OF MEMBER STATES

## MIDDLE EAST AND NORTH AFRICA

	Improving financial support for MENA (see component 53)	Supporting security sector reform in MENA (see component 54)	Putting pressure on Algeria and Morocco for political reform (see component 58)	Supporting a common position on the labelling of products from illegal settlements (see component 62)	Increasing pressure on Iran through sanctions (see component 63)	Supporting political transition in Libya and Yemen (see components 57 and 64)
<b>Austria</b>						
<b>Belgium</b>				Slacker		
<b>Bulgaria</b>	Slacker					
<b>Cyprus</b>						
<b>Czech R.</b>				Slacker		
<b>Denmark</b>	Leader			Leader		Leader
<b>Estonia</b>						
<b>Finland</b>	Leader					
<b>France</b>	Leader				Leader	Leader
<b>Germany</b>	Leader				Leader	
<b>Greece</b>						
<b>Hungary</b>						
<b>Ireland</b>				Leader		
<b>Italy</b>	Leader					Leader
<b>Latvia</b>				Slacker		
<b>Lithuania</b>						
<b>Luxembourg</b>						
<b>Malta</b>						
<b>Netherlands</b>	Leader					
<b>Poland</b>	Leader					
<b>Portugal</b>	Slacker					
<b>Romania</b>						
<b>Slovakia</b>						
<b>Slovenia</b>						
<b>Spain</b>	Leader					
<b>Sweden</b>	Leader					
<b>UK</b>	Leader			Leader	Leader	Leader

# CLASSIFICATION OF MEMBER STATES

## MULTILATERAL ISSUES AND CRISIS MANAGEMENT

	Increasing development aid to reach agreed targets (see component 72)	Increasing humanitarian assistance, especially in the Sahel (see components 73 and 74)	Supporting an arms trade treaty at the UN (see component 67)	Contributing to CSDP missions (see components 74, 76, 77, and 78)	Facilitating the consolidation of European seats at the IMF (see component 65)	Contributing to the mission in Afghanistan (see component 79)
<b>Austria</b>	Slacker			Leader	Leader	
<b>Belgium</b>			Leader	Leader	Leader	
<b>Bulgaria</b>			Leader			Leader
<b>Cyprus</b>				Slacker		
<b>Czech R.</b>					Leader	
<b>Denmark</b>	Leader			Slacker		
<b>Estonia</b>				Leader	Slacker	Leader
<b>Finland</b>	Leader		Leader			
<b>France</b>		Leader	Leader	Leader		Slacker
<b>Germany</b>		Leader		Leader		
<b>Greece</b>	Slacker	Slacker		Slacker		
<b>Hungary</b>						Leader
<b>Ireland</b>		Leader	Leader	Leader		
<b>Italy</b>	Slacker			Leader		
<b>Latvia</b>						
<b>Lithuania</b>		Slacker		Slacker		
<b>Luxembourg</b>	Leader	Leader				
<b>Malta</b>	Slacker					
<b>Netherlands</b>	Leader	Leader			Leader	
<b>Poland</b>				Leader		
<b>Portugal</b>		Slacker		Slacker		
<b>Romania</b>	Slacker			Slacker		
<b>Slovakia</b>						
<b>Slovenia</b>		Slacker				
<b>Spain</b>	Slacker	Slacker		Leader	Slacker	
<b>Sweden</b>	Leader	Leader	Leader			Leader
<b>UK</b>	Leader	Leader	Leader			Leader

# Abbreviations

<b>ASEAN</b>	Association of Southeast Asian Nations
<b>AU</b>	African Union
<b>CFE</b>	Conventional Forces in Europe
<b>CSDP</b>	Common Security and Defence Policy
<b>DCFTA</b>	Deep and Comprehensive Free Trade Area
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>ECB</b>	European Central Bank
<b>ECOWAS</b>	Economic Community of West African States
<b>EEAS</b>	European External Action Service
<b>EIB</b>	European Investment Bank
<b>ENP</b>	European Neighbourhood Policy
<b>GCC</b>	Gulf Cooperation Council
<b>IAEA</b>	International Atomic Energy Agency
<b>ICC</b>	International Criminal Court
<b>ICJ</b>	International Court of Justice
<b>ICTY</b>	International Criminal Tribunal for the Former Yugoslavia
<b>IMF</b>	International Monetary Fund
<b>ISAF</b>	International Security Assistance Force
<b>OSCE</b>	Organization for Security and Co-operation in Europe
<b>PA</b>	Palestinian Authority
<b>UN</b>	United Nations
<b>UNGA</b>	United Nations General Assembly
<b>UNHRC</b>	United Nations Human Rights Council
<b>UNSC</b>	United Nations Security Council
<b>WTO</b>	World Trade Organization

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