

EUROPEAN FOREIGN POLICY SCORECARD 2010



**Justin Vaïsse and
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with Dimitar Bechev, François
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FOREIGN POLICY
SCORECARD
2010**

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EUROPEAN FOREIGN POLICY SCORECARD 2010

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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 raised its profile in these fields, signing strategic partnership agreements with several institutions such as the German Marshall Fund of the United States, the Istituto Affari Internazionali, the European Policy Centre, and Notre Europe. 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.

It is against this background, and as part of the Compagnia's commitment to support research on the European integration process, that we have started cooperation with the European Council on Foreign Relations on the European Foreign Policy Scorecard. We greatly appreciate this cooperation with ECFR and we sincerely hope that this project will intensify the dialogue among various European stakeholders – both institutional and from the 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

The European Foreign Policy Scorecard is an annual evaluation of Europe's performance in pursuing its interests and promoting its values in the world. At a time when new powers are emerging and the international system is undergoing profound changes, the scorecard is intended to raise awareness of the existence of a European foreign policy - even if it sometimes exists by default - and to encourage a debate about the best policies to be pursued in defence of our values and interests. Although it is the work of experts, it is intended to be accessible to any citizen who is interested in Europe's role in the world.

The scorecard considers "Europe" in the same way that great powers from Brazil to China do: with no distinction between EU institutions, including the ones which were created by the Lisbon Treaty and came into existence in 2010, and the 27 member states. The assessment is of the collective performance of all EU actors rather than the action of any particular institution or country – whether the High Representative, the European Council, the European Commission, a group of states like the EU3 (France, Germany and the UK), or an individual member state. Where one of those actors has played a particular role in a positive or negative sense, we attempt to highlight it. However, we do not advocate a single or centralised foreign policy but rather a common and at the very least a coordinated one.

In 2010, we have evaluated this collective performance on six major issues: relations with China, Russia, the United States and "Wider Europe" (i.e. the countries of the Eastern Partnership, Turkey and the Western Balkans); as well as European performance in crisis management and in multilateral institutions. While we consider these six issues to be particularly important for any assessment of European foreign policy, they are not meant to be exhaustive. Although limited resources forced us to restrict our assessment to these six issues in the first year of

the project, the scorecard has been designed so that it will be possible to add other issues in the future without compromising comparability with the 2010 findings. In particular, we hope to expand the scorecard to include the Middle East and the Southern neighbourhood - for which, given recent events, there will obviously be a particularly strong case in 2011.

We ask three straightforward questions for each aspect of European foreign policy: Were Europeans united? Did they try hard? Did they get what they wanted? These three questions translated into three criteria that we use to assess European performance: “unity”, “resources” and “outcome”. The first two (graded out of 5) evaluate the intrinsic qualities of European policies and the third (graded out of 10) evaluates whether these policies succeeded or failed. This means that the overall grade out of 20 reflects an equal balance of judgment between input and outcome.

However, although the scorecard is based on a rigorous and transparent methodology (see methodology section for a more detailed explanation), it is intended to be an exercise in political judgement rather than a quasi-scientific index. We have chosen the scorecard form precisely because everyone can relate to both the seriousness and the versatility of grading and report cards. In most school or university environments, grades are codified but nevertheless reflect the subjective assessment of the teacher doing the grading. This is also the case here: our methodology set explicit and precise parameters, but the research team made the ultimate decision on scores and grades. Because we may have missed some developments or have overlooked countervailing tendencies to the ones we described, we don't consider the scorecard to be a definitive judgment on European foreign policy for 2010.

Vaira Vike-Freiberga and Antonio Vitorino
March 2011

Introduction

European leaders were caught completely unaware by the unfolding of history in Tunisia, Egypt and Libya in 2011 because, for the past year, their focus has been elsewhere. These dramatic events – and Europe’s slow and halting response to them – illustrate once again the importance of the Lisbon Treaty, which for the first time created tools for the EU to develop a coherent, effective foreign policy. But in 2010 – and so far in 2011 – we have seen that the success of the Brussels institutions depends on the focused support and resources of national capitals to make a difference. When this is absent, Europe flounders.

2010 was supposed to be the year of European foreign policy, but it ended up being the year in which foreign policy was marginalised. A year that had started with the hope of a new beginning for the European Union on the world stage after the implementation of the Lisbon Treaty was soon dominated by the euro crisis, which became an existential crisis for the EU and left little room for foreign policy on the front pages of newspapers or in the inboxes of Europe’s leaders. In 2010, the efforts of European leaders were focused almost exclusively on the rescue of Greece and Ireland in order to save the euro and the EU itself. As a result, the bandwidth available to them for foreign policy immediately shrank.

It was not a great year for European foreign policy. However, the performance of member states, and EU institutions was not uniformly mediocre. Out of the 80 “components” of European foreign policy assessed in the scorecard, Europe got eight As, 29 Bs, 39 Cs and four Ds. Of the six “issues” examined in the scorecard, Europeans performed best on multilateral issues (where they scored an average of B+). They also performed reasonably well in crisis management (B-) and in relations with the United States (B-). But on relations with China, Russia and with the Wider Europe the EU’s performance was insufficient. The EU got a C+ for all three but got the lowest score for China.

There were, of course, even greater variations in performance on individual “components”, which ranged from A (e.g. component 37 – relations with the US on Iran and proliferation; component 43 – visa liberalisation with the Western Balkans) to D+ (e.g. component 6 – rule of law and human rights in China; component 46 – relations with Turkey on the Cyprus question). There were also more meaningful variations within “sub-issues” of each of these six large issues. For example, while in 2010 Europeans did poorly on the “Wider Europe” issue in general, there were strong contrasts among the three “sub-issues” that comprise it: performance was good on the Western Balkans (B), mediocre on the eastern neighbourhood countries (C+) and poor on Turkey (C-). Similarly, for relations with both Russia and China, the “Human Rights and Governance” “sub-issue” got very bad grades, which markedly lowered the average for these issues.

Most successful EU policies in 2010

| | Unity | Resources | Outcome | Total | Grade |
|--|-------|-----------|---------|-----------|-----------|
| 28 Relations with the US on terrorism, information sharing and data protection | 5 | 5 | 8 | 18 | A |
| 37 Relations with the US on Iran and proliferation | 5 | 5 | 8 | 18 | A |
| 43 Visa liberalisation with the Western Balkans | 4 | 5 | 9 | 18 | A |
| 80 European policy in the World Trade Organization | 5 | 4 | 8 | 17 | A- |
| 76 European policy on Iran and proliferation in the multilateral context | 5 | 5 | 7 | 17 | A- |
| 5 Agreement with China on standards and norms, consumer protection | 5 | 4 | 7 | 16 | A- |
| 23 Relations with Russia on Iran and proliferation | 4 | 4 | 8 | 16 | A- |
| 57 Response to the earthquake in Haiti | 4 | 4 | 8 | 16 | A- |

Least successful EU policies in 2010

| | | Unity | Resources | Outcome | Total | Grade |
|----|--|-------|-----------|---------|-------|-------|
| 6 | Rule of law and human rights in China | 2 | 2 | 1 | 5 | D+ |
| 7 | Relations with China and the Dalai Lama on Tibet | 2 | 1 | 2 | 5 | D+ |
| 44 | Bilateral relations with Turkey | 2 | 2 | 1 | 5 | D+ |
| 46 | Relations with Turkey on the Cyprus question | 3 | 1 | 1 | 5 | D+ |
| 17 | Media freedom in Russia | 3 | 2 | 1 | 6 | C- |
| 18 | Stability and human rights in the North Caucasus | 4 | 1 | 1 | 6 | C- |
| 26 | Relations with Russia at the G20 | 2 | 2 | 2 | 6 | C- |
| 61 | Crisis management in Kyrgyzstan | 4 | 1 | 1 | 6 | C- |

Most united EU responses in 2010

| | | Unity |
|----|---|-------|
| 64 | Stabilisation and state building in Iraq | 5 |
| 38 | Relations with the US on climate change | 5 |
| 49 | Relations with the Eastern Neighbourhood on trade and energy | 5 |
| 9 | Relations with China on Iran and proliferation | 5 |
| 60 | Stabilisation of the Georgian border | 5 |
| 5 | Agreement with China on standards and norms, consumer protection | 5 |
| 80 | European policy in the World Trade Organization | 5 |
| 76 | European policy on Iran and proliferation in the multilateral context | 5 |
| 28 | Relations with the US on terrorism, information sharing and data protection | 5 |
| 37 | Relations with the US on Iran and proliferation | 5 |

Most divisive issues in 2010

| | Unity |
|---|--------------|
| 7 Relations with China and the Dalai Lama on Tibet | 2 |
| 6 Rule of law and human rights in China | 2 |
| 44 Bilateral relations with Turkey | 2 |
| 26 Relations with Russia at the G20 | 2 |
| 12 Relations with China on currency exchange rates | 2 |
| 32 Relations with the US on NATO and NATO reform | 2 |
| 33 Relations with the US on arms control and Russia | 2 |
| 39 Relations with the US on global economic and financial reform | 2 |
| 1 Formats of the Europe–China dialogue | 2 |
| 8 General openness of China on civil society exchanges | 2 |
| 47 Relations with Turkey on regional issues | 2 |
| 68 European policy in the G20 and G8 | 2 |
| 79 European policy on the Millennium Development Goals | 2 |
| 54 Crisis management in the Former Yugoslav Republic of Macedonia | 2 |
| 63 Stabilisation and state building in Afghanistan | 2 |
| 22 Diversification of gas supply routes to Europe | 2 |
| 74 European policy in the international humanitarian system | 2 |

The birth of the crisis generation

Where previous cohorts of European leaders were defined by geopolitical events such as 1989, Kosovo, 9/11 or Iraq, the formative event for many of the leaders who were in power in Europe in 2010 was the Great Recession. They have been more focused on geo-economics and the global shift of economic power than geopolitics and the balance of military power. They are less wedded to traditional geopolitical alliances (for example, with the US) or enmities (for example, against Russia) than their predecessors. They have taken the world as it is rather than as they hoped it would be. They are willing to “reset” relations with authoritarian governments in countries such as China and Russia and are suspicious of humanitarian intervention and democracy promotion. They want to scale down their involvement in missions in far-off places such as Afghanistan and return the problem of order to local leaders. This shrinking ambition for foreign adventures was manifested in the declining budgets for aid and defence in Europe’s austerity-obsessed capitals.

The economic crisis has accelerated a triple transition that is changing the balance of power in the world, the European neighbourhood and finally the EU itself. In 2010, the EU started repositioning itself for this world by developing positive new approaches to the United States, and China and Russia. It also fought back on multilateral issues with a more muscular approach after the debacle of Copenhagen in 2009. However, because European leaders were preoccupied with local economic difficulties and focused on global challenges, they tended to neglect their own region: enlargement stagnated, bilateral relations with Turkey worsened and the EU struggled to find a response to authoritarian retrenchment in the eastern neighbourhood. Meanwhile, the EU launched no new crisis management missions and shifted its attention to geo-economic priorities such as piracy rather than humanitarian interventions. The findings of the European Foreign Policy Scorecard 2010 can best be understood in the context of the EU's responses to these three power shifts: Europe's response to the change in the global balance of power, its response to the changes in the regional balance of power and its response to the radical changes within the EU.

Europe as a global power

At a global level, European leaders finally woke up to the fact that they inhabit a “post-American world”. The relationship with the US is still the densest one that the EU enjoys, but it no longer has the powerful emotional significance it had over the last few decades. This “normalisation” reflects the fact that the US is no longer such an obvious provider of public goods to the EU in the security realm or the economic sphere: for example, whereas in the 1990s Europe needed American help to save the Balkans, much of Europe now blames the US for the financial crisis. As a result, Europeans have shown themselves more willing to stand up to the US on key issues and in some cases have been remarkably successful in getting US cooperation. In the past, the leaders of member states tended to co-ordinate policy with the US before they did so with each other and often acted in order to preserve their bilateral “special relationships” with the US rather than their own collective interests – for example, on Afghanistan.

In 2010, on the other hand, the EU had significant successes when it identified its common interests and pursued them with the US in a single-minded way. For example, the EU managed to get the US to commit to a multilateral route on Iran and to accept a renegotiated deal on the availability of SWIFT financial data that better preserves the rights and privacy of Europeans. In this new approach with the US, the surprise heroes were the European Parliament, which blocked the

SWIFT deal, and High Representative Catherine Ashton, who managed to use her burgeoning relationship with Secretary of State Hillary Clinton to steer the Iran process through the UN. The EU scored a B- for its performance in relations with the US. Worryingly, however, this new success in securing American cooperation had less impact on the wider world – for example, although the EU was successful in securing US cooperation, this was not yet enough to deter Iran from continuing to develop nuclear weapons.

The change in relations with China was more dramatic. For years, western powers had a “faith-based approach” to China: they believed that as China and other emerging economies became richer and more developed they would become “responsible stakeholders” that would play their part in maintaining the global multilateral system. However, this assumption was challenged by China’s willingness to free ride and by its increasingly assertive approach to international relations in the last few years. In 2010, European leaders seemed to face up to this new reality and reassessed its “strategic partnership” with China. High Representative Catherine Ashton organised the first debate among foreign ministers on the topic since 2005; European Council President Herman Van Rompuy convened a Council meeting on the same topic. Germany published a promising paper on EU policy towards China and, in December, the Council signed up to a strategy based on reciprocity, leverage and trade-offs. But although there has been a change in approach – particularly in trade policy – it risks being undermined by ongoing tendencies of member states, particularly ones that were vulnerable to Chinese “bond diplomacy” such as Spain, to pursue their own bilateral relationships with China that undermined the embryonic European coherence. As a result, despite its positive new approach, the EU scored only a C+ on China.

The EU also mounted an impressive fight-back in multilateral issues after a disastrous year in 2009, and performed remarkably well, scoring a B+ – its best grade in any of the six issues assessed in the scorecard. The Copenhagen summit on climate change in December 2009 was a major defeat for the EU and had left serious doubts about international efforts to address global warming – a key EU objective. The failure of the international community to stop Iran’s nuclear programme had also eroded faith in multilateral efforts to stop the spread of nuclear weapons. Emerging powers such as China and India also created increasing pressure to reform the governance structure of bodies such as the International Monetary Fund (IMF). Although the EU did not achieve its ultimate objectives on issues such as climate change and Iran, it did score some defensive successes in 2010 – for example, at the Cancún conference, which

restored confidence in UN-led negotiations on climate change. The UK, Germany and Denmark played important roles in these negotiations. By the end of the year, the outlook for the multilateral system – and for the EU’s role in it – had significantly improved. The danger for the EU is the increasing importance of the G20, in which the EU, for various reasons, performs badly: it scored an average of only C in the six components in the scorecard involving the G20. The most obvious villains were European finance ministers, who failed to cohere on IMF reform until the US forced them to do so.

However, as a result of the economic crisis and the focus on global challenges, there was little enthusiasm within the EU for crisis management. As a result, the EU got a B- in an area that was an EU priority in the past. Moreover, there were indications that this grade may drop in the future. Member states continued to be involved in a range of crisis management missions around the world under the auspices of the EU itself, NATO and other agencies such as the Organization for Security and Cooperation in Europe (OSCE). Successes included the monitoring mission in Georgia and the response to the earthquake in Haiti. But as they announced big defence cuts, cash-strapped European governments launched no new EU-flagged missions and are increasingly looking towards indirect engagement in future crises. Although some MEPs focused on “branding” rather than effectiveness, the EU deployed quickly in response to the earthquake in Haiti in January and made a major contribution to the UN operation. But the few other cases in which the EU expanded crisis management operations tended to be in geo-economic missions such as the naval patrols in the Indian Ocean to contain Somali pirates, rather than classic humanitarian ones.

Europe as a regional power

There was a big positive step in the EU’s role as a regional power: the European “reset” with Russia, which was made possible by a remarkable Polish-German rapprochement. The rapprochement illustrates the way that geopolitical enmities matter less for the crisis generation than they did for their predecessors. At the same time, the economic crisis – which affected Russia more than any other member of the G20 – means that Russia is seen as less of a threat than it used to be just a few years ago. In fact, some European leaders now fear a weak Russia as much as a strong Russia. In theory, this should make it easier to have a united policy on the east. However, because they were so preoccupied with economic difficulties and global challenges, European leaders were not yet able to build a confident new approach on this promising foundation and scored C+ on both

Russia and the Wider Europe. Unfortunately, this inward-looking focus also took place at a time when other powers – above all Turkey and Russia – were recalibrating their own policies to have more of an impact in the region. This meant that, as the environment in the region worsened in 2010, the EU was in general unable to respond and so lost influence.

However, although this was a year in which the EU in general lost ground in the Wider Europe, there were strong variations in the performance of the EU in the three constituent parts of the region, as mentioned above. On the Western Balkans, there has been good progress, including a big step forward on visa liberalisation and a modest step forward on Kosovo, although this was as much through inertia as through political leadership. But as public opinion on enlargement in many member states, including France and Germany, hardened, the accession process stagnated. In particular, accession negotiations with Turkey went nowhere. In fact, only one new chapter was opened (although Spain deserves some credit for opening it). The EU did particularly badly in bilateral relations with Turkey – which opposed new sanctions against Iran – and on relations with Turkey on the Cyprus question. Cyprus is the perpetual villain on Turkey: in 2010 it provided Turkish Prime Minister Recep Tayyip Erdoğan with a way to avoid implementing the 2004 Additional Protocol to the Ankara Agreement.

The EU also struggled to find a response to the authoritarian retrenchment in the eastern neighbourhood that culminated in the crackdown after the election in Belarus in December. However, Germany showed leadership by probing ways for the EU to get involved in protracted conflicts (and using the summits at Meseberg and Deauville to test out Russian willingness for a move). Perhaps even more disastrous than the EU's lack of interest in the eastern neighbourhood, however, was its complete neglect of the southern neighbourhood. Again, this was a symptom of a shift among European leaders from geopolitics to geo-economics. For example, the Union for the Mediterranean – the EU's main tool for engaging the southern neighbourhood as a whole – was launched with fanfare before the economic crisis began but has since stalled as a result of neglect by the EU and political differences between non-EU members. The revolutions in North Africa in 2011 – which left the EU scrambling to find an adequate response – illustrated the dangers of this approach.

The new EU

The expectation in many circles was that, with the implementation of the Lisbon Treaty, there would be a major shift of power from national capitals to Brussels. What made the creation of the new post of high representative – in effect, a European foreign minister – exciting was that its occupant would have both the political legitimacy of the member states and the financial resources of the European Commission. Equally importantly, the high representative would be supported by the European External Action Service (EEAS) – an 8,000-strong diplomatic service that could help the EU to turn its resources into leverage in places such as Cairo and Kyiv. However, perhaps inevitably in retrospect, 2010 was a year of transition in which the big task was the creation of an operational diplomatic service from nothing. Much of the year was taken up with inter-institutional battles as elements within the European Commission and some member states tried to renegotiate the terms of Lisbon – and exclude elements of the European Commission from the EEAS. Catherine Ashton deserves a lot of credit for setting up the service during 2010, but inevitably her focus was on the challenge of institution-building rather than policy development.

Instead of the expected shift of power from member states to Brussels, the euro crisis led to a different power shift among member states themselves in 2010. The creation of the euro was meant to bind Germany more tightly to Europe. However, as Germany has emerged as a superpower within the EU, it has disrupted many of the traditional structures that underpinned European integration, such as the community method and the role of the European Commission, and has prompted Europe's other players to develop strategies for taming and channeling German power. In 2010, Germany emerged as a hegemon – but one that was in denial about its power. While Germany gradually moved towards showing leadership in the economic realm during 2010, it was more reluctant to take the lead on foreign policy. It has launched a few important foreign-policy initiatives – for example, at the Meseberg and Deauville summits – but its voice in foreign policy still does not reflect its economic weight.

Over the last few years, as the EU has become bigger, with a more diverse range of competing interests, progress in foreign policy has often been made by “minilateral” coalitions – small groups of member states cooperating to develop new initiatives. Examples include the way that the EU3 led on sanctions against Iran, cooperation between Poland and Lithuania at the time of the Orange Revolution, and the Polish and Swedish initiative to create the Eastern Partnership (EaP). In 2010, as Germany increasingly emerged as the dominant power within the

EU, “minilateral” coalitions tended to form around it. For example, Germany and France cooperated on various issues including the “competitiveness pact” at the Deauville summit, German Chancellor Angela Merkel and British Prime Minister David Cameron cooperated on the EU budget, and the German and Polish foreign ministers intervened in Belarus before the election in December. At the same time, however, other coalitions were formed that could become ways of balancing German power. For example, France and the UK cooperated to save money on defence at a time of austerity, and the Nordic and Baltic countries cooperated to exchange advice about competitiveness.

Europe’s hidden power: the *acquis diplomatique*

Since the onset of the Great Recession, politics has followed economics and foreign policymakers have tended to look not at the traditional stocks of geopolitical power – the size of GDPs, military spending, technology, or human capital – but rather at Wall Street-style metrics such as flows, especially growth rates. In their tendency to be captivated by states with high growth rates, policymakers outside Europe – and too often in Europe – tend to underestimate the clout of established powers such as the EU. In terms of the classical indicators of power, the EU is still a force to be reckoned with. Europe has a market larger than America’s or China’s. It represents 17 percent of world trade, compared to 12 percent for the US. It has an extensive global network of development agencies that dispense half of the world’s foreign assistance, compared to 20 percent for the US. Europe also has considerable military assets – its 27 member states account for 20 percent of the world’s military spending, compared to 43 percent for the US, 7 percent for China, 4 percent for Russia, 2 percent for India, and 2 percent for Brazil. Yet despite these assets, the EU continues to punch below its weight on the global stage because its power is fragmented.

The EU’s ongoing failure to translate its resources into actual power leads to pessimism. However, as the findings of the European Foreign Policy Scorecard 2010 show, there are also reasons why EU leaders could be more optimistic about the future. Although 2010 was in a sense “year zero” in institutional terms, the EU is not starting from zero. Rather, there is already a substantial *acquis diplomatique* – in other words, a collection of areas where Europeans foreign-policy interests are collectively and successfully defended by Europeans.

European performance on issues and cross-cutting themes in 2010

| ISSUE | Score out of 20 | Grade |
|----------------------------------|------------------------|--------------|
| Multilateral issues | 14 | B+ |
| Crisis management | 11 | B- |
| Relations with the United States | 11 | B- |
| Relations with Russia | 10 | C+ |
| Relations with Wider Europe | 9 | C+ |
| Relations with China | 9 | C+ |

The following table illustrates cross-cutting themes (in other words themes that are dealt with in various different “components” within different “issues”) on which the EU did well and badly in 2010. An explanation of each theme is given below.

| CROSS-CUTTING THEME | Score out of 20 | Grade |
|--|------------------------|--------------|
| Iran and non-proliferation | 16 | A- |
| Trade liberalisation, standards and norms – “low politics” | 13 | B |
| Balkans | 12 | B- |
| Climate change | 12 | B- |
| Visa policy | 12 | B- |
| Issues of war and peace – “high politics” | 11 | B- |
| Energy policy | 10 | C+ |
| Afghanistan | 10 | C+ |
| Protracted conflicts | 10 | C+ |
| Israel-Palestine | 9 | C+ |
| G20 | 8 | C |
| Human rights | 8 | C |

The cross-cutting themes are the following:

“Iran and non-proliferation” amalgamates components 9, 23, 37, 76, 77.

“Trade liberalisation, standards and norms policy” amalgamates components 2, 3, 4, 5, 14, 29, 30, 49, 80.

“Balkans” amalgamates components 34, 40, 41, 42, 43, 47, 54, 65, 66.

“Climate change” amalgamates 13, 25, 38, 75.

“Issues of war and peace” amalgamates components 9, 20, 23, 24, 32, 33, 35, 36, 37, 51, 52, 53, 54, 55, 56, 59, 60, 61, 62, 63, 64, 65, 66, 67, 76, 77.

“Visa policy” amalgamates components 15, 27, 43, 50.

“Energy policy” amalgamates components 21, 22, 47, 49.

“Afghanistan” amalgamates components 24, 36, 63.

“Protracted conflicts” amalgamates components 20, 51, 52, 53, 60.

“Israel-Palestine” amalgamates components 35, 59.

“G20” amalgamates components 11, 12, 26, 39, 68, 69.

“Human rights” amalgamates components 6, 7, 8, 16, 17, 18, 31, 40, 45, 48, 72.

The profile of European foreign policy which appears in the scorecard is sometimes surprising. For example, the EU is not just a “herbivorous” power, as is sometimes assumed. The scorecard confirms the assumption that the EU is particularly active and competent in “low politics” (i.e. trade liberalisation, standards and norms, where it gets an average grade of B, as well as on climate change in general (B-), and that it is not a great power in the mould of the US or Russia. But it also suggests that the EU is not absent from “high politics” (i.e. issues of war and peace), as is sometimes assumed, and that it is actually sometimes good at it, such as on Iran. Its average score on these “hard power” issues, from Somalia to Afghanistan and non-proliferation, is B-, largely above the average grade, even though issues related to protracted conflicts and European security where the EU is still divided tend to drag that grade down, as exemplified by the score on relations with the US or Russia on European security issues. For the same reason, performance on energy policy is disappointing (C+).

While the best performances of Europeans are to be found in non-proliferation, multilateral issues and other areas of strength such as the Western Balkans or humanitarian action, the worst-performing sub-issues are human rights with Russia, China and Turkey (all C-). Moreover, while Europeans did well on multilateral issues in general, they performed poorly in the G20 (including relations with the main partners on G20 issues), with an average grade of only C.

The scorecard also offers some suggestions about when and how the EU performs well and when it performs badly. While successes are always due to a variety of factors interacting in a virtuous circle, three reasons stood out. In 2010, the EU tended to perform well when:

- it was united (for example, on agreement with China on standards and norms (component 5), European policy on the International Criminal Court and ad hoc tribunals (component 73), and climate change). In general, Europeans tend to be united on issues of trade and development, climate change, and war and peace – from Iran to peacekeeping operations.
- it faced a crisis in the past, was humiliated, and reacted (for example, the Balkans, Iran after Iraq, Cancún after Copenhagen).
- it had a forceful leader – either a member state or group of member states or an EU institution – who is able to bring the rest of the EU with it (for example, the EU3 on Iran, the European Parliament on SWIFT, France on Somalia).

Conversely, the EU tended to perform badly when:

- it was divided – the scorecard shows that policies with a low grade on unity like 2/5 or 3/5 get an average outcome lower than 4/10, whereas policies with the highest grade in unity (5/5), get an average outcome of 7.3/10. In other words, when Europeans fail to stick together, they are certain that their preferences will not prevail. Unsurprisingly, in 2010, Europeans were divided on human rights, Turkey, European security issues and the G20.
- it was united but did not devote sufficient resources – for example, in the crisis in Kyrgyzstan, where Europeans decided to simply support a very small and ineffective OSCE police mission.
- the environment became less favourable than when policies were devised. In some instances, Europeans had substantial policies in place, but had very little impact because their leverage shrank due to events beyond their control. For example, with President Barack Obama’s political difficulties, it is very hard to influence the US Congress on an issue such as climate change. In a number of components, there also seems to be a vicious circle taking hold between a non-permissive environment and the lack of resources. This is typically the case on human rights issues, where Europeans know their leverage is limited and therefore do not commit significant resources.

2011: Europe’s second chance

Looking forward to 2011 in the context laid out in the beginning of the introduction, Europe has a unique opportunity to develop the *acquis diplomatique* – but it also faces a real danger of losing it. The success of EU foreign policy in 2011 will depend on how it responds to three big crises – one internal, one regional and one global – that it must turn into opportunities.

The fundamental challenge is the crisis of the eurozone, which has subsided but not yet ended. The EU’s member states – led by Germany – have surprised sceptics by showing in 2010 that they will do whatever it takes to save the euro. However, there are two major challenges associated with their response. On the one hand, there is the danger that by taking the wrong decisions to save the euro they could end up fracturing the EU. In particular, if they are not careful, they could create one of two structural divisions within Europe: either a two-speed Europe divided between eurozone members and the rest of the EU; or a

eurozone that is itself divided between creditor countries and debtor countries. On the other hand, the economic crisis has led to defence budget cuts that could either strengthen or weaken the EU's crisis management capability. If all goes well, the need to save money could lead to greater pooling and sharing of EU resources and the translation of the EU's impressive military spending into real capabilities – as France and the UK hoped when they signed a defence pact last year. However, the impulse for Europeans collectively to contribute more actively to global security seems to be evaporating and European appetites for liberal interventionism have been blunted by the experiences of Iraq and Afghanistan, as the slowness of member states to intervene in Libya illustrates. In 2011, the EU may struggle to maintain the appearance of a credible security actor at all.

Second, the dramatic events in North Africa and the Middle East in 2011 have created a historic opportunity for the EU to develop a values-based foreign policy in its neighbourhood (as well as resetting dysfunctional relationships with Turkey and Israel). In many ways, this is a crisis made for the EEAS and High Representative Catherine Ashton, as it is in a part of the world where the EU has real interests and influence, and where diplomacy, trade, development spending and crisis management could be brought together to make a real difference. In the past, European foreign policy in North Africa and the Middle East was paralysed by an apparently straightforward choice between dictators and Islamists. In Egypt, for example, it seemed to be a choice between former president Hosni Mubarak and the Muslim Brotherhood. The revolutions of 2011 have demonstrated that this apparent choice was a false one. We are now witnessing the rebirth of politics in the Arab world, which, though it will not necessarily produce anti-western governments, will make the pursuit of western interests more complicated. The EU will need to develop new tools: it cannot rely on the promise of enlargement to the countries of North Africa.

There is, however, a real danger that, as Europe struggles to deal with the euro crisis, it will miss a historic opportunity to support the transformation of the Middle East and North Africa. Although they support democracy, member states still have important interests in North Africa: they rely on North African states for energy and they worry about immigration. An introspective Europe would also have a negative impact on the eastern neighbourhood, parts of which are in danger of slipping into a state of peaceful disorder. Although Turkey will continue to depend on Europe (for example, for foreign investment), it is becoming increasingly relaxed about the stalling of accession talks as it develops its own neighbourhood policy. As European leverage decreases and

Turkish self-confidence increases, the EU will increasingly need to engage Turkey in a strategic dialogue on foreign policy alongside accession talks.

Third, Europe faces dangers – but also has an opportunity – at a global level. On the one hand, the economic crisis has made it clearer than ever that the world needs to re-invigorate the institutions of global governance to deal with problems that cut across borders. On the other hand – as the scorecard shows – the EU has developed a more muscular approach to the great powers, “normalising” relations with the US and narrowing the differences between member states on China and Russia. However, there is a danger that the EU could find itself lost in a G-world: The G20 had a brilliant start in response to the economic crisis, but it is fast becoming a big problem for the EU. The G20 has a structural majority of states that are opposed to interference in states’ internal affairs, behind which China is able to hide, and embodies an informal world of cooperation and balance-of-power politics rather than the rule of law and institutionalised responses. In 2010, G20 discussions were material in reducing Europe’s weight in the IMF. In 2011, as the G20 further displaces other multilateral institutions such as the UN, it may become a mechanism for marginalising the EU.

In short, Europe now has a second chance. 2010 – the first year after Lisbon – was meant to be the year that European foreign policy emerged, but instead the euro crisis meant it was marginalised. However, just as 1989 forced the EU to enlarge, so 2011 could force the EU to develop a coherent and effective foreign policy.

China

Overall grade

C+



| | |
|--|-----------|
| TRADE LIBERALISATION AND OVERALL RELATIONSHIP | B- |
| 1 Formats of the Europe–China dialogue | C+ |
| 2 Protection of European IPR in China | B- |
| 3 Reciprocity in access to public procurement in Europe and China | C+ |
| 4 Trade and investment disputes with China | B- |
| 5 Agreement with China on standards and norms, consumer protection | A- |
| HUMAN RIGHTS AND GOVERNANCE | C- |
| 6 Rule of law and human rights in China | D+ |
| 7 Relations with China on the Dalai Lama and Tibet | D+ |
| 8 General openness of China on civil society exchanges | C- |
| COOPERATION ON REGIONAL AND GLOBAL ISSUES | C+ |
| 9 Relations with China on Iran and proliferation | B+ |
| 10 Relations with China on Africa | C+ |
| 11 Relations with China on reforming global governance | C- |
| 12 Relations with China on currency exchange rates | C- |
| 13 Relations with China on climate change | B |

The relationship between the EU and China is in flux as the balance of power between them shifts. Within a remarkably short space of time, China has gone from being a distant, developing country to a global power that plays an important role in all aspects of European policymaking. In particular, the EU has struggled to adjust to China’s greater assertiveness across a range of foreign-policy issues since the economic crisis began in 2008. The EU wants China to liberalise its economy, improve the human rights of its citizens and take a greater stake in global governance. But while China is much more capable of negotiating its economic and political interests cohesively, EU member states and institutions face a structural difficulty in coordinating their approach to China that other powers such as the United States do not. In some ways, the Lisbon Treaty has made this structural asymmetry worse: China can now exploit differences between two presidents and one high representative, not to mention the European Parliament, which now also plays a role in foreign policy.

2010 was a sobering year for the EU as the reality of a new, more assertive China – and the EU’s limited leverage over it – set in. After a wake-up call at the Copenhagen climate change summit at the end of 2009, Europeans this year began to try to find new ways to deal with the Chinese. The EU took some

important steps in the right direction. It reassessed its “strategic partnership” with China and foreign ministers even had a debate on China for the first time since 2005, when they discussed the arms embargo. High Representative Catherine Ashton also had her first strategic dialogue with Dai Bingguo, the Chinese state councillor for foreign policy. The December Council meeting adopted a new approach based on reciprocity, leverage and trade-offs. The aim was to define Europe’s principal interests and negotiate these with China – an approach that followed the recommendations that ECFR made in its Power Audit of EU-China Relations, which was published in April 2009.

This new approach was most evident in trade policy. EU Trade Commissioner Karel De Gucht and Industry Commissioner Antonio Tajani demanded a level playing field on investment, intellectual property rights (IPR) and public procurement, and argued against indigenous technology schemes and economic nationalism, and for more policy instruments on the European side. The proposal for a reciprocal instrument to give access to public procurement in China is the fruit of this. The EU also pushed back on China’s desire to make its coming innovation policy purely homegrown and China softened its stance on this at the high-level economic dialogue in December. However, this positive approach was sometimes undermined by differences among member states on what exactly the EU should trade with China for market economy status (MES) (see component 4). The results of this disunity on the European side became apparent at the EU-China summit in October. At the summit, China demanded MES – and an irate Premier Wen Jiabao lashed out at Europe afterwards about currency revaluation, even though Europe had soft-pedalled on the issue.

The difficulty of making the EU’s new strategy work was demonstrated by the fact that even the anodyne language on the arms embargo as an “impediment” to relations sparked media reaction in member states that forced Ashton to foreclose any further discussion. She also reacted publicly to human rights abuses in China, while member states were quiet, if not silent, on issues on which they had previously spoken out more loudly. While President Barack Obama finally met with the Dalai Lama, China confirmed its upper hand with Europe on this issue: the EU maintained a near-complete silence on human rights and governance issues until China’s heavy-handed approach towards the award of the Nobel Peace Prize prompted a sudden show of European unity at the end of the year.

The EU’s new strategy was also undermined by some member states’ urgent need for debt refinancing. With the onset of the euro crisis, China pledged to come to the rescue of several debt-ridden countries such as Spain, Greece and Portugal

by purchasing government bonds. Given the extent of the European economic crisis and China's record current-account surplus, such purchases were inevitable. But the effectiveness, from China's point of view, of this astute "bond diplomacy" was enhanced by opacity on both sides, which made it difficult to ascertain the real extent of Chinese bond purchases and thus gave China an advantage. In this respect, China has a stronger hand with the EU than with the US, since its debt purchases reinforce bilateral weakness and division, which translates into a lack of collective European leverage.

The EU does have some assets in its relationship with China. For example, China wants continued access to the European market – the world's largest – and, increasingly, the possibility of diversifying its investments in a geopolitically stable area. Europe is also attractive as a partner for crucial technologies that China seeks to acquire. However, turning these assets into leverage requires the sort of European coordination that has existed in trade policies but not for direct investment, financial markets, public procurement or technology transfer. In particular, as China gets more proficient in a worldwide game of public diplomacy, Europe needs to reach out to developing and emerging economies.

As well as better coordinating its approach to China, Europe must be more effective in global institutions, in which China now has considerable veto power even if it is not yet able to set the agenda. In 2010 the EU had mixed results. Both the EU and China came to Cancún with lower expectations and better PR techniques than in Copenhagen the year before, and although the EU kept China engaged – an achievement in itself after the "disaster" of Copenhagen – it is no closer to realising its ultimate objective of a legally-binding global deal on climate change than it was at the end of 2009. Europe also gave away seats at the International Monetary Fund (IMF) without securing a broader reform. On the other hand, together with the US, the EU3 and Ashton were able to obtain China's approval for sanctions against Iran in June – a major achievement on an issue of great importance to Europe.

01 FORMATS OF THE EUROPE-CHINA DIALOGUE

The EU adopted a positive new strategic approach based on reciprocity, but it has to overcome some member states' bilateral tendencies, which were reinforced by China's "bond diplomacy".

| | |
|--------------|-------------|
| Unity | 2/5 |
| Resources | 2/5 |
| Outcome | 5/10 |
| Total | 9/20 |

C+

The EU wants to engage with China at the highest level and as equal partners. Currently there is an annual EU-China Summit, a strategic dialogue between High Representative Catherine Ashton and State Councillor Dai Bingguo, a high-level economic dialogue at European Commissioner and Chinese vice-premier level, and beneath that many sectoral dialogues. However, despite these contacts, it is unclear whether the EU has access to the real centres of power in China.

In December, the European Council adopted a new approach to China as a "strategic partner" based on reciprocity – which, European Council President Herman Van Rompuy said, is "not a bad word". But this positive new approach was hampered by the ongoing bilateral reflexes of member states. For example, Bulgaria, Cyprus, Malta and Romania often cater to Beijing instead of sending joint European messages on issues such as human rights. Meanwhile, larger countries such as France, the UK and, to some extent, Germany think that because of their size they can also gain more from bilateral dialogues with China

than from common European approaches. The divisions defined in ECFR's Power Audit of EU-China Relations, published in 2009, are now further reinforced by Chinese "bond diplomacy" towards countries such as Spain, Portugal and Greece.

In addition to this lack of unity, Europe also struggled to define priorities to match the Chinese "core interests". As a result, it did not make consistent counter-demands, for example on the arms embargo, market economy status or the One China policy. Poor execution presented a further difficulty: one analysis of the failure of the EU-China summit in 2010 was that reciprocity was applied too bluntly and without the necessary preparation that negotiations with China require. There was also still confusion and a lack of coordination at a bureaucratic level between a new EU foreign minister and two presidents. In short, the EU went in the right direction – but slowly.

02 PROTECTION OF EUROPEAN INTELLECTUAL PROPERTY RIGHTS IN CHINA

Europeans were united on IPR but less so on technology transfer and patents. Chinese concessions on indigenous innovation were a success story for the EU.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 3/5 |
| Outcome | 5/10 |
| Total | 12/20 |

B-

China is currently the largest source (around 60 percent) of counterfeit and pirated products seized at EU borders. The EU is united on seeking better protection of intellectual property rights (IPR) by China, a foundation for better market access for European companies. The EU has networked with China on IPR through a task force, a working group, a joint action plan, as well as customs cooperation. There were sessions of these groups in 2010 and the threads were pulled together at the high-level economic dialogue in December.

Consistent input from the EU has helped improve China's rules and laws on IPR protection, but local implementation lags behind. Yet since China wants to become a more knowledge- and innovation-driven economy, it would seem that it is in its own interests to protect IPR as part of its internal reform. In 2010, China conducted an enforcement campaign on IPR, which the EU acknowledged. However, this economic shift in China leads to new challenges for Europe, as China's focus on indigenous innovation and systematic

patent applications have become a larger concern for EU also through 2010.

As a result of combined EU and US criticism, including from businesses, China is gradually softening its insistence on indigenous innovation. For example, at the high-level economic dialogue in December, it dropped a requirement for local origin of innovation towards eligibility for government procurement preferences. EU Industry Commissioner Antonio Tajani also called for a complete reform of Europe's technology transfer process, with oversight similar to the US process, and has denounced the risk of technology leaks. But the EU has not developed a coherent and united response to these new challenges, with free-traders such as the UK opposing restrictions on investments. The EU still has some way to go in convincing China that it should make a clean break with its copycat mode of economic development.

03 RECIPROCITY IN ACCESS TO PUBLIC PROCUREMENT IN EUROPE AND CHINA

The EU shifted gears on reciprocal access and adopted a new approach in 2010. But this could still be undermined and has yet to have an impact.

| | |
|--------------|-------------|
| Unity | 4/5 |
| Resources | 2/5 |
| Outcome | 3/10 |
| Total | 9/20 |

C+

Whereas internal market requirements mean that European public procurement is liberal and open, China has not signed up to the Government Procurement Agreement (GPA) in the WTO. Therefore, while China can successfully bid to build a major Polish highway, its own infrastructure and construction industries are mostly closed. European firms also risk a further disadvantage because of the easy terms of China's soft loans. The EU seeks reciprocity in the terms of public procurement at a time when China's huge programme of domestic public infrastructures, especially with the 2009 stimulus spending package, combined with the go-global strategy of its big state firms, has created worldwide competition on public projects.

The EU shifted gears on the issue in 2010. Chancellor Angela Merkel and EU Trade Commissioner Karel De Gucht have been particularly outspoken on this. In the new draft trade policy, De Gucht proposed a new instrument – which seems likely to be enacted in 2011 – that could close Europe's public-procurement market if there is no reciprocity, as is the case with China.

There is relative unity in the EU on the need for genuine mutual opening-up of the Chinese market on public procurement, although the free-trade group in the EU, spearheaded by the UK, is less likely to accept negative policies that would close off some European public markets, especially at a time of austerity.

Public procurement is a test case of the EU's more hard-nosed negotiation approach. It could still be undermined by internal division, by the short-term need for China's purchase of public debt, and quite simply by the attractiveness of Chinese bids for the European taxpayer.

04 TRADE AND INVESTMENT DISPUTES WITH CHINA

The EU had a better approach to trade-offs and reciprocity but lacked unity on what to trade with China for market economy status.

| | |
|--------------|--------------|
| Unity | 3/5 |
| Resources | 3/5 |
| Outcome | 6/10 |
| Total | 12/20 |

B-

China and Europe have the world's second-largest trading relationship, with a large trade surplus on China's side. The EU has an interest in securing better market access, protection against "involuntary" technology transfer from European companies and patent rights, improved conditions for investments, and reciprocity in public procurement (see also component 3).

In 2010, the European Chamber of Commerce took a strong stance on these issues for the second straight year and published a critical report on the business climate for European firms in China. The directorate-general for trade prominently advertised requests for reciprocity from China on trade issues. Anti-dumping cases have been stepped up and now involve some advanced technology such as scanners and photocopiers. Another big issue in 2010 was access to Chinese raw materials, particularly rare earth minerals. Led by Germany, whose manufacturing industry depends on rare earths, the EU took the issue to the WTO and had a first positive ruling in May.

However, there was no unity on what exactly the EU should trade with China for market economy status (MES), which is demanded by China and would make anti-dumping cases more difficult. Some member states such as the UK want to get something in return from China, while others such as Italy would like to use the lack of technical progress as cover in order to keep stricter anti-dumping laws in place. As a result, the EU got few results. Premier Wen Jiabao snubbed European Council President Herman Van Rompuy and European Commission President José Manuel Barroso at the EU-China summit – either a tactical move for raising the stakes or a genuine Chinese lack of interest since it will automatically acquire MES in 2016. On investments, the Lisbon Treaty grants authority to the EU, which is now seeking to start negotiations. Yet the EU had no unified response to the increase in Chinese "bond diplomacy" or investments in Europe.

05 AGREEMENT WITH CHINA ON STANDARDS AND NORMS, CONSUMER PROTECTION

Long-term engagement with China is gradually leading to results on standards that matter to business and consumers. In 2010, the EU scored a success on standards for energy efficiency.

| | |
|--------------|--------------|
| Unity | 5/5 |
| Resources | 4/5 |
| Outcome | 7/10 |
| Total | 16/20 |

A-

The EU has an interest in setting joint standards for toys, cars and mobile phones in order to facilitate trade. The EU has had some successes in the past, for example introducing the GSM standard for mobile phones and European standards for car exhausts. In fact, the EU has been more successful with China in this respect than with other Asian countries such as Japan and South Korea that have developed their own indigenous standards. On consumer safety, it aims to make sure that only safe food products enter the EU.

The EU has a plethora of working-level dialogues with China in these domains on which there has been ongoing cooperation in 2010. Europeans are unusually united on this issue and experts see the EU's success rate as higher than that of the US, which has had more big scandals with Chinese food products. Still, approximately 60 percent of all goods withdrawn from the EU market on security concerns are of Chinese origin (although the EU imports large quantities of goods from China).

On food safety, cooperation has now expanded into a trilateral dialogue with the US, and the latest meeting was held during the Shanghai Expo in August. One idea being discussed is a "seamless surveillance approach" linking export controls more closely with customs and shipping procedures and then with import checks at point of entry. There have also been some European concerns over import restrictions by the Chinese authorities of various food products such as meat, based on dubious claims and linked with references to Chinese standards that are not fully aligned with international Sanitary and Phytosanitary Measures (SPS) standards.

The EU scored a real success at the high-level economic dialogue in December when China acknowledged that following international and compatible standards for energy-efficient technologies was an important area of economic cooperation.

06 RULE OF LAW AND HUMAN RIGHTS IN CHINA

The EU's human rights policy is largely declaratory. The presence of member states at the Nobel Prize ceremony was a rare example of consensus.

| | |
|--------------|-------------|
| Unity | 2/5 |
| Resources | 2/5 |
| Outcome | 1/10 |
| Total | 5/20 |

D+

The EU wants to see China implement human rights and the rule of law. The EU's stated objectives include the ratification of the International Covenant on Civil and Political Rights (ICCPR), the abolition of administrative detention and the death penalty, and the release of individual human rights defenders in China.

In 2010, the EU proved it can stand together – but only when it is pushed together, as it was when China responded in a heavy-handed way to the award of the Nobel Peace Prize to Liu Xiaobo. Not only all member states but also Serbia – a country with EU ambitions – showed up at the ceremony in Oslo. In most other cases, however, there were divisions. For example, some member states such as Cyprus, Malta, Romania and Bulgaria undermined EU messages by accepting China's argument that human rights included economic development. Others such as the UK, Denmark, Sweden and the Netherlands were vocal about human rights in their bilateral dialogues with China, and continued to implement human rights projects inside China. Most member states outsource individual cases

to the EU human rights dialogue, but even this dialogue was cancelled by China in the second half of 2010 – without any coordinated European response.

There was little progress on the ground in China. In fact, there was increased repression of human rights activists after the Nobel Peace Prize nomination and control of the internet is also intensifying. There were some signals of a reduction in the scope of the death penalty, but final approval is still pending. In any case, Europe seems to have little desire and few ideas on how to influence China. The EU has only a minor impact through small projects on issues such as judicial reform, village elections and the development of investigative journalism. On human rights issues, Europe's policy is largely declaratory.

07 RELATIONS WITH CHINA ON THE DALAI LAMA AND TIBET

There is a soft consensus within the EU on the human rights situation in Tibet but member states took little action and had no impact..

| | |
|--------------|-------------|
| Unity | 2/5 |
| Resources | 1/5 |
| Outcome | 2/10 |
| Total | 5/20 |

D+

In the past, visits by the Dalai Lama and the human rights situation in Tibet have been a source of genuine tension between China and EU member states. But 2010 has been a quiet year on these issues. There is a soft consensus within the EU about the human rights situation in Tibet, but few member states follow up on this policy bilaterally and instead relegate it to the EU human rights dialogue. Member states' main ambition is to see the EU speak out to satisfy internal lobbies in parliament and among NGOs. The human rights situation in Tibet did not improve in 2010 and the dialogue between Tibetan exiles and the Chinese government is at a standstill.

On the other hand, there is not even a soft consensus on how to react to visits to Europe by the Dalai Lama and, in particular, whether official governmental meetings should take place. China responds aggressively to such meetings – for example, the EU-China Summit in 2008 was cancelled after President Sarkozy met with the Dalai Lama. A recent study also demonstrates negative repercussions on the exports to China following a high-

level meeting. The EU has been unable to resist or mitigate these soft sanctions on individual member states. The visit of the Dalai Lama to Hungary and Slovenia in 2010 illustrated the European retreat. During his last visit to Hungary, in 2000, he had met with Prime Minister Viktor Orbán; but this year there were no meetings with Orbán, who is again in power. In Slovenia, which was vocal on Tibet during its EU Presidency in 2008, the Dalai Lama ended up meeting the Slovenian Minister for Slovenians Abroad. In fact, the UK is probably the only member state left whose head of government is willing to meet the Dalai Lama.

08 GENERAL OPENNESS OF CHINA ON CIVIL SOCIETY EXCHANGES

The EU spends money on civil society exchanges yet has no guiding principles and no coordination – and therefore a higher score for resources than unity. Outcome is hard to assess.

| | |
|--------------|-------------|
| Unity | 2/5 |
| Resources | 3/5 |
| Outcome | 2/10 |
| Total | 7/20 |

C-

Europeans would like to enhance informal and free exchange with civil society in China: the reality is often stage-managed events and handpicked Chinese participants. The EU devotes considerable resources to such exchanges, but most of this comes from public funding – with some exceptions, European foundations and NGOs are much weaker than their American counterparts. However, the unity of Europeans is difficult to assess on this topic because of the varied engagement between state and civil society.

Examples of civil society exchanges in 2010 include an EU-China Civil Society Forum and the High-Level Cultural Forum with Chinese philosophers and European counterparts. In 2010, work also began to prepare the EU-China Year of Youth that starts in 2011. However, the official nature of such EU programmes increases the likelihood that they are also managed or controlled on the Chinese side by official counterparts. German foundations stand out for their presence in China.

On university education, there is more openness, and Europe's combined level of

attraction is high for Chinese students. But although the informal academic exchange route has created a large contingent of Chinese students in Europe, the EU has absolutely no guiding principles on this. Ideally, the EU and European NGOs or universities would move to a situation where they have more freedom of choice and genuine engagement with larger sectors of the Chinese civil society instead of semi-official NGOs in China.

09 RELATIONS WITH CHINA ON IRAN AND PROLIFERATION

Europe is united on proliferation. It had a major success with China's approval of new UN sanctions against Iran in June. It has less leverage over and therefore less impact on North Korea.

| | |
|--------------|--------------|
| Unity | 5/5 |
| Resources | 4/5 |
| Outcome | 6/10 |
| Total | 15/20 |

B+

The two major cases of proliferation are Iran and North Korea. In both cases, the EU seeks stronger Chinese cooperation both on dialogue with the two regimes and on sanctions, in particular at the UN.

On Iran, the EU and, in particular, the EU3 (France, Germany and the UK) has had a dual strategy of talking with Tehran and applying pressure by way of sanctions. The EU has repeatedly sought to persuade China to participate in these sanctions. In June, China voted in favour of a new round of (albeit watered down) sanctions at the UN – a major success for the EU and the US (see also components 23, 37 and 76). Although China remains Iran's top trading partner and investor, it seemed this year to stop stepping in to pick up on investments after European companies have left. High Representative Catherine Ashton's smooth cooperation with the EU3 on Iran suggests a new way of rewiring EU institutions and large member states.

Although China is even more isolated on North Korea than on Iran, the EU has less leverage and has had less impact. The

EU does not participate in the Six-Party Talks and has influence only through the presence of France and the UK in the UN Security Council. Individual member states such as France and the UK have regularly spoken to Japan and South Korea, and several others including France and Spain have participated in high-sea surveillance of North Korean ships. When an international commission blamed North Korea for the sinking of a South Korean corvette in May, the EU condemned the action. China subsequently asked for restraint by all parties and bargained for a watered-down statement at the UN Security Council. When North Korea fired artillery shells at a South Korean island near the disputed sea-border area in November, the EU again condemned the action.

10 RELATIONS WITH CHINA ON AFRICA

Some member states such as France and the UK have made efforts to engage China in trilateral cooperation but Chinese reluctance means impact is limited.

| | |
|--------------|--------------|
| Unity | 3/5 |
| Resources | 3/5 |
| Outcome | 4/10 |
| Total | 10/20 |

C+

Since waking up to the fact that China is gaining ground at high speed in Africa, Europe has been striving to engage Chinese and African leaders in trilateral cooperation. Calling for increased transparency on trade deals and aid packages and urging China to behave more responsibly in Africa regarding its human rights and governance impact, the EU is also trying to contain the negative impact of China's expansion in Africa on European businesses. Europe's initial eagerness peaked when the French Presidency attempted to start a trilateral dialogue in 2008. However, interest in the issue among member states, which depends strongly on historical and strategic ties, has been difficult to sustain.

In 2010, China adopted an increasingly confident tone in Africa. Despite signs of a more constructive Chinese attitude on Sudan ahead of the 2011 referendum, there has been modest overall progress in engaging China on Africa from a European perspective. China was an observer at the last EU-Africa summit but hasn't yet reciprocated with an invitation for the EU to join the next China-Africa summit.

Attempts led by the European Commission to engage the very influential China Development Bank on projects and donor standards has also led to disappointing results.

Setbacks on the trilateral dialogue have led the EU to reduce its ambitions and refocus its efforts on multilateral second-track initiatives such as an OECD study group that looks at China's experience of poverty reduction and possible applications in Africa. At the same time, the EU has redoubled its efforts to convince Africans of the virtues of the trilateral dialogue. Some member states, such as France and the UK, run their own Africa dialogues with China. Generally conducted with little coordination at the European level, these are often frustrating exercises. However, sheer persistence sometimes results in Chinese cooperation, as a British infrastructure project in the Democratic Republic of Congo illustrates.

11 RELATIONS WITH CHINA ON REFORMING GLOBAL GOVERNANCE

A lack of progress suggests Europe is still struggling to find a way to reconcile the rise of China as a global power with its aim of developing a more multilateral, rules-based world.

| | |
|--------------|-------------|
| Unity | 3/5 |
| Resources | 2/5 |
| Outcome | 2/10 |
| Total | 7/20 |

C-

The EU wants China to act more multilaterally and shoulder responsibilities, in particular in the UN but also in the IMF and the G20. Europe long assumed that China would automatically converge as it developed. That assumption has not been borne out by the events of recent years and, in particular, by the Copenhagen climate change summit in 2009.

Reform of the UN Security Council is still stalled and there is no genuine engagement with China on this. The EU did not seek an ambitious reform – in part, because to do so would raise the issue of a single seat for Europe and the divergence of interests between member states on this issue (see component 70). China is both posing as the representative of emerging countries and blocking Japan and India at the Security Council. The Human Rights Council is increasingly dominated by an anti-European alliance in which China figures prominently (see component 72).

At the G20, Europeans coordinated with China in 2010, but mostly simply to avoid protectionism. There were also fault-lines

within the EU, with Germany siding with China to reject a US suggestion of numerical targets for current-account surpluses at the G20 summit in Seoul. Meanwhile, as they prepared for their 2011 presidency of G20/G8, the French tried to engage the Chinese on a reform of the international monetary system. China agreed to give more resources to the IMF but hasn't yet endorsed any reform beyond an increase in its own voting rights. The conclusions of this year's EU-China summit were devoid of specifics on these issues, suggesting that the EU is still struggling to find a way to reconcile China's rise as a global power with its aim to create a more multilateral, rules-based world.

12 RELATIONS WITH CHINA ON CURRENCY EXCHANGE RATES

The EU is united on the need for a revaluation of the yuan but does not have a joint strategy. The gap between Europe's economic weight and its limited influence remains stunning.

| | |
|--------------|-------------|
| Unity | 2/5 |
| Resources | 2/5 |
| Outcome | 3/10 |
| Total | 7/20 |

C-

Europe has joined others and above all the US in asking for a revaluation of the renminbi. It wants to see China move towards a flexible exchange rate and eventually to full convertibility. The message may be weakened, however, by other priorities: Germany and northern European countries prefer to focus on investment issues; peripheral countries seek investment; and France is promoting a wider reform of the international system at the G20.

EU Trade Commissioner Karel De Gucht and European Commission President José Manuel Barroso brought up the issue of revaluation in the spring. In particular, De Gucht criticised China's "deliberate" policy of keeping its currency undervalued, and warned that this posed a "major problem" for global economic recovery. Over the summer, however, the issue receded in Europe as the euro rose again and China's trade surplus with Europe decreased somewhat. On the eve of the EU-China Summit, the euro group in fact lauded China's cooperation on international financial and monetary issues, while the

US Treasury pressed ahead on the currency issue (although this did not stop Premier Wen Jiabao from lecturing Europe). Meanwhile, as it prepared to chair the G8 and G20, France also reached out to China with wider policy initiatives such as cooperation over IMF reform and Special Drawing Rights.

Europe's influence is weak, because competences remain split and because of the gap between eurozone members and the others. The UK, for example, shows "understanding" for the European position but notes its separate status. China can also count on splits between several European leaders and the US on the Federal Reserve's monetary policy. In 2010, China's "bond diplomacy" towards eurozone countries with debt problems such as Spain, Greece and Portugal made it even harder for the EU to develop a more coherent response on the currency issue.

13 RELATIONS WITH CHINA ON CLIMATE CHANGE

The EU did better than in 2009, but its influence on China's approach to climate change remains limited. The real strength of EU influence is in practical cooperation projects.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 4/5 |
| Outcome | 5/10 |
| Total | 13/20 |

B

Securing the cooperation of China, the world's largest emitter of CO₂, is central for a global deal on climate change – the EU's ultimate objective. 2010 started with pessimism after the Copenhagen climate change summit in December 2009, which European Council President Herman Van Rompuy called a “disaster”, as WikiLeaks revealed. But the year proved relatively more successful than expected. In March, China signed the Copenhagen accord (although it is a non-binding commitment). The EU wanted China to stay committed at this year's climate change summit in Cancún – and it did so with the sub-agreement on standards for verification. Yet the EU's influence on China's approach to multilateral agreements on climate change is still limited.

The EU also attempts to influence China through others such as the US and through the BASIC countries and the G77, although results have been limited. Most member states have also pushed common EU positions in their bilateral dialogues and meetings with China – although the new member states such as the Baltic countries,

Bulgaria, the Czech Republic, Hungary, Poland and Slovakia are less keen to do so, suggesting a lack of European unity on how fast to move forward on climate change.

The real strength of the EU's influence may become apparent when results emerge from the multitude of practical projects that member states support in China. For example, Germany has 20 major projects, including an eco-city in Dongtan. Since 2004, France has since spent €670 million reducing 15 million tonnes of CO₂. At the EU level, President Barroso opened the Europe-China Clean Energy Center at Tsinghua University, and the European Investment Bank (EIB) has granted a €500 million loan for climate change projects in China. So far, however, the EU has not achieved linkage between its ambitious climate change programme and actual industrial cooperation, which would require strenuous negotiations with China on IPR and patent issues (see component 2).

Russia

Overall grade

C+



| | |
|--|-----------|
| TRADE LIBERALISATION AND OVERALL RELATIONSHIP | B- |
| 14 Trade liberalisation with Russia | B- |
| 15 Visa liberalisation with Russia | C+ |
| HUMAN RIGHTS AND GOVERNANCE | C- |
| 16 Rule of law and human rights in Russia | C |
| 17 Media freedom in Russia | C- |
| 18 Stability and human rights in the North Caucasus | C- |
| EUROPEAN SECURITY ISSUES | C+ |
| 19 Relations with Russia on the Eastern Partnership | C |
| 20 Relations with Russia on protracted conflicts | C+ |
| 21 Relations with Russia on energy issues | C+ |
| 22 Diversification of gas supply routes to Europe | B- |
| COOPERATION ON REGIONAL AND GLOBAL ISSUES | B- |
| 23 Relations with Russia on Iran and proliferation | A- |
| 24 Relations with Russia on Afghanistan and Central Asia | B |
| 25 Relations with Russia on climate change | C+ |
| 26 Relations with Russia at the G20 | C- |

The relationship between the EU and Russia, like that between the EU and other great powers, is characterised by a mixture of competition and cooperation. For example, the EU and Russia compete with each other for influence in the eastern neighbourhood but also co-operate on issues such as Iran and proliferation. What makes the relationship distinctive, however, is the massive and mutual – but asymmetric – dependence between the EU and Russia. Although some member states depend on Russia for energy, Russia depends on the EU for a wide range of things including investment and technology. In the last few years, relative power in the relationship has shifted towards the EU. A few years ago, Russia was boosted by oil and gas money, which led investment bankers to include it in the BRIC group of large emerging economies. However, the economic crisis – which hurt Russia more than any other member of the G20 – put an end to this illusion.

In the past, the EU has also tended to be deeply divided about Russia. In fact, Russia was one of the most neuralgic issues in European foreign policy. In particular, the EU was split between those member states such as Germany and Italy that wanted to engage with Russia and those such as Lithuania and Poland that wanted to

contain it. But in 2010 the EU moved towards greater internal unity, largely as a result of the re-invigoration of cooperation between Germany and Poland. This in turn enabled a less conflictual relationship between the EU and Russia. A key factor at the political level was the rapprochement between Poland and Russia that began in 2009 but was given a new impetus by the Smolensk tragedy in April. A new consensus on the need to engage with Moscow helped produce a positive result in the EU-Russia “Partnership for Modernisation”, which was agreed at the summit in Rostov-on-Don in southern Russia in May/June.

This new relationship between the EU and Russia also took place against the background of the Obama administration’s “reset policy”, which aimed to enlist Russian cooperation on globally important issues. In several areas, this shift in US policy towards Russia also had results that were beneficial for the EU, which often shares US objectives. For example, it was largely as a result of US rather than EU diplomacy that Russia agreed to support new sanctions against Iran – a key European objective (see component 23). The “reset” was a key factor in greater Russian cooperation in Afghanistan and in Kyrgyzstan (see component 24). Thus, while the EU cannot take credit for these positive developments in Russian foreign policy, they nevertheless suggest that Russia is in some ways moving closer to EU objectives on a number of important issues.

However, despite this more favourable environment and greater EU unity than a few years ago, Russia has moved little in policy areas that are important for the EU’s own interests closer to home such as the common neighbourhood and energy security. For example, Moscow continues to view the EU’s Eastern Partnership (EaP) as an infringement on its sphere of privileged interests (see component 19). In the sphere of trade relations, negotiations between Brussels and Moscow over the new Partnership and Cooperation Agreement (PCA) have produced some results, but no real strategic breakthrough on important dossiers such as trade and energy (see components 14 and 21). The custom duties that Russia introduced as an anti-crisis measure have thus far cost EU member states €600 million, although there were some reductions in November. Russia continues to resist ratification of the Energy Charter Treaty, which hampers EU-Russia energy trade. The establishment of the Russia-Belarus-Kazakhstan Customs Union in June 2010 further complicates EU-Russia trade negotiations. Cooperation on the so-called “four spaces” agenda, which was supposed to form the basis of EU-Russia relations in the spheres of economy, energy, justice and home affairs, and research and education, has not progressed either. There was also little progress on issues of human rights (see component 16) and media freedom (see component 17). In fact, the high-profile cases such as the savage

beating of *Kommersant* journalist Oleg Kashin in November and the resentencing of Mikhail Khodorkovsky in December suggest that Russia is actually moving in the wrong direction.

A key reason for this lack of impact is that, while the EU is more united in principle than it was a few years ago, it remains divided in practice in many areas. For example, while member states agreed on the need for a common position in relation to Russia on energy policy, some failed to take necessary steps such as unbundling their national energy champions (see component 21). Similarly, while there was a soft consensus on the perspective of visa-free travel for Russia, there were continuing disagreements between member states: while some such as Spain were happy to proceed with a visa liberalisation agreement with Russia, others such as Germany and Poland insisted that the EU should treat Russia's application for a visa-free regime in the same way as those of the EaP states. Similarly, the EU agreed about the deteriorating situation in the North Caucasus but devoted few resources to it and had almost no impact (see component 18).

In short, while Russia has been more cooperative on a number of globally important issues such as Afghanistan and proliferation, the EU had few results to show closer to home. Nevertheless, even where there was no concrete progress in 2010, the new momentum at the political level was promising. Perhaps the best example is the German initiative in June to establish an EU-Russia security dialogue and push Moscow for more cooperation on the protracted conflict in Transnistria (see component 20). While the initiative did not produce concrete results in protracted conflicts – in fact, Russia extended its military presence in the Crimea and expanded it in Abkhazia and South Ossetia – it established a feasible way forward that could produce results in the future.

14 TRADE LIBERALISATION WITH RUSSIA

The EU is more united than in the past though there remains a disagreement over Siberian flyover fees. Russia took some steps towards liberalisation but also imposed new tariffs.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 3/5 |
| Outcome | 5/10 |
| Total | 12/20 |

B-

The EU still does not have a free-trade agreement with Russia. The EU wants liberalisation to promote regulatory convergence and to expand opportunities for European business (an estimated three-quarters of FDI is already from the EU). However, Russia has strong protectionist lobbies and few exports that would benefit from the removal of tariffs, and therefore imposes technical barriers on imports. Russia's World Trade Organization (WTO) prospects have been delayed by Prime Minister Vladimir Putin's decision in June 2009 to apply alongside Belarus and Kazakhstan as a customs union.

Member states are now generally united about the need to conclude a new Partnership and Cooperation Agreement (PCA) – the legal basis for the EU's bilateral trade and investment relations with Russia. In fact, Poland, which was once an opponent is now one of the main advocates. However, they devote few resources to achieving it. On the EU side, there is also still disagreement over Siberian flyover fees: in October, the European Commission wrote to France, Austria, Germany and Finland,

questioning bilateral flight agreements that are not applied to all EU carriers equally.

The EU did have some impact in 2010. An EU-Russia Partnership for Modernisation was announced at the Rostov-on-Don summit in May/June, but it has yet to produce practical results. By the end of the year, 12 full negotiating rounds on a successor to the PCA had been held. An apparent breakthrough in Russian accession to the WTO was reached in November, when Russia agreed to phase out tariffs on raw materials such as timber and to changes to export duties and railway fees. At the EU-Russia summit in December, the EU threw its weight behind WTO membership for Russia and declared that it hoped to see Russia join in 2011. However, Russia also imposed several new tariffs on new cars and meat imports, leading the European Commission to complain in October that Russia was "clearly engaged in an import substitution policy".

15 VISA LIBERALISATION WITH RUSSIA

Although Europeans lacked a strategic vision, some progress on visa liberalisation was finally made at a summit in December.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 3/5 |
| Outcome | 3/10 |
| Total | 10/20 |

C+

Visa liberalisation is the mirror image of trade liberalisation: it is an important issue for Russia, but the EU is generally reluctant to move forward. While foreign ministries tend to be more in favour of liberalisation for political reasons, interior ministries worry about illegal immigration and Russian organised crime. But even those member states that are willing in principle to grant a perspective of a visa-free regime to Russia – such as France and Spain – see it as a distant prospect. They are united but lack a strategic vision.

However, despite this, the EU did finally make some progress in 2010. In the first half of the year, the Spanish Presidency proposed launching talks with Russia on visa liberalisation, but came up against resistance from several members, including Denmark, Poland and Slovakia. Russia subsequently submitted a draft agreement on visa liberalisation, but this was also rejected by several member states, including Germany, Poland and Denmark, which either insisted on providing the same visa-free perspectives for Eastern Partnership (EaP) countries or generally

opposed loosening the EU's visa regime. In the run-up to the Deauville summit in October, France and Germany hinted that visa liberalisation for Russia could be considered under a sui generis process in exchange for Russian ratification of the Energy Charter Treaty (see component 21), but most member states rejected the idea that visa liberalisation should be traded this way. However, at the EU-Russia summit in December, member states finally agreed with Russia on a series of future joint steps, which, if implemented, would open the way for talks on an EU-Russia visa-waiver agreement.

Some progress was also made in talks between Russia and the EU about an extension to the local border-traffic regime that would make it easier for residents of Kaliningrad to travel to Poland and Lithuania without a visa, but other member states remained sceptical about the precedent this would set.

16 RULE OF LAW AND HUMAN RIGHTS IN RUSSIA

Member states are relatively united but vary in terms of commitment. They had little impact beyond human rights that Russia perceives as non-political.

| | |
|--------------|-------------|
| Unity | 4/5 |
| Resources | 2/5 |
| Outcome | 2/10 |
| Total | 8/20 |

C

Europeans want Russia to observe the rule of law and respect human rights. In 2010, there were several high-profile human rights abuses in Russia, including the death in prison of lawyer Sergei Magnitsky, the murder of the human rights activist Natalya Estemirova and the judicial harassment of Oleg Orlov of human rights organisation Memorial. In July, President Dmitry Medvedev signed a new law that gives the security services “preventative powers” against citizens who are “creating the conditions” for crime. In December, former Deputy Prime Minister Boris Nemtsov was arrested at a peaceful and officially-sanctioned rally. In December, former Yukos boss Mikhail Khodorkovsky was sentenced to an additional eight years in prison after a 22-month trial.

The main channel for communication between the EU and Russia is the Human Rights Dialogue, which was created in 2004. Member states are relatively united but vary in terms of commitment: Denmark, Germany, the Netherlands, Sweden and the UK collect information on human rights abuses in Russia, yet Greece,

Italy, Spain and Portugal show little interest. Along with member states such as Germany and the UK, High Representative Catherine Ashton issued a strong statement of protest about the Khodorkovsky verdict. The European Parliament was also particularly vocal in criticizing Russia for human rights abuses.

However, the EU had minimal impact on the most pressing human rights issues. For example, although the issue was discussed at the summit in Rostov-on-Don in May/June, no Russian response was expected or given. However, Russia did sign up to the amendment of the statute of the European Court of Human Rights known as Protocol 14, which speeds up the court’s process (Russia was the final signatory to the statute that had not ratified the amendment). Russia also agreed to set up a joint project with the EU to facilitate the application of the Hague Convention on Protection of Children and Cooperation in Respect of Intercountry Adoption.

17 MEDIA FREEDOM IN RUSSIA

Only some member states raised the issue of media freedom in bilateral talks with Russia and the EU had little impact.

| | |
|--------------|-------------|
| Unity | 3/5 |
| Resources | 2/5 |
| Outcome | 1/10 |
| Total | 6/20 |

C-

The EU wants to see greater media freedom in Russia. However, the Russian mass media has increasingly come under state control since Putin's first term. Although the internet remains free, the Kremlin has devoted considerable resources in recent years to sponsoring news portals, friendly bloggers and even so-called web brigades for organised web postings and attacks on opponents. Rolling back state control of the media may be unrealistic, but Europeans have regularly protested in recent years against new restrictions on media freedom and against increasingly frequent attacks on journalists.

In 2010, there were numerous cases of journalists who were harassed or prevented from travelling to the North Caucasus. In November, the independent newspaper *New Times* was found to have defamed the Moscow riot police and fined for a story about corruption. In the same month, *Kommersant* reporter Oleg Kashin had to be placed in an artificial coma following a particularly savage beating after he reported on the destruction of the Khimki forest in order to build a road from

Moscow to St. Petersburg. There were also other cases in which journalists covering the issue were harassed.

The EU said little and did even less. High Representative Catherine Ashton "deplored" the attack on Kashin. Some member states such as Germany, France, Denmark, the Netherlands, Slovakia, Sweden and the UK also raised the issue of media freedom in bilateral talks. However, others such as Bulgaria, Cyprus, Estonia, Greece and Latvia avoided raising the issue in a bilateral context.

18 STABILITY AND HUMAN RIGHTS IN THE NORTH CAUCASUS

The situation in the North Caucasus has deteriorated, but the EU has devoted few resources to it and has had almost no impact.

| | |
|--------------|-------------|
| Unity | 4/5 |
| Resources | 1/5 |
| Outcome | 1/10 |
| Total | 6/20 |

C-

Under President Ramzan Kadyrov, Chechnya has become brutally repressive and even begun targeted killings of opponents abroad. The region has not even become more stable: lawlessness is spreading throughout the North Caucasus. In 2010, violence spread from Chechnya and Ingushetia to Kabardino-Balkaria (which saw more acts of violence last summer than Chechnya), engulfed more regions of Dagestan, and hit Moscow in major terror attacks on the metro in March. A suicide bomber also attacked the Chechen parliament in October. Women came under increasing pressure to wear headscarves and Kadyrov continued to clamp down on freedom of expression. President Dmitry Medvedev raised the deteriorating situation in the region through the Presidential Council for Civil Society Institutions and Human Rights, which includes leading Russian civil society advocates.

In July, High Representative Catherine Ashton expressed concern about the situation in the North Caucasus and called on Russia “to work towards putting an end

to the climate of impunity and fear in the North Caucasus in general and Chechnya in particular”. The issue was also raised during the Human Rights Dialogue (see component 16). In December, the European Commission – which is already the largest foreign donor of humanitarian aid in Chechnya – approved a further €2 million in assistance for internally displaced persons. The European Parliament also passed a critical resolution in October, protesting in particular against the mistreatment of Oleg Orlov, one of the winners of the 2009 Sakharov Prize, for supposedly “defaming” Kadyrov. But although some member states such as the Czech Republic want to press the issue with Russia, most show little interest. As a result, the EU has had almost no impact. While Brussels sees the North Caucasus as a human rights issue, Russia maintains that it is an internal law-and-order issue.

19 RELATIONS WITH RUSSIA ON THE EASTERN PARTNERSHIP

The EU is more united than in recent years, but different priorities meant it had only limited resources and impact in getting Russian cooperation or neutrality on the EaP.

| | |
|--------------|-------------|
| Unity | 3/5 |
| Resources | 2/5 |
| Outcome | 3/10 |
| Total | 8/20 |

C

The EU's main objective is to constructively engage with Russia so that it does not interfere with or undermine the Eastern Partnership (EaP) but rather co-operates in it. The EU is now more united in its Russia policy than in recent years – in particular, Poland's "reset" of its relations with Moscow has helped reduce divisions – but member states still set different priorities on issues such as whether to include Russia's state authorities in the EaP projects and whether to take into account Russia's interests in the region. While some such as Poland push for an "EaP first" approach, others such as France, Germany and the Benelux countries want what they see as a more balanced approach. Georgia continued to argue that the sale of Mistral ships by France to Russia would increase Russia's offensive capacity.

In 2010, competition between the EU and Russia in their shared neighbourhood continued, although it did not lead to the same political tensions between Moscow and Brussels as in previous years. For example, when the European Commission started negotiations on Deep and

Comprehensive Free Trade Agreements (DCFTA) with Ukraine and announced plans to initiate talks with Moldova in 2011, Moscow urged both states to join its own integration project, the Customs Union (CU), which is incompatible with DCFTA. Belarus and Kazakhstan joined the CU in July and Armenia may also join.

However, despite the EU's failure to secure greater Russian cooperation, the EU was able to counter Russian influence in the eastern neighbourhood to some extent. For example, Swedish and Polish foreign ministers visited Moldova following the election in November in order to support a pro-EU coalition that later formed the government. This overcame efforts by the Russian presidential administration to broker a centre-left coalition, which would have had less positive attitudes towards the EaP.

Components 48, 49 and 50 also discuss the EaP.

20 RELATIONS WITH RUSSIA ON PROTRACTED CONFLICTS

Although the EU has put some effort into resolving the conflict in Transnistria, the situation in Georgia hasn't improved and the EU remains invisible in Nagorno-Karabakh.

| | |
|--------------|--------------|
| Unity | 3/5 |
| Resources | 3/5 |
| Outcome | 4/10 |
| Total | 10/20 |

C+

The EU's main objective is to secure Russian cooperation in peacefully resolving the protracted conflicts in Transnistria, Nagorno-Karabakh, Abkhazia and South Ossetia. Russia has "peacekeepers" in Transnistria and in Abkhazia and South Ossetia, and military bases in Armenia, which has territorial claims on Nagorno-Karabakh. But while Europeans are united on the issue and some countries such as the Czech Republic, Romania and Poland want the EU to push Moscow to follow through on its previous commitments, few others see it as a priority. The EU as such is not present in Nagorno-Karabakh: France is one of the co-chairs of the OSCE Minsk Group, while Germany, Finland, Sweden and Italy are members.

In 2010, Moscow extended the presence of the Black Sea Fleet in Sevastopol until 2042 and its military presence in Armenia until 2044. The EU offered no official response to Russia's sale of its S-300 anti-missile system to Azerbaijan or the development of permanent military bases in Abkhazia and South Ossetia. While Russian forces withdrew from the village of Perevi in

Georgia in October, as requested by the EU-brokered ceasefire agreement after the war, EU observers continue to be denied access to both breakaway provinces.

There was some progress on cooperation on security issues. In Meseberg in June, Germany called for the establishment of an EU-Russia Political and Security Committee that could help resolve the conflict in Transnistria, but the UK, the Baltic states, Sweden, Poland and Slovakia were sceptical about the value of such a new structure. EU resolve collapsed at the Organization for Security and Cooperation in Europe (OSCE) summit in Astana in December. Member states had previously agreed to refuse to sign the final declaration unless it included an action plan on protracted conflicts – which Russia opposed. In the event, they failed to follow the Czech Republic's lead and all of them ended up signing the declaration.

Protracted conflicts are also discussed in components 51, 52, 53 and 60.

21 RELATIONS WITH RUSSIA ON ENERGY ISSUES

Despite the EU's unity, it failed to persuade Russia to ratify the ECT and member states' reluctance to "unbundle" remains a problem.

| | |
|--------------|-------------|
| Unity | 4/5 |
| Resources | 2/5 |
| Outcome | 3/10 |
| Total | 9/20 |

C+

The EU's main objective is to strengthen its energy security. Vis-à-vis Russia, this means ensuring reliable cross-border energy transit, energy efficiency, agreed procedures for dispute resolution, protection for foreign investors in Russia, and non-discriminatory conditions for trade in energy materials and products. Most of these objectives are part of the Energy Charter Treaty (ECT), which the EU wants Russia to ratify.

Apart from the suggestion by France and Germany to link progress on visa-free travel to Russia's ratification of the ECT (see component 15), which was later rejected by other member states, the EU remained united on this issue in 2010. However, the EU did not succeed in persuading Russia to ratify the ECT. Moreover, it made little progress in creating a single energy market. This is particularly because of the reluctance of many member states, including Germany and France, to "unbundle" their national energy champions, which would make it harder for Russia to set artificially high prices. The Polish-Russian deal on gas deliveries

has also been criticised, as Poland did not unbundle its own national gas company. Russia announced a 15 percent cut in gas prices to Estonia and Latvia, which have dragged their feet on gas liberalisation, but not to Lithuania, which announced plans to liberalise its gas market quickly.

Progress on another element of EU energy security – the modernisation of Ukraine's gas transit system (GTS) – also stalled after the change of government in Kyiv led to the re-opening of negotiations about a merger of Russia's Gazprom and Ukraine's Naftogaz, which would exclude the EU from participation in the modernisation. This led to renewed concerns that the modernisation of the GTS is unlikely to succeed. Despite the potential risks linked to the Gazprom-Naftogaz merger, the EU shied away from officially commenting on its likely exclusion from Ukraine's GTS modernisation.

Energy issues are also discussed in component 49.

22 DIVERSIFICATION OF GAS SUPPLY ROUTES TO EUROPE

Member states continued to be divided over rival pipeline projects but also built or reinforced interconnectors to diversify supply.

| | |
|--------------|--------------|
| Unity | 2/5 |
| Resources | 4/5 |
| Outcome | 5/10 |
| Total | 11/20 |

B-

The EU aspires to help decrease the dependence of several member states on deliveries of Russian gas and oil, mainly through interconnections between member states and support of new transit projects such as Nabucco and South Stream and the construction of new terminals for liquefied natural gas. The EU also wants to prevent cuts in gas supplies from Russia.

Nabucco was given a new lease of life in 2010 after Bulgaria and Romania ratified the intergovernmental agreement in February, followed by Turkey in March. The French company GDF Suez applied to join the consortium in February 2010 – a signal that the project is an attractive investment opportunity. In September, the European Investment Bank, the European Bank for Reconstruction and Development (EBRD) and the International Finance Consortium signed an agreement with the Nabucco consortium to explore possibilities for a financial package of €4 billion. Bulgaria also joined the South Stream pipeline, which links Bulgaria, Serbia, Hungary, Slovenia, Austria and Italy. In September, Hungary also joined the Azerbaijan-

Georgia-Romania Interconnector (AGRI) project, which would also help decrease dependence on Russian gas. At the same time, however, construction of the Nord Stream pipeline – which links Russia with Germany and will increase the role of Russia in gas deliveries to Europe – began in April 2010 despite objections from Poland and the Baltic countries.

Despite these ongoing divisions over pipelines, however, member states including Bulgaria, Estonia, Finland, Greece, Hungary, Lithuania, Romania, Slovakia and Sweden also continued to work with the European Commission under the European Energy Programme for Recovery to build or reinforce interconnectors to diversify gas transit routes. The EU strategy for the Baltic Sea Region – which could significantly decrease the Baltic states' energy dependence on Russia through investment in energy efficiency and connecting grids and gas pipelines – also entered the implementation phase.

23 RELATIONS WITH RUSSIA ON IRAN AND PROLIFERATION

The EU was impressively united, with member states backing the EU3. Russia backed new UN sanctions against Iran and made concessions on arms deliveries.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 4/5 |
| Outcome | 8/10 |
| Total | 16/20 |

A-

The EU has long sought Russian cooperation in negotiating with Iran over its nuclear programme as part of the E3+3 process. In particular, the EU has wanted Russia to support the imposition of sanctions on Iran and hoped it could play a bridging role by bringing the US and Russia closer together on the issue. Russia, which helped build the Bushehr nuclear power plant in southern Iran, has significant leverage, and is therefore an important partner for the EU.

2010 was a relatively successful year in this respect. Most importantly, Russia voted in favour of UN Security Council Resolution 1929 in June, backing a new round of sanctions against Iran. In September, Russia also announced it would cancel the delivery of S-300 missiles to Iran. Finally, Russia helped persuade Iran to accept the offer of talks in Vienna with the E3+3 in November.

The EU was impressively united, with all member states backing the EU3 of France, Germany and the UK in their diplomacy with Russia. In particular,

High Representative Catherine Ashton played a key role in creating a consensus that included member states that had previously been outliers for commercial or political reasons, such as Austria or Sweden. However, despite this impressive coherence, the EU's capacity to trump Russian commercial interests in Iran is limited. Nor has it really attempted to horse-trade with Russia on other issues. In the end, therefore, greater Russian cooperation on Iran in 2010 was probably due more to the US "reset policy" than to EU influence.

Iran is also discussed in components 9, 37 and 76.

24 RELATIONS WITH RUSSIA ON AFGHANISTAN AND CENTRAL ASIA

There was a big improvement in cooperation with Russia in Afghanistan and during the crisis in Kyrgyzstan, though there was little progress elsewhere in Central Asia.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 3/5 |
| Outcome | 6/10 |
| Total | 13/20 |

B

The EU wants Russia to provide logistical support to the NATO operation and the EUPOL mission in Afghanistan and to co-operate on soft security issues such as border control, drug trafficking, the environment, and infrastructure in Central Asia. In 2010, the EU also wanted Russia to help contain the crisis in Kyrgyzstan, where EU diplomats play an important role on the ground through the OSCE.

In 2010, there was a big improvement in Russia-NATO cooperation on the ground in Afghanistan, although it was the US rather than the EU that played the crucial role in this. The Northern Distribution Network through Russia and Central Asia now provides 49 percent of supplies. There has also been cooperation on joint drugs raids and supplying helicopters to the Afghan government. However, the EU devoted far fewer resources to securing Russian cooperation elsewhere in Central Asia. Apart from France and Germany, which have strong bilateral ties with Tajikistan and Uzbekistan, member states had little interest in the region. As

a result, there was little progress on soft security cooperation.

After the outbreak of violence in Kyrgyzstan in June, the EU played a marginal role in crisis management. However, in sharp contrast to previous confrontations in other parts of its “near abroad”, Russia cooperated with the US, which shared the EU’s objectives. For example, Russia and Kazakhstan made sure President Kurmanbek Bakiyev left Kyrgyzstan in April in order to avoid civil war, and Russia also refused Kyrgyzstan’s request for a military intervention. Both the EU and Russia supported an OSCE police mission to south Kyrgyzstan after the crisis was over, but the interim Kyrgyz government opposed it (see also component 61).

25 RELATIONS WITH RUSSIA ON CLIMATE CHANGE

The EU was united in principle but divided in practice. Only some member states prioritised the issue and results were limited.

| | |
|--------------|-------------|
| Unity | 3/5 |
| Resources | 3/5 |
| Outcome | 3/10 |
| Total | 9/20 |

C+

Russia emits some seven percent of global greenhouse gases, making it the world's third-largest emitter country, after China and the US. Russia has finally shifted from its traditional scepticism about climate change, and at the end of 2009 President Medvedev signed a new law on energy saving and energy efficiency, but it has not yet committed to a new global agreement on climate change to succeed the Kyoto Protocol. The EU discusses this issue – which it sees as easier than tariff removal or hard security issues – in the EU-Russia working group on climate change. Like Austria, Finland and Sweden, Russia wants its commitments on CO₂ emissions to take into account its large forests.

In 2010, EU institutions and member states were united in international negotiations with Russia on climate change. The issue was high on the agenda of the EU-Russia summit in Rostov-on-Don in May/June and European Parliament President Jerzy Buzek highlighted climate change during negotiations on the Partnership for Modernisation. Some progress was made on pilot projects in the Climate Change

Subgroup, which is part of the EU-Russia Environment Dialogue. However, member states were less united about the role of cooperation on climate change in their bilateral relationships with Russia. For example, only a few member states, such as Belgium, identified climate change as a priority in their Partnership for Modernisation.

Even such limited progress was less the result of EU influence than the global economic crisis, which has renewed Russian interest in energy conservation. As a result of the forest fires in the summer of 2010 and the Moscow smog, Russian attitudes towards global warming may be moving towards the EU position. Environmental groups and local lobbies within Russia itself are a growing factor, exemplified by the protests over the destruction of parts of the Khimki forest to make way for a new Moscow-St Petersburg highway.

26 RELATIONS WITH RUSSIA AT THE G20

The crisis has made Russia cooperative on global economic governance than in the past. France and Germany took the lead in negotiating with Russia but this approach produced few results.

| | |
|--------------|-------------|
| Unity | 2/5 |
| Resources | 2/5 |
| Outcome | 2/10 |
| Total | 6/20 |

C-

The EU hopes that Russia will co-operate in helping to develop the G20's new role in a range of issues from currency reform to IMF reform and a new global financial architecture. Russia values its status as a member of the G8, but generally prefers to work through the UN, where it has a permanent seat on the Security Council. However, since the beginning of the economic crisis, Russia has gradually become less resistant to the idea of global economic governance and thus more cooperative.

In 2010, however, the EU was increasingly divided at the G20 (see component 68). France and Germany took the lead in negotiating with Russia, but sometimes set their own priorities. Chancellor Angela Merkel and President Nicolas Sarkozy worked hard to woo President Medvedev, but this produced few concrete results. At the Toronto summit in June, France, Germany and Russia held a trilateral meeting to discuss macroeconomic issues, but Russia did not support the key EU proposal of a bank levy at the G8/G20 summit in Toronto. At the Deauville

summit in October, Medvedev supported Sarkozy's calls for the G20 to take the lead in revamping the world's currency structure during the French Presidency in 2011. However, at the Seoul summit in November, Russia played a marginal role. It did co-operate with reform to the voting rules at the IMF and also lobbied to host the G20 summit in 2013 – a sign, perhaps, of its increased commitment to the forum. However, even if a more united EU were more successful in securing active Russian support for its positions in the future, both the EU and Russia will struggle for influence in a forum dominated increasingly by the other BRICs and the US.

United States

Overall grade

B-



| | |
|--|-----------|
| TRADE LIBERALISATION AND OVERALL RELATIONSHIP | B |
| 27 Reciprocity on visa procedures with the US | C |
| 28 Relations with the US on terrorism, information sharing and data protection | A |
| 29 Trade and investment disputes with the US | B- |
| 30 Agreement with the US on standards and norms, consumer protection | B |
| COOPERATION ON EUROPEAN SECURITY ISSUES | C+ |
| 31 Relations with the US on counter-terrorism and human rights | C+ |
| 32 Relations with the US on NATO and NATO reform | C- |
| 33 Relations with the US on arms control and Russia | C |
| 34 Relations with the US on the Balkans | B+ |
| COOPERATION ON REGIONAL AND GLOBAL ISSUES | B- |
| 35 Relations with the US on the Middle East peace process | C |
| 36 Relations with the US on Afghanistan | C |
| 37 Relations with the US on Iran and proliferation | A |
| 38 Relations with the US on climate change | B- |
| 39 Relations with the US on global economic and financial reform | C |

While relations between Europe and other great powers are all characterised by a mix of cooperation and competition, transatlantic relations are distinctive because of the overwhelming predominance of the former over the latter. Europe and the US collaborate on a wide range of international issues, both in the Old Continent and in the wider world, and on both economic and political issues. This uniquely dense relationship does not mean, however, that European and American interests are identical, nor that the relationship automatically serves European interests. Apart from the few purely bilateral issues, assessing European performance in dealing with the US is thus largely an exercise in measuring how successful Europeans were in persuading the US to respect their positions and take into account their red lines in joint ventures.

In 2010, Europeans had mixed results in influencing Americans in this way. Mostly, this was because of a lack of unity and coordination; sometimes, it was because they lacked assertiveness and hesitated to affirm and defend European interests. This was compounded by the legacy of the past, which still weighs on some present situations such as European security, where Europeans are divided between NATO members and non-NATO members, by their strategic cultures, and by their views of Russia – all of which ends up consolidating American leadership.

More generally, bilateral relations between individual member states and the US remain very strong – each country claims its own “special relationship” with Washington, as noted in ECFR’s Power Audit of EU-US Relations, which was published in November 2009. This can be an asset – many issues are usefully debated in the so-called Quad format between the US president and the leaders of France, Germany and the UK – but it can also be an obstacle to broader coordination. The events of 2010 also illustrated another particularly unfortunate feature of the EU-US relationship identified in the 2009 Power Audit: the European fetish for meetings and symbols over substance. Although duly warned by American officials that no decision had been taken, the Spanish Presidency informally let it be known that a US-EU summit was planned in Madrid for May 2010, thereby creating the impression of a snub when the White House later decided that President Obama would not attend. The deeper problem, however, is the reason that Obama did not attend: such summits are of little value to the US. The Lisbon Treaty has since streamlined EU representation at such summits, but the lack of US interest in the summit in November 2010 suggests that the EU must go even further. Obama spent most of his time in Europe on NATO issues and wrote to Europeans in an op-ed that he intended to “deepen cooperation with organizations that complement NATO strengths, such as the European Union, the United Nations and the Organization for Security and Cooperation in Europe”.

On bilateral issues, 2010 offered two contrasting examples of European success and failure: data protection (SWIFT) and visa reciprocity. In February 2010, the European Parliament rejected the deal previously made by the European Council to allow the virtually unmonitored transfer to US authorities of personal financial data transiting through the SWIFT system (which is based in Belgium) for anti-terrorism purposes. This rejection caused tension between the EU and the US, and stopped the flow of data for six months, but led in July to a second deal that better protected the privacy and right of redress of Europeans. While there is still some debate about the right balance between security concerns and privacy rights, the forced renegotiation led to an equilibrium that was accepted by both anti-terrorism officials and the European Parliament. This success contrasts with the imposition by the US in 2010 of a fee that accompanies ESTA (the compulsory system of registration to travel to the US), which means that a family of five European tourists must now pay \$70 just to enter the US territory, while Americans pay nothing to visit Europe. EU member states and EU institutions should forcefully demand the withdrawal of this fee and threaten retaliation.

Meanwhile, on European security issues, EU member states are structurally subordinate to the US and therefore generally not able to even define their

common interests. Whether the issue is the future of NATO, the Conventional Forces in Europe (CFE) Treaty, missile defence or relations with Russia, the US leads and a divided Europe follows. The only exception is the Balkans, where past crises have prompted Europeans to get their act together and devote significant resources. There, at least, cooperation with Washington is a two-way street – despite remaining EU divisions.

Unfortunately, this is not the norm for US-Europe cooperation in the wider world. In 2010, Europeans had little or no influence on Americans on issues ranging from the Middle East peace process and Afghanistan to climate change. As a result, they often saw their preferences ignored – even when they could formulate preferences. The one exception is Iran, where Europeans were able to combine close cooperation with Washington on commonly defined non-proliferation goals with a respect for their red lines (on the multilateral process, on extraterritorial sanctions, etc.). Of course, it remains unclear whether this policy driven jointly by Americans and Europeans will ultimately work.

Finally, 2010 was dominated by the aftermath of the economic crisis and the euro crisis. While Europeans and Americans cooperated well in 2009, the economic fortunes of the EU and the US diverged in 2010, leading to different macro-economic policies – in particular, Europeans did not welcome the US stimulus in the form of quantitative easing and the extension of Bush-era tax cuts. However, they had no leverage to change the situation. On the contrary, it was the US that influenced Europeans: during the weekend of 8-9 May, when European leaders created the European Financial Stability Facility (EFSF), Obama called several European leaders to urge them to act decisively. This US pressure was a reminder not only of the intertwined nature of our economies, but also of the inequality of the transatlantic relationship.

27 RECIPROCITY ON VISA PROCEDURES WITH THE US

Some member states still don't enjoy visa-free travel to the US, but they themselves are partly to blame. A more shocking asymmetry is the ESTA fee levied on Europeans at US borders.

| | |
|--------------|-------------|
| Unity | 3/5 |
| Resources | 2/5 |
| Outcome | 3/10 |
| Total | 8/20 |

C

While Americans face no specific requirements and no entry costs to visit the EU, Europeans travelling to the US have either to get a costly tourist visa – for citizens of Bulgaria, Cyprus, Poland and Romania – or to pay the \$14 Electronic System of Travel Authorization (ESTA) fee instituted in 2010. However, this striking asymmetry is only in part due to a lack of resolve or solidarity among Europeans.

The four member states that are still not part of the visa-waiver program (VWP) had visa refusal rates and/or overstaying visa rates that were deemed too high by the US to allow admission (Greece, on the other hand, was admitted in spring 2010). Cyprus did not even have biometric passports until the end of 2010. And Washington insisted that Romania and Bulgaria get into the Schengen Area to qualify for the VWP, a somewhat puzzling condition, since requirements for the former are much more stringent than for the latter, non-Schengen European countries such as Ireland and the UK are part of the VWP, and Schengen countries such as Poland are not. More generally, the legacy of past

bilateral deals and resulting asymmetry between the US and the EU, as well as the fear of terrorism on the American side, all contribute to the problem.

There is no justification, however, for the ESTA fee levied on European visitors, which, ironically, is meant to fund the promotion of tourism in the US. Although modest – at least for now – it is objectionable in principle and because no similar fee for Americans exists on the EU side. Several members of the European Parliament have protested about this situation and called for a European ESTA, with or without a fee. However, member states are reluctant in principle to take such a step, and it is difficult to see not only how it would work when visitors cross European borders, but also who would collect and receive the money. Europeans should therefore join forces to ask Washington to drop the ESTA fee altogether for the sake of smooth transatlantic mobility.

28 RELATIONS WITH THE US ON TERRORISM, INFORMATION SHARING AND DATA PROTECTION

Against the wishes of the Council, the Parliament forced the renegotiation of the SWIFT agreement with the US, which resulted in better data protection for EU citizens.

| | |
|--------------|--------------|
| Unity | 5/5 |
| Resources | 5/5 |
| Outcome | 8/10 |
| Total | 18/20 |

A

Since 9/11, Americans have stepped up their worldwide monitoring of financial transactions and airline passenger data for counter-terrorism purposes. While Europeans recognise the usefulness of anti-terrorism programmes and the unique role played by the US, they also want to protect their privacy and obtain a similar right of redress as Americans.

2010 was a landmark year in this regard. On 11 February, the European Parliament rejected an agreement previously approved by the European Council that gave the US government broad rights of access to the financial transactions performed through SWIFT, a private cooperative society based in Belgium. This decision suspended the availability of data, opening a six-month “security gap” and setting off a frenzy of lobbying by the US government (including presidential attention and a visit by Vice President Joe Biden to the European Parliament) until a second deal was negotiated and approved by the Parliament. While it did not completely satisfy some, this second deal brought tangible improvements, including conditions and

limits on the availability of SWIFT data, the screening of American demands by Europol, and monitoring by a European official in Washington. The European Parliament used the SWIFT case not just to meet privacy concerns but also to assert its new powers under the Lisbon Treaty – and get recognition in Washington. Many worried about antagonising a major ally and suspending a useful anti-terrorism programme at a time when Europeans have neither the unity nor the capacity to track terrorism financing themselves. But the renegotiation of the deal still brought concrete improvements.

The 2010 record is more mixed on the transfer of airline passenger data (PNR): Americans balked at the renegotiation of the 2007 deal before finally agreeing at the end of 2010. But they continued to show no enthusiasm for discussing an umbrella agreement on data protection.

29 TRADE AND INVESTMENT DISPUTES WITH THE US

While Europeans are generally united on trade and investment issues, there is a lack of solidarity on specific disputes like the EADS case.

| | |
|--------------|--------------|
| Unity | 3/5 |
| Resources | 3/5 |
| Outcome | 6/10 |
| Total | 12/20 |

B-

While the US is a major partner in trade and investment, there remain impediments to free trade and investment across the Atlantic, and disputes still capture the headlines. In 2010, on top of various issues at the WTO, and apart from the question of standards and norms (see component 30), there were confrontations about the EADS tanker contract and the “Open Skies” aviation agreement.

EADS, a European company with French, German, Spanish and British stakes, was competing with Boeing to supply \$35 billion worth of refuelling tankers to the US Air Force. After losing the competition in 2008, Boeing protested and new tenders were issued. But they were seen as favouring Boeing, so EADS’s local partner Northrop Grumman dropped out. EADS decided to submit a bid on its own, in spite of fierce “patriotic” attacks against this foreign plane. (It was announced in February 2011 that EADS had lost.) While EU officials lobbied in favour of a fair process and a level playing field for European defence firms, member states other than the four main stakeholders

have not been very concerned, even those with defence equipment to sell to the US. Leaked cables have shown the extensive use of presidential lobbying to help US firms such as Boeing win contracts abroad: European firms cannot claim the same solidarity and clout.

In March, the EU signed a new “Open Skies” aviation agreement with the US. While the 2007 deal had been seen as excessively favourable to the US, the 2010 one is more satisfactory for Europeans. But it still doesn’t include full freedom of investment in the other side’s airlines, or the right of cabotage for European companies (whereas American ones can take passengers from the US to an EU destination, and then to a second one). This disappointing result, however, is not due to a lack of unity or combativeness, but rather to a legacy of past bilateral deals with the US. Still, Europeans should insist on holding further negotiations to reduce the remaining transatlantic imbalance.

30 AGREEMENT WITH THE US ON STANDARDS AND NORMS, CONSUMER PROTECTION

Europeans are generally united to negotiate harmonisation of norms and regulations with the US, and have met occasional success, but they face increased global competition.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 3/5 |
| Outcome | 6/10 |
| Total | 13/20 |

B

It is critical that Europeans actively negotiate common regulations, standards and norms with Americans. It helps protect European consumers, extends trade and business opportunities for European firms, and creates a common normative power vis-à-vis third countries, in particular China. This objective, however, runs into various obstacles, from divergent social and cultural preferences to entrenched commercial interests.

In 2010, some of the efforts to harmonise regulation on both sides of the Atlantic paid off. In December, the EU and the US signed an important memorandum of understanding on e-health (harmonisation of electronic health records and education programmes for IT and health professionals), in the context of the Transatlantic Economic Council (TEC) – a bilateral body which aims at removing non-tariff barriers to trade through increased regulatory cooperation. But, on other issues, efforts fell short. Results are slow to materialise on consumer protection (product safety, exchange of information on scams or dangerous products for

recalls, etc.) and non-existent on food issues, which remain among the hardest to tackle. Indeed, the TEC process largely stalled in 2010 on the issue of bleached chickens, a practice that is forbidden in Europe. More generally, social and cultural approaches are most divergent on food issues, and neither side has made progress in addressing them – whether the ban on genetically modified meat in Europe or the ban on European beef because of mad-cow disease or on many dairy products because Americans don't accept European standards.

With increased international competition, Europeans and Americans should step up their efforts to benefit their economies and define global norms.

31 RELATIONS WITH THE US ON COUNTER-TERRORISM AND HUMAN RIGHTS

A disunited Europe went from hope in 2009 to disillusion in 2010 about the possibility of getting the US to change its legal practices.

| | |
|--------------|--------------|
| Unity | 3/5 |
| Resources | 2/5 |
| Outcome | 5/10 |
| Total | 10/20 |

C+

Europeans want Americans both to assist them in fighting terrorism and to recommit to the rule of law in their counter-terrorism policies. In the recent years, this latter point has included the closing of the Guantánamo prison, protest against extraordinary rendition and the CIA secret prison network, as well as increased oversight of the use of personal data coming from Europe (see component 28).

Evaluating the quality of transatlantic cooperation on counter-terrorism information and operations is inevitably very difficult because of its secret nature. All major players in this field, including member states, are reluctant to share information with smaller countries, and always prefer strictly bilateral exchanges, some of which are very significant. A good sign of cooperation and solidarity was given in the second half of September, when, based on American intelligence, terrorism-threat alerts were raised in France and Germany.

In 2009, Europeans had been heartened by President Obama's decision to close

the Guantánamo prison. However, 2010 brought a major setback. In May, the US Congress effectively blocked any possible relocation of detainees to the mainland US in the future, making it awkward for Europeans to help by admitting inmates themselves. This increased divisions and confusion among member states: some refused to take Guantánamo prisoners out of principle (including Austria and Denmark) or for legal reasons (including Poland and Romania); others asked for help or compensation on other issues in return (including Bulgaria and Latvia); and others still took some inmates to show solidarity for or encourage the new administration (including Belgium and Italy). More generally, Obama has found it very difficult to break with the Bush legacy (for example, on the use of military tribunals). The joint declaration signed in Luxembourg on 3 June, which reaffirmed the transatlantic partnership in combating terrorism while respecting the rule of law, falls short of the binding set of principles sought by Europeans.

32 RELATIONS WITH THE US ON NATO AND NATO REFORM

EU countries which are part of NATO have few objectives in common and sometimes even conflicting objectives, leaving the United States preside over NATO and European security.

| | |
|--------------|-------------|
| Unity | 2/5 |
| Resources | 2/5 |
| Outcome | 3/10 |
| Total | 7/20 |

C-

Given that six member states are not members of NATO, the EU cannot have a truly common position vis-à-vis the organisation, in the sense of shared objectives for European security that would be negotiated with the US within NATO. The EU itself does not take an official position on NATO questions such as the 2010 Strategic Concept. EU countries that are members of NATO could with that caveat conceivably defend a “European position”, but they are divided over many fundamental issues regarding their own security, leaving Washington in the driver’s seat of the organisation. Because Europeans have not identified common interests in NATO reform, it is difficult to evaluate their performance.

Indeed, in 2010, there was little agreement on the priorities for NATO reform and the new Strategic Concept. Central and eastern European countries insisted with the US on reassurance vis-à-vis Russia, following up on the secret defence plan “Eagle Guardian” revealed by WikiLeaks, while Western Europeans insisted on a conciliatory tone with Moscow. Germany and other countries

questioned the presence and relevance of American tactical nuclear weapons on European soil, but that position was disputed by France and others in the run-up to the Lisbon summit in November. Europeans also maintained a half-hearted commitment to NATO expeditionary missions such as Afghanistan, and acquiesced to American preferences on cyber security and missile defence.

More generally, Americans have pretty much defined the agenda for reform and the direction taken by NATO in 2010, as in years gone by. Because of the economic crisis, most European countries decreased their defence expenditures, which led to a collective admonishment of NATO allies by the US Secretary of Defense Robert Gates in February. Gates also abolished the US Joint Forces Command in Norfolk, Virginia, leaving its NATO counterpart (the Allied Command Transformation) with no American equivalent. Europeans mostly want American protection under NATO and they get it – but they are dependent and subordinate actors in their own security.

33 RELATIONS WITH THE US ON ARMS CONTROL AND RUSSIA

EU countries do not define the terms of European security: their divisions leave Americans in the driver's seat, including when crucial security relations with Russia are concerned.

| | |
|--------------|-------------|
| Unity | 2/5 |
| Resources | 2/5 |
| Outcome | 4/10 |
| Total | 8/20 |

C

America looms large in European security architecture – not only through NATO (see component 32), but also as a military power in its own right. While the US, Russia and the EU seem to form a strategic triangle, European preferences are of secondary importance in US-EU deliberations because member states lack unity and have few strong objectives in common. Above all, they differ on their approach to Russia.

In 2009, most member states welcomed the Obama administration's decision to replace the Bush missile defence plan with the Phased Adaptive Approach – a move, however, that was not chiefly motivated by European pressure. In 2010, European views have tended to converge, with France dropping its objections about the risk for deterrence, and central and eastern European countries dropping theirs about the inclusion of Russia, which had been advocated most forcefully by Germany. The whole issue moved into NATO at the Lisbon summit, and an offer to participate was extended to Russia. Europeans also jointly pushed the US Congress to ratify the New START Treaty in the hope of

encouraging the “reset” policy with Russia. They also supported the US effort to revise the Conventional Forces in Europe (CFE) Treaty, although they differed on priorities (flanks for Eastern European countries, host-nation consent for the Baltic states, or confidence measures for countries such as the UK and France).

Still lacking, however, is an independent and common EU position on European security architecture. The German and French attempts to redefine relations with Russia at the June 2010 Merkel–Medvedev summit in Meseberg and the trilateral summit in Deauville in October are a good start. However, they do not yet represent an EU consensus, have not yet delivered results on existing disputes, and have been criticised by Washington for their exclusivity.

34 RELATIONS WITH THE US ON THE BALKANS

Europeans receive excellent cooperation from the US despite their own disagreements. But their lack of unity prevents the EU from taking the larger leadership role to it aspires.

| | |
|--------------|--------------|
| Unity | 3/5 |
| Resources | 4/5 |
| Outcome | 7/10 |
| Total | 14/20 |

B+

Getting American cooperation on the Western Balkans and presenting a united front enhances the ability and credibility of EU countries in promoting stability there – especially vis-à-vis Bosnian Muslims or Kosovo Albanians – and transatlantic cooperation has worked well in this regard during recent years. A second, more long-term objective is to gradually decrease US involvement in the Balkans. While officially welcomed in Washington, this objective runs counter to its impulse to keep things under American control and its scepticism about whether Europeans can handle the situation on their own.

Although cooperation has been good on Bosnia and Herzegovina (BiH) in 2010, Americans have disagreed with most Europeans on closing the Office of the High Representative (OHR) and replacing it with an EU Special Representative. Doing so would move BiH from international trusteeship towards greater independence and eventual EU membership. However, the failure of the Butmir constitutional reform process, launched by the US and the EU in 2009, and the murky results of the

October 2010 elections, have dampened European enthusiasm. On Kosovo, the US is cooperative (800 American soldiers are part of KFOR, and a few dozen Americans even serve in EULEX, the EU’s rule-of-law mission) and supported Brussels in its successful attempt to get Serbia to tone down its UN General Assembly resolution. More generally, American officials like Deputy Secretary of State James B. Steinberg coordinate closely with their EU counterparts when dealing with the region.

However, cooperation with the US – for example, on the reach of the EULEX mission – is hampered by the decision of five EU countries (Cyprus, Greece, Romania, Spain and Slovakia) to not recognise Kosovo’s independence. While they generally abstain rather than obstruct, their position reinforces American misgivings about letting Europeans take full leadership. Similarly, persistent Greek objections to Macedonia’s name make it impossible to move the country towards EU or NATO membership and damages EU credibility.

35 RELATIONS WITH THE US ON THE MIDDLE EAST PEACE PROCESS

Europeans have little impact on American policies towards Israel and the peace process. Beyond their superficial unity, they disagree on the means to back up their objectives.

| | |
|--------------|-------------|
| Unity | 3/5 |
| Resources | 3/5 |
| Outcome | 2/10 |
| Total | 8/20 |

C

The Israeli-Palestinian conflict is one of the most prominent international issues in Europe and resonates domestically in many member states. Given the role assumed by Americans, it is therefore on the front burner of transatlantic relations. But while Europeans as a whole give about €1 billion per year to the Palestinian Authority and are part of the Quartet, they have little real impact on the peace process because they are unable to influence Israel or even the US. In 2010, their objectives included getting the US to be more forceful in getting negotiations restarted and more balanced in its position as deal broker; to encourage Israel to discontinue the Gaza blockade (see component 59); to get Israel to freeze the building of settlements; and to agree to a larger role for the Quartet.

In the first half of 2010, Europeans highlighted the critical humanitarian situation in Gaza and tried to get Americans to push for the lifting of the blockade. The true game-changer, however, was the flotilla incident in May. Europeans followed up by insisting with Americans on the necessity to conduct an independent

investigation and change the blockade regime for Gaza. The role of the Quartet remained secondary in 2010: for example, US Secretary of State Hillary Clinton distorted the agreed Quartet communiqué when announcing the resumption of direct talks on 20 August by adding the words “without preconditions” (the necessity for Israelis to freeze settlements).

European officials of all countries regularly raise the Middle East peace process with their American counterparts, but have little to show for it. Options to increase European leverage, both with the US and Israel, are limited by a lack of political consensus. In spite of appeals such as the petition by 26 former European officials to set a deadline to Israel on settlements, EU member states are not ready to put substantial political resources behind their position on Israel.

36 RELATIONS WITH THE US ON AFGHANISTAN

While they are expending significant troops and treasure in Afghanistan alongside the US, Europeans do not have their own strategy and the cooperation is entirely driven by Washington.

| | |
|--------------|-------------|
| Unity | 4/5 |
| Resources | 2/5 |
| Outcome | 2/10 |
| Total | 8/20 |

C

EU institutions and virtually all member states are involved in Afghanistan. Collectively, they spend around €1 billion annually, they launched an EU police mission (EUPOL-Afghanistan) in 2007 (see component 63), and many are involved in a shooting war through NATO operations. Still, there is no strong common European vision for the region and there are no substantial objectives that Europeans want to get from their cooperation with Americans. Europeans are, in general, united: at a superficial level by their stated objective of “Afghanization” of governance and security, as outlined at the January 2010 London Conference; at a more profound level by their primary motivation for being in Afghanistan (largely as a sop to their American ally); and most importantly by their desire to leave as soon as it is politically feasible, given the pressure of public opinion.

A few years ago, most Europeans were pushing Americans in various directions – for example, towards a regional approach and an emphasis on development, with more attention given to the protection

of civilian populations, etc. These recommendations were at least partly followed by the US and included in the new American strategy announced in 2009 – but many observers pointed out that they came too late. In 2010, the military operations were largely Americanized by the surge, which has marginalised European influence, and the EUPOL mission has had little, if any, benefit. There is now a soft consensus among Europeans to stay the course, deflect new American demands (Europeans reacted positively to the surge but provided significantly less than the 10,000 troops asked for by the US), and hope to be politically able to leave the country in 2014. In other words, in spite of the significant efforts Europeans have made in Afghanistan, the cooperation with Washington is largely driven by Washington.

37 RELATIONS WITH THE US ON IRAN AND PROLIFERATION

In their cooperation with Americans, Europeans managed to put pressure on Iran while making sure their red lines were respected.

| | |
|--------------|--------------|
| Unity | 5/5 |
| Resources | 5/5 |
| Outcome | 8/10 |
| Total | 18/20 |

A

In 2010, Europeans were able to maintain a united front with Americans on Iran, the most prominent case of nuclear proliferation, to further their objectives. They jointly insisted that Tehran observe its obligations under the Non-Proliferation Treaty (NPT) and comply with UN resolutions asking for the end of uranium enrichment. But in the context of this cooperation, Europeans also had three specific objectives vis-à-vis Americans: to increase both sanctions and incentives; to go through the multilateral process rather than a purely transatlantic format, in spite of the added delay and necessary concessions to Russia and China; and to prevent the imposition by the US of extraterritorial sanctions, which they opposed both out of principle and in order to protect European firms.

Europeans met most of these objectives. They worked with Americans within the UN framework and, on 9 June, the Security Council adopted Resolution 1929. Although it was not unanimous (Turkey and Brazil voted against it), and was watered down, the resolution provided

the EU and the US with the legitimacy they needed to enact their own harsher measures against Iran – which the EU did on 26 July. Earlier in the year, High Representative Catherine Ashton strongly protested against bills in Congress that threatened extraterritorial sanctions for companies that supply gasoline to Iran. The bills were not enacted but, in September, several European companies pledged to end their investments in Iran and avoid new activity in the country’s energy sector, thereby reducing tensions and satisfying governments on both sides.

If they were remarkably united on Iran, with a leading role for Ashton in negotiations with Tehran, Europeans were also united and effective at working with Americans at the NPT Review Conference in May, which produced a satisfying result. However, on the other main case of nuclear proliferation – North Korea – they were largely absent (see component 9).

38 RELATIONS WITH THE US ON CLIMATE CHANGE

A united Europe has tried its best to encourage the US to do more on climate change, but their leverage on the US Congress remains very limited. 2010 has been a year of disappointment.

| | |
|--------------|--------------|
| Unity | 5/5 |
| Resources | 4/5 |
| Outcome | 2/10 |
| Total | 11/20 |

B-

The United States, the second-largest emitter of CO₂ and a key player in international negotiations, is the primary target of influence for Europeans, who have made climate change a flagship issue. After eight years of frustration under President George W. Bush and one year of patience under President Obama, the EU's primary objective in 2010 was to see the US pass climate change legislation, including a cap-and-trade scheme.

In spite of nuances in strategy, Europeans were remarkably united in their efforts. Visits on this issue by the Spanish Presidency, EU parliamentarians and the Commissioner for Climate Action Connie Hedegaard were complemented by bilateral efforts at the executive and legislative level (including the UK, Denmark and Ireland). Initiatives towards federal agencies, states and municipalities, the major industries and the general public have been undertaken by France, Germany and the Netherlands, in particular. But the main actor in 2010 – Congress – is also the hardest to influence. In July, Senate Majority Leader Harry Reid declared that

there would be no legislation in 2010; the results of the mid-term elections ensured that cap-and-trade legislation would have to wait until 2013 at best.

This major setback for Europeans is to some extent compensated by their good relationship with the Obama administration, which is trying to attain its reduction goals through regulation and played a constructive role in the UN negotiations in Cancún. Europeans have also protected the inclusion of all flights to Europe in their Emission Trading Scheme at the International Civil Aviation Organization Assembly, in spite of a challenge by US airlines.

Unfortunately, there is little scope for Europeans to increase their leverage on this issue. Contacts with the executive branch are already dense, and more lobbying on Capitol Hill would rapidly prove counterproductive. Public diplomacy and people-to-people contacts could, however, slightly improve the outlook after the 2012 presidential election.

39 RELATIONS WITH THE US ON GLOBAL ECONOMIC AND FINANCIAL REFORM

Europeans had little influence on US national and global economic policy and its regulatory reform, and found themselves outmanoeuvred by Washington at the IMF and the World Bank.

| | |
|--------------|-------------|
| Unity | 2/5 |
| Resources | 2/5 |
| Outcome | 4/10 |
| Total | 8/20 |

C

In the aftermath of the 2008-2009 crisis, Europeans have had several objectives vis-à-vis Americans regarding the stewardship of international financial institutions and the global economy, but exerted little influence on the US in 2010.

On macro-economic policies, Europeans insisted on reducing deficits and debt, while Americans defended the need for a continued stimulus of the economy. The two sides came to a half-way compromise at the G20 Toronto summit in June. However, its non-binding nature was highlighted in November, when the Federal Reserve launched its first round of quantitative easing, an initiative strongly criticised by Europeans, and again in December, when the Obama administration agreed to extend the Bush-era tax cuts – in effect, a new stimulus.

On financial regulatory reform, transatlantic coordination is key to setting global norms. However, member states were divided on a range of issues: while some such as the UK focused on improving liquidity and capital standards, others such

as France and Germany said they wanted an expansion of regulation of hedge funds and the private-equity sector. Differences such as these contributed to a lack of focus and the limited overall impact on the US. However, through close contact with the various global regulatory forums, Europeans did have some influence on the Treasury Department's original draft of the Dodd-Frank Act, which was passed in July.

Lastly, Europeans failed to present a united front to Americans and emerging economies on reform of the IMF and the World Bank, and were in effect forced by the US to cede two seats at the IMF board without a significant concession in return (for example, on its veto right or its World Bank directorship) and without progress on the global package of governance reform they were seeking (see component 69).

Wider Europe

Overall grade

C+



WESTERN BALKANS

| | | |
|----|---|----|
| 40 | Rule of law and human rights in the Western Balkans | B |
| 41 | Stabilisation of Kosovo | B+ |
| 42 | Stabilisation of Bosnia and Herzegovina | C |
| 43 | Visa liberalisation with the Western Balkans | A |

TURKEY

| | | |
|----|--|----|
| 44 | Bilateral relations with Turkey | D+ |
| 45 | Rule of law and human rights in Turkey | C- |
| 46 | Relations with Turkey on the Cyprus question | D+ |
| 47 | Relations with Turkey on regional issues | C- |

EASTERN NEIGHBOURHOOD

| | | |
|----|--|----|
| 48 | Rule of law and human rights in the eastern neighbourhood | C- |
| 49 | Relations with the eastern neighbourhood on trade and energy | B+ |
| 50 | Visa liberalisation with the eastern neighbourhood | C+ |
| 51 | Resolution of the Transnistrian dispute | C- |
| 52 | Resolution of the Abkhazia and South Ossetia dispute | C+ |
| 53 | Resolution of the Nagorno-Karabakh dispute | C |

The EU has an ambitious and comprehensive agenda in the Wider Europe – a diverse area that includes the Western Balkans, Turkey and the ex-Soviet republics covered by the Eastern Partnership (EaP). Since the eastern enlargement of the 1990s and the early 2000s, the EU's goals have been to build stability, encourage democratic transformation, and enhance governance and economic development through the export of the EU's own model of integration embedded in its political norms and, more specifically, the *acquis communautaire*. For their part, most countries in the Wider Europe want improved access to the EU's markets, territory, resources and decision-making. These aspirations in the Wider Europe in turn empower the EU to wield its most powerful tool: conditionality, whether tied to accession or other forms of advanced cooperation.

However, while the EU's objectives have remained consistent, popular support for deeper engagement with the Wider Europe has steadily declined since 2004 and especially with the economic crisis in 2008. The euro crisis has exacerbated tensions between the EU's centre and periphery and dashed the already-shrinking enthusiasm for expansion. This shift is particularly evident in core countries such as France and Germany. Opposition to Turkish accession is strong, with both centre-

right governments in Paris and Berlin arguing in favour of a “privileged partnership” rather than full membership for the largest and arguably most important country in the Wider Europe. These member states see internal consolidation as the number one priority while others – such as the new member states from central and eastern Europe, Finland, Sweden and the UK – believe that enlargement should not lose momentum, although even enlargement enthusiasts have recently opted for greater caution. These divisions undermine the effectiveness of the EU’s policy towards its “near abroad”, which depends above all on the credibility of the EU’s offers and its “integration capacity”.

In 2010, the EU enjoyed modest success in the Western Balkans. This has to do with both supply and demand factors: there is a general consensus, both within the EU and in the region, that the future of the Western Balkans is European. Local governments keen for membership have shown readiness to comply with conditions set by the EU. To reward compliance with political and economic standards, the European Council declared Montenegro an official candidate and forwarded Serbia’s membership application for assessment to the European Commission. Following the debacle at the International Court of Justice, Serbia supported a UN General Assembly resolution along with all 27 member states and is now open to EU-mediated talks with authorities in Prishtina.

On the other hand, the EU has failed to nudge polarised ethnic groups in Bosnia and Herzegovina (BiH) towards dialogue on governance reforms, to mediate in the conflict between the government and the opposition in Albania, or to persuade Greece to unblock Macedonia’s road to accession negotiations. Yet even in difficult cases, such as BiH and Albania, the EU’s transformative power seems to be having an impact. In December, citizens of the two countries were granted visa-free access to the Schengen Area after the EU judged that they had implemented the relevant policy and institutional reforms.

Unlike in the Western Balkans, where integration is still the only game in town, the EU is losing its appeal in Turkey. The stalemate in accession negotiations continued into 2010: only one new chapter, Food Safety, was opened under the Spanish Presidency in the first half of the year. Ankara declines to allow Greek Cypriot ships and aircraft access to its territory, while Nicosia vetoes a number of chapters and blocks the opening of direct trade contacts between the EU and Northern Cyprus. Reunification talks have faltered and the victory of the hardliner Derviş Eroğlu in the presidential elections in the north removes even further the prospects of a settlement. Meanwhile, Turkey’s increasingly independent policy in the Middle East has clashed with that of the West – for example, in the case of Iran

and Israel/Palestine – raising questions about the country’s strategic orientation. Still, Turkey has continued to co-operate with the EU on critical issues such as BiH, Kosovo and strategic energy infrastructure.

Since inaugurating the EaP back in 2009, the EU has scored few points in dealing with its eastern neighbourhood. The trend in the region is towards retrenchment of authoritarianism and regimes are keen to playoff the EU against Russia in a way reminiscent of former Yugoslav president Josip Broz Tito in the days of the Cold War. Authoritarian consolidation limits EU leverage as it increases the cost of compliance with EU demands. The crackdown in Belarus in the wake of December’s rigged presidential elections showed the limits of the EU’s policy of engagement. Under the leadership of President Victor Yanukovich, Ukraine saw the reinstatement of a presidential regime, the harassment of the opposition, and a deal with Moscow over the continued use of the port of Sevastopol by the Russian fleet. Another botched election in Azerbaijan took place without the EU taking a critical stance. The only significant developments on protracted conflicts were a marginal improvement in relations between Georgia and Russia and a renewed attempt by the EU to assume a more central role in negotiating a settlement in Transnistria.

On the positive side, the EU has continued its efforts towards economic integration. Association Agreement negotiations began with Moldova in January and Georgia, Armenia and Azerbaijan in July. However, talks with Ukraine, which have been ongoing since 2007, have largely stalled because of Kyiv’s reluctance to take on vested interests in key sectors such as steelmaking. Ukraine and Moldova acceded to the Energy Community, but it is yet to be seen whether they will implement in full their obligations to unbundle their electricity and gas sectors in line with the acquis. 2010 saw some tentative steps towards a dialogue on visa liberalisation, but the benefits, both for the EU and the eastern neighbours, are some way off.

40 RULE OF LAW AND HUMAN RIGHTS IN THE WESTERN BALKANS

Democratic governance and the rule of law rank high in the EU's policy. The promise of membership is the ultimate resource but impact depends on domestic conditions.

| | |
|--------------|--------------|
| Unity | 3/5 |
| Resources | 4/5 |
| Outcome | 6/10 |
| Total | 13/20 |

B

Membership conditionality is the EU's key tool for promoting democracy, human rights and good governance in the region. Member states act fairly consistently and in unison. For example, they resolved to forward Serbia's membership application for assessment to the European Commission, with the Netherlands lifting its veto. Yet some divisions over the pace of the process continue to undermine overall effectiveness of democratic conditionality. There is a divide between the new member states, the UK, Spain and Sweden, who push for keeping the enlargement momentum, and France and Germany, who would like to slow down the process. Greece, a traditional advocate of expansion into the Western Balkans, continues to veto membership talks with Macedonia.

There were moderate gains in democratic standards in 2010. In December, Montenegro was recognised as a candidate country, which means that, in the EU's judgment, it fulfils the democratic criteria. A membership perspective has bolstered the pro-reform coalition in Serbia and continues to uphold the shaky inter-

ethnic peace in Macedonia. On the good governance front, Albania, Montenegro and Serbia are implementing civil service and judiciary reform, but their efforts are yet to be rewarded by the EU. However, while the EU is the ultimate guarantor, short-term improvements are dependent on domestic dynamics rather than the EU's foreign-policy actions. Even positive developments such as the criminal investigation of Croatia's former prime minister Ivo Sanader or the resignation of Montenegrin Prime Minister Milo Djukanovic have little to do with pressure from Brussels.

On the negative side, the EU has been unable to bridge the gap between the government and the opposition in Albania. In Macedonia, a candidate since 2005, the government clamped down on certain media (e.g. the A1 TV channel). Because of the blocked accession process, the EU's leverage in Macedonia has dramatically declined.

The EU's performance on Kosovo and Bosnia and Herzegovina is covered in components 41 and 42.

41 STABILISATION OF KOSOVO

Despite continuing divisions on the issue of Kosovo's independence, the EU has strengthened its position by getting Belgrade and Prishtina to commit to negotiations.

| | |
|--------------|--------------|
| Unity | 3/5 |
| Resources | 4/5 |
| Outcome | 7/10 |
| Total | 14/20 |

B+

The situation in Kosovo remains stable and there have been some signs of improvement. The landmark advisory opinion delivered by the International Court of Justice (ICJ) on 22 July pushed Serbia to a more cooperative stance, a development favoured by the EU as a whole. Even though five EU member states (Spain, Greece, Cyprus, Slovakia and Romania) continue to oppose independence, the UN General Assembly resolution on 9 September, proposed jointly by the EU and Serbia, builds unity and paves the way to talks between Prishtina and Belgrade on technical issues of common concern – trade, transport, energy interconnections and air controls. British Foreign Secretary William Hague's trip to Belgrade in late August was instrumental for securing Serbia's cooperation, now implicitly linked to progress on the pre-accession track. EULEX, the EU's rule-of-law mission, has taken a softer approach, avoiding a confrontation over the Serb-majority municipalities north of the Ibar River which are largely outside Prishtina's control. EULEX spends €38 million of its budget on political initiatives and

€36 million on programmes designed to reinforce the rule of law.

Overall, the EU did moderately well in 2010, demonstrating unity of purpose and scoring minor success. However, at the end of the year, the EU's impact was tempered. The early elections in Kosovo, held on 12 December – the first time that Kosovo voted for an assembly since the proclamation of independence – were marred by irregularities, necessitating a rerun of the vote in some districts. As a result, it has been difficult to form a governing coalition, which has in turn delayed the talks with Belgrade. The Democratic Party of Kosovo, which won the elections, suffered a further blow in December when the Council of Europe released a report accusing senior figures, including the party's leader, Hashim Thaçi, of harvesting organs from Serb prisoners of war during the 1999 conflict.

Components 34 and 66 also offer judgment on the Kosovo case from different angles.

42 STABILISATION OF BOSNIA AND HERZEGOVINA

Despite unity of purpose, EU has failed to respond credibly to the continuing instability in Bosnia and Herzegovina. The fragility of domestic politics undercuts its conditionality leverage.

| | |
|--------------|-------------|
| Unity | 4/5 |
| Resources | 2/5 |
| Outcome | 2/10 |
| Total | 8/20 |

C

The EU's policy in Bosnia and Herzegovina is in limbo. The EU remains fairly united, with member states pursuing the dual goal of establishing functional statehood and integrating the country. Yet they have failed to produce any fresh thinking as to how to build bridges between the Republika Srpska leadership and Bosnian parties or how to push the Bosnian-Croat entity to rein in its public finances. In 2010, the EU backtracked on its earlier policy geared towards an overhaul of the constitution, via the so-called Butmir process. As a result, the stalemate has continued, at a time when neighbouring Croatia, Serbia and Montenegro are making confident strides towards the EU.

The general elections on 3 October led to a reshuffle in the Bosnian camp, with the moderate Bakir Izetbegović winning a seat in the three-member collective presidency. They also confirmed the multiethnic Social Democratic Party as the strongest force in the Bosnian-Croat entity. This in turn has reinforced hopes for fresh movement on the accession track, in turn strengthening the EU's hand. However, government

formation at the state level has proven difficult. There are pressing issues such as the implementation of the European Court of Human Rights decision on constituent peoples or the registration of state property that exacerbate divisions. The EU dedicated €50 million for political programmes in 2010.

Overall, the EU has lost another year without being able to carry out the transition from the Office of High Representative to an EU Special Representative (EUSR) with a more limited range of powers, an objective that was put forward as far back as 2006. The EU has failed to appoint a new OHR/EUSR to replace Valentin Inzko, although it has repeatedly indicated that it will despatch a heavyweight from within its ranks. The EU's effectiveness is still dependent on the level of cooperation with the US (see component 34) as well as the application of its crisis-management toolbox (see component 65).

43 VISA LIBERALISATION WITH THE WESTERN BALKANS

Visa liberalisation is a clear example of a successful EU policy, which will increase mobility and improve the institutional environment in the Western Balkans.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 5/5 |
| Outcome | 9/10 |
| Total | 18/20 |

A

The EU's objective is to improve law enforcement and migration controls through a conditional offer of visa-free travel to the Schengen Area. The payoff is greater security linked to the alignment of standards on everything from biometric passports to border crossings. For instance, the introduction of higher-quality personal identification documents helps prevent identity fraud and combat transnational crime, which remains one of the challenges to the region and the EU. Inclusion into the "positive" or "white list" countries whose citizens can travel freely into the Schengen zone without a visa also improves cooperation between the law enforcement authorities in the EU and their Western Balkan counterparts. It provides a clear incentive for governments in the region to upgrade governance standards in various areas to do with the free movement of people and encourages regional cooperation at the Balkan level by creating a single regulatory environment.

The EU made great progress in this area in 2010. The admission of Bosnia and Herzegovina (BiH) and Albania into the

"positive list" was a momentous event for both, as well as for the region as a whole. The EU acted with a high level of unity, despite the misgivings in some member states such as France, Germany (the interior ministry rather than the foreign ministry), Austria and the Netherlands. This is due to the impact of existing legislation at the supranational level, as well as the already well-established procedures and standards for extending visa-free travel to third countries. The accession of Serbia, Montenegro and Macedonia to the "white list" in December 2009 followed the path previously taken by BiH and Albania. The only point of division remains Kosovo: France and Germany have blocked the extension of a roadmap for visa liberalisation, effectively putting Prishtina in a separate basket from the rest of the Western Balkans.

44 BILATERAL RELATIONS WITH TURKEY

Divisions between member states persisted and there was no significant progress in the stalled accession negotiations.

| | |
|--------------|-------------|
| Unity | 2/5 |
| Resources | 2/5 |
| Outcome | 1/10 |
| Total | 5/20 |

D+

Relations with Turkey are a profoundly divisive issue within the EU. Germany and France have been openly opposing accession and arguing instead for a form of “privileged partnership”. Cyprus continues to use its veto to block the negotiations, while France is blocking some specific chapters, with Berlin in tacit support. Greece, meanwhile, has gone from an ardent supporter to a bystander. The pro-accession camp includes the UK, Spain, Finland, Sweden, Italy and most member states in central and eastern Europe, including neighbours Bulgaria and Romania.

These internal divisions have undermined the EU’s leverage. There is a sense that although the EU remains an important pole of attraction, Ankara is diversifying its economic and political relations and seeking to emancipate itself from the EU (see component 47). In June, US Secretary of Defense Robert Gates said the country was “pushed by some in Europe refusing to give Turkey the kind of organic link to the West that Turkey sought.”

The stalemate in membership negotiations continued. The Spanish Presidency declared its ambition to start talks on three new chapters in the first half of the year but only opened one on food safety, veterinary and phytosanitary policy. Turkey refuses to implement the 2004 Additional Protocol to the Ankara Agreement and open its ports and airspace to Greek Cypriot ships and aircraft, unless the EU fulfils the commitment it made in 2004 to end the isolation of Northern Cyprus and trade directly with it. Turkey’s relations with the EU have also deteriorated because of its opposition to a new round of sanctions on Iran. The Turkish government is insisting that it is implementing the *acquis* even without formal negotiations on the relevant chapters, but there is little evidence to that effect, despite Turkey receiving €653.7 million in pre-accession assistance in 2010.

45 RULE OF LAW AND HUMAN RIGHTS IN TURKEY

Member states differ on how to promote democracy, human rights and good governance in Turkey. The EU's impact on domestic politics is waning as the prospect of accession becomes more distant.

| | |
|--------------|-------------|
| Unity | 3/5 |
| Resources | 2/5 |
| Outcome | 2/10 |
| Total | 7/20 |

C-

With the EU divided on the issue of Turkey's membership (see component 44), its leverage on domestic politics has dramatically decreased, especially compared to the period 2002-2006. The EU is still divided on how to handle Turkey's domestic transformation. While all member states support democratisation, they are not all prepared to uphold the membership perspective. The EU continues to monitor democratic performance and human rights in the country, but its voice is heard less and less.

Political elites and media largely ignored the European Commission's regular report on Turkey published in the first week of November, which measures, among other things, the progress of democratic consolidation and the state of human and minority rights inside the country. The EU was not a major point of reference in the constitutional referendum held on 12 September either, although the Commission hailed the outcome and called for the democratic changes ratified by the body politic to be fully implemented. Some voices in the ruling Justice and

Development Party (AKP) and even within the liberal intelligentsia argue that Turkey does not need the European anchor any more. Turkey also often blames the West (essentially big EU members and the US) for encouraging Kurdish separatism.

One positive outcome for the EU was the shift in position by the Republican People's Party (CHP), the main opposition force that represents the secular Kemalist constituencies. Having in the past taken a nationalist and often anti-EU line, its new leadership criticised the government for failing to abide by the "true" democratic standards of the EU. However, although this was a positive development, it had little to do with EU influence. The only way the EU could significantly increase its leverage on domestic developments is through unblocking membership talks and upholding the accession perspective.

46 RELATIONS WITH TURKEY ON THE CYPRUS QUESTION

The EU is superficially united due to the requirements of Community law and solidarity with Cyprus, but its policy is not effective as it cannot act as an honest broker and has lost leverage with Turkey and Turkish Cypriots.

| | |
|--------------|-------------|
| Unity | 3/5 |
| Resources | 1/5 |
| Outcome | 1/10 |
| Total | 5/20 |

D+

The EU's objectives are to get Turkey to implement the 2004 Additional Protocol to the Ankara Agreement and allow Greek Cypriot ships and aircraft to use its ports and airports, and to assist the ongoing reunification negotiations under the auspices of the UN Secretary General. The latter is inherently difficult as Cyprus is now a member state, so the EU has, one way or another, evolved from an external mediator to a party in the conflict. For instance, Cyprus currently blocks negotiation chapters in Turkey's accession talks as well as EU-NATO cooperation to put pressure on Ankara on this issue.

This does not mean that a common EU position is utterly impossible. The principle of *pacta sunt servanda*, the EU's free-movement law and political solidarity with Cyprus all feed into a common position. The tricky issue is whether Turkey should be given additional incentives, but the EU has limited capacity to push for a settlement. While reunification negotiations have continued, the EU will have little leverage with Turkey as long as the blockage of the accession process

continues (see component 44).

Turkey has no face-saving options either, as long as regulation for trade with the Northern Cyprus is blocked in the European Parliament and Council. Reintroduced by the European Commission under the new rules of the Lisbon Treaty, the regulation was defeated thanks to opposition by Cypriot MEPs. This outcome perpetuates the deadlock and deepens divisions between EU institutions and member states over this long-standing conflict.

The election of nationalist Derviş Eroğlu in Northern Cyprus puts the prospect of a settlement involving a joint state in question. With hardliners in power in the north, negotiated partition is increasingly becoming the sole realistic option. The EU faces a growing challenge but has little by way of a response to the situation at hand.

47 RELATIONS WITH TURKEY ON REGIONAL ISSUES

As Turkey drifted away from Europe in 2010, the EU did little to influence its new neighbourhood policy.

| | |
|--------------|-------------|
| Unity | 2/5 |
| Resources | 3/5 |
| Outcome | 2/10 |
| Total | 7/20 |

C-

In 2010, Turkey's neighbourhood policy, especially in the Middle East, drifted apart from the foreign-policy priorities of the EU. The two most striking cases were Turkish opposition to a new round of international sanctions against Iran and the rift with Israel.

At the same time, Turkey has pushed for trade liberalisation and facilitation of free movement of people with Arab neighbours. Turkey concluded a quadripartite free-trade agreement (FTA) with Jordan, Lebanon and Syria and a bilateral FTA with Lebanon. Turkey and Lebanon agreed to abolish visas, following similar agreements with Syria and Jordan. Such deals follow up on the EU's own trade liberalisation initiatives under the EuroMed process which have a multilateral dimension. In addition, Turkey's attractiveness to neighbours is in no small part due to its close economic links with the EU.

Turkey is a potential partner in the Western Balkans, Iraq and, to some degree, in the Southern Caucasus, but the EU has failed to engage it in Common Security and

Defence Policy (CSDP) and the European Neighbourhood Policy (ENP), which Turkey sees as an alternative track to accession. While member states that support Turkish EU membership are exclusively focused on the accession process (see component 44), the obstacles created by some opponents, such as Cyprus and France, inadvertently encourage Ankara to act unilaterally in the Middle East. EU disunity boomeranged in 2010 as Turkey openly challenged the EU on an important foreign-policy issue by opposing new sanctions against Iran.

Meanwhile, energy relations between Turkey and Russia in June improved when their respective prime ministers, Recep Tayyip Erdoğan and Vladimir Putin, unveiled a joint plan to build a nuclear power plant near the city of Mersin. Although Turkey is a key ally in the effort to diversify energy supplies to the EU, especially given strategic projects such as the Nabucco gas pipeline, Cyprus is still blocking the negotiation chapter on energy.

48 RULE OF LAW AND HUMAN RIGHTS IN THE EASTERN NEIGHBOURHOOD

The EU had a difficult year as it the eastern neighbourhood moved towards authoritarian retrenchment and the EaP lost credibility.

| | |
|--------------|-------------|
| Unity | 3/5 |
| Resources | 2/5 |
| Outcome | 2/10 |
| Total | 7/20 |

C-

The EU aims to upgrade the eastern dimension of the so-called European Neighbourhood Policy (ENP) through the Eastern Partnership (EaP), which is based on bilateral action plans containing a shopping list of reform commitments.

In 2010, the EaP lost credibility as the eastern neighbourhood moved towards authoritarian retrenchment. Democracy suffered a setback in Ukraine as the constitutional court in effect brought back the presidential regime of the 1990s. President Yanukovych also harassed the opposition by launching criminal procedures against Yulia Tymoshenko. Presidential elections in Belarus in December were predictably rigged and, to the dismay of the EU, followed by a wholesale clampdown on the opposition protests. This destroyed the momentum towards a cautious rapprochement with President Alyaksandr Lukashenka's regime.

Nor was there progress in the Caucasus. The EU continues to court authoritarian Azerbaijan because of its vast gas and oil

resources. Moldova is currently the only country where democratisation efforts continue. The pro-Western Alliance for European Integration emerged as a tentative winner in the general elections held in November, with 50 percent of the vote. To do better, the EU should present a clear list of demands and benchmarks on democratic performance, and link compliance with direct benefits. It needs to show firmer support to Moldova in order to build it up as a regional model.

Unfortunately, the EU continues to be divided on the EaP: Poland and Sweden originally saw it as a stepping stone to pre-accession; France, Germany and the Netherlands consider it as an altogether different track. This position is gaining traction and, in 2010, the pro-accession group conceded that membership invitations are unlikely to be extended in the next decade. There has been little attention paid on the democratic conditionality benchmarks featuring in the bilateral action plans.

49 RELATIONS WITH THE EASTERN NEIGHBOURHOOD ON TRADE AND ENERGY

The EU is united on trade liberalisation but progress has proved very slow because of a lack of commitment on both sides.

| | |
|--------------|--------------|
| Unity | 5/5 |
| Resources | 4/5 |
| Outcome | 5/10 |
| Total | 14/20 |

B+

Promoting functional integration is a key interest for the EU because of the economic opportunities it creates for both members and partner countries and the potential to strengthen stability across borders. As trade is a core issue, EU institutions such as the European Commission have a very strong mandate to negotiate on behalf of the EU as a whole. Even in energy, where member states' policies diverge, there is a fairly coherent set of demands vis-à-vis eastern neighbours (with the exception of Azerbaijan) to do with liberalisation and harmonisation with the *acquis* that would improve security of supply to EU consumers.

The EU's key resource is access to its vast internal market. In 2010, the EU launched Association Agreement (AA) negotiations with Moldova in January, and Georgia, Armenia and Moldova in July. In addition to trade issues, AAs cover areas such as political dialogue, justice and home affairs, sectoral cooperation, people-to-people contacts. They are considered an intermediate step to the

completion of Deep and Comprehensive Free Trade Agreement (DCFTA).

Yet the EU's impact is still limited. DCFTA talks with Ukraine have stalled because of the imposition of import duties contrary to WTO obligations. President Yanukovych stated publicly that the proposed EU terms are not in Ukraine's interests due to the loss of revenue. Kyiv is said to be reluctant to push with the talks due to oligarch interests.

In 2010, the EU enlarged the Energy Community, a multilateral arrangement geared towards harmonisation with the *acquis*. Moldova acceded in May, followed by Ukraine in September. To meet entry criteria, Ukraine agreed to unbundle Naftogaz (its gas utility company) and its electricity operator by 2012. If implemented, this legislation would mean a significant decrease of government subsidies to the energy-intensive industries in the east of the country (see also components 21 and 22).

50 VISA LIBERALISATION WITH THE EASTERN NEIGHBOURHOOD

While the process of harmonisation with the *acquis* continues, the EU's disunity and cautiousness limit its effectiveness.

| | |
|--------------|--------------|
| Unity | 3/5 |
| Resources | 2/5 |
| Outcome | 5/10 |
| Total | 10/20 |

C+

The EU's objective in the eastern neighbourhood is to link concessions on visas with institutional reforms. New member states such as Poland and Romania have argued for speedy liberalisation, which they see as bringing economic and political benefits. Old member states, such as Germany, Austria and France, which are concerned about immigration or the unsustainably fast pace of enlargement, want to proceed at a slower pace.

Visa facilitation and readmission agreements are already in place with Moldova and Ukraine, where up to 40 percent of visas are now issued free of charge. This serves the EU goal of promoting integration while minimising risks. The next step, following the Western Balkan scenario (see component 43), is to lift visas. In October, the European Council announced that Ukraine would be given an action plan with technical benchmarks that will pave the way to the "possible establishment of a visa-free travel regime" in the long run. The member states also mandated the European Commission to prepare an action plan with Moldova,

which since July is part of a structured visa dialogue with the EU.

Ukraine and Moldova have been encouraged by the success of Western Balkan countries, which in turn has strengthened the EU's hand in the eastern neighbourhood. The proviso is that the fulfilment of benchmarks does not automatically lead to the lifting of visas, which remains a political decision to be taken further down the road. It is hard to judge EU performance at this point as institutional and policy reforms in the EaP countries are still in their nascent stage. Visa liberalisation is a long-term process but it is clearly one of the few trump cards the EU is left with in the region. Taking a bolder approach and asking governments to reform policies and institutions to lift visa restrictions would increase the EU's attractiveness across the region.

51 RESOLUTION OF THE TRANSNISTRIAN DISPUTE

Member states agree in principle that they should take a more active stance, but no new initiatives have emerged.

| | |
|--------------|-------------|
| Unity | 3/5 |
| Resources | 2/5 |
| Outcome | 2/10 |
| Total | 7/20 |

C-

The EU seeks to play a central role in a future settlement and also has a clear goal: a power-sharing framework, along the line of the formulas applied in the Western Balkans. There is now a common understanding that Russia should be engaged rather than confronted. However, nuances continue to matter: member states such as Germany (which sees Transnistria as a critical test case) and now also France, tend to put their relationship with Russia before their relationship with the Wider Europe and offer incentives to Moscow rather than to Chisinau or Tiraspol, the capital of the self-proclaimed Transnistrian Republic. Meanwhile, the Alliance for European Integration, which is in power in Moldova, has been calling for more direct and active EU involvement in the dispute. This line is also supported by Romania and draws plaudits from both the European Parliament and High Representative Catherine Ashton.

Similar ideas were floated at the Deauville Summit attended by Angela Merkel, Nicolas Sarkozy and Dmitry Medvedev in October. Such ambitions to play a more central role have not been fulfilled in 2010, because the EU is still not recognised as a first-rank stakeholder in the ongoing negotiations (see component 20).

However, this is partly the EU's own fault. It has taken few specific steps beyond the allocation of roughly 15 percent (€41 million) of the EU financial assistance to Moldova for the reintegration of the eastern districts and the operation of the assistance mission at the border with Ukraine (EUBAM, which was allocated €12 million for 2010). It has not produced a detailed strategy, let alone a roadmap, for the solution of the crisis despite the demand coming from Chisinau and the experience with similar issues in the former Yugoslavia.

In 2010, Berlin and Moscow pioneered the so-called Meseberg Process for an EU-Russia Security Council, which would address Transnistria among other issues.

52 RESOLUTION OF THE ABKHAZIA AND SOUTH OSSETIA DISPUTE

All member states aim to defuse tensions without recognising Abkhazia and South Ossetia, but talks with Russia produced only modest results.

| | |
|--------------|-------------|
| Unity | 3/5 |
| Resources | 2/5 |
| Outcome | 4/10 |
| Total | 9/20 |

C+

The EU's goal is to defuse tensions between Georgia and the two breakaway provinces of Abkhazia and South Ossetia, and to avoid confrontation between Tbilisi and Moscow, which would spread instability across the South Caucasus. Also at stake is the ongoing rapprochement with Russia. Germany and France's understanding that relations with Moscow have priority is increasingly accepted by Poland, whose late president Lech Kaczyński was a close ally of Georgian President Mikheil Saakashvili inside the EU.

The EU had only limited success in 2010. On the positive side, it kept Georgia and Russia at the negotiating table through talks in Geneva that were co-sponsored by the OSCE and the UN. On the other hand, those talks produced only modest results. Even humanitarian questions concerning displaced people continue to be divisive and not properly addressed, and Abkhaz and South Ossetian representatives threatened several times to boycott the negotiations.

Following the Deauville summit between President Sarkozy, Chancellor Merkel and

President Medvedev in October, Russian troops withdrew from the village of Perevi, located south of the administrative border of South Ossetia. Their presence was a major embarrassment for the EU, as it breached the terms of the ceasefire agreement negotiated by Sarkozy on behalf of the EU following the brief Russo-Georgian war in August 2008. Another positive development was the decision in May to restore the regular flights between Tbilisi and Moscow. Since then, Georgia has attempted to take the initiative, proposing an agreement whereby it and Russia would pledge to refrain from unilateral use of force (see also component 60, which covers some of the operational aspects of the mission deployed in Georgia).

53 RESOLUTION OF THE NAGORNO-KARABAKH DISPUTE

The EU would like to play a more central role in Nagorno-Karabakh but is constrained as its leverage over the main players is limited.

| | |
|--------------|-------------|
| Unity | 4/5 |
| Resources | 2/5 |
| Outcome | 2/10 |
| Total | 8/20 |

C

The EU would like to facilitate a negotiated settlement of the conflict between Azerbaijan and Armenia by assuming a more prominent role in the OSCE Minsk Group that mediates on the issue. Although all member states support the goal, the EU has less leverage in Nagorno-Karabakh than any of the other protracted conflicts in the post-Soviet space, and has largely limited its involvement to issuing statements on the tense situation on the ground. The EU is one of the co-chairs of the Minsk Group (along with Russia and the US) but is permanently represented by France.

Russia remains the principal mediator in the conflict due to its military power and political capital. Still, its writ does not go far: in the latest meeting between Armenian and Azerbaijani presidents in October, the Russian hosts brokered an agreement to exchange prisoners of war as a confidence-building measure, but there is, at present, no basic agreement on the principles of the talks. Armenia is heavily dependent on Russia while Azerbaijan perceives Moscow as favouring Yerevan. That perception

was reinforced by the recent military cooperation agreement concluded between Armenia and Russia.

The EU, meanwhile, is asymmetrically dependent on cooperation with Azerbaijan with respect to energy supplies. Member states have been reluctant to push Baku on issues related to democracy and human rights, even those, such as Poland, that have spoken out on Belarus. The same applies to Armenia, which is largely ignored by top policymakers. In 2010, the EU started negotiations over an Association Agreement with both Azerbaijan and Armenia without making progress on Nagorno-Karabakh a condition. The EU has also failed to meaningfully engage Turkey, another key player. To have a bigger impact, the EU could deploy a monitoring mission along the lines of the one in Georgia and engage both Russia and Turkey.

Crisis Management

Overall grade

B-



| | |
|---|-----------|
| CONFLICT PREVENTION AND MEDIATION | B- |
| 54 Crisis management in the Former Yugoslav Republic of Macedonia | B- |
| 55 Crisis management in Sudan and Chad | B- |
| 56 Crisis management in West Africa | C+ |
| HUMANITARIAN ACTION AND INTERVENTION | B- |
| 57 Response to the earthquake in Haiti | A- |
| 58 Response to the flooding in Pakistan | B- |
| 59 Response to the humanitarian crisis in Gaza | C+ |
| PEACEMAKING AND PEACEKEEPING OPERATIONS | B- |
| 60 Stabilisation of the Georgian border | B+ |
| 61 Crisis management in Kyrgyzstan | C- |
| 62 Crisis management in Somalia | B |
| STATE BUILDING AND NATION BUILDING | B- |
| 63 Stabilisation and state building in Afghanistan | C+ |
| 64 Stabilisation and state building in Iraq | B- |
| 65 Stabilisation and state building in Bosnia and Herzegovina | B |
| 66 Stabilisation and state building in Kosovo | B- |
| 67 Stabilisation and state building in DR Congo | B- |

Member states engage in crisis management, both in their immediate neighbourhood and globally, through various multilateral institutions. While the EU itself is now the primary stabilising force across the Balkans, NATO remains the primary conduit for European efforts in Afghanistan, and the EU turned to the Organization for Security and Cooperation in Europe (OSCE) to deploy a police mission during the Kyrgyz crisis. Meanwhile, in African crises European governments typically engage in indirect crisis management, providing financial and diplomatic support to the United Nations (UN) and African Union (AU). This fragmentation is reflected in the assessments included here. European governments have staked far greater resources and taken much greater political risks in places where troops, police or civilian crisis experts are deployed through the EU or NATO. But since the EU frequently states its support for UN and OSCE operations in high-profile trouble spots such as Sudan and Kyrgyzstan, they must also be included in any assessment of Europe's contribution to crisis management.

A small number of European governments – France, the UK and, to some extent,

Germany – play a crucial role in defining not only EU and NATO policy but also the governance of the UN and the OSCE. The European Commission has also been an essential donor to the AU's peace operations. The activities of these organisations are an important but overlooked dimension of European power, even if they do not fly a European flag or involve many European personnel. We have also covered European activities ranging from conflict prevention (as in West Africa) to long-term statebuilding (as in Kosovo). With the all-important exception of Afghanistan, neither the EU nor NATO is at present directly involved in “hot” crises involving significant conflict. Instead, European efforts are largely focused on averting violence and, in particular, on long-term post-conflict peacebuilding.

In a year in which many cash-strapped European governments announced big defence cuts, two major natural disasters – the Haitian earthquake and the Pakistani floods – highlighted significant gaps in the EU's humanitarian response mechanisms. The European anti-piracy operation off Somalia had some success but security debates were dominated by increasing pessimism – sometimes bordering on defeatism – over operations in Afghanistan. Meanwhile, the EU's members struggled to sustain lasting political progress in the Balkans. Politicians in Bosnia and Herzegovina and the Former Yugoslav Republic of Macedonia still frequently return to chauvinist ethnic politics. In Kosovo, EULEX, the EU's rule-of-law mission, has adopted an increasingly tough stance towards high-level political corruption, but quashing this will take many years at best. Further away, in Iraq, where the EU has a technically focused police mission but a low political profile, Europe's long-term contribution to stability is slight.

The European presence in Afghanistan, which is approaching its 10th anniversary, has become emblematic of the problems in long-term peacebuilding. As the Afghan security situation deteriorated throughout 2010, European contributors to the NATO-led military force displayed obvious exhaustion. The Netherlands was the first to break ranks and draw down its troops, but other major troop contributors also talked about deadlines for departure. Meanwhile, the EU's Afghan police mission – which is meant to contribute to civilian security – has been all but written off. The Afghan situation has much wider implications for European security policy, as it has contributed to broader political disillusionment with direct interventions in fragile states.

It is notable, if unsurprising, that there were few voices raised in favour of European intervention in last year's crises in Kyrgyzstan and Côte d'Ivoire. Given this apparent wariness towards direct actions, European governments are increasingly likely to look to indirect engagement in future crisis, for example by backing UN

missions. However, a number of components (55, 56, 62 and 67) show that the UN, the AU and other organisations are struggling with crisis management. European officials also queried the costs of supporting other organisations' operations in 2010.

If Europeans had general doubts about the utility of interventions and peacebuilding, they had notable successes in 2010 in unusual, tailor-made operations. These included French special-forces operations against al-Qaeda in the Maghreb (see component 56) and naval patrols in the Gulf of Aden, which have had some success in thwarting Somali pirate attacks. After Afghanistan, the success of these operations is likely to stimulate EU interest in options other than extended peacebuilding.

The humanitarian crises in Haiti and Pakistan have also already raised questions about Europe's responses to natural disasters. Immediately after the Haitian earthquake, individual member states and the European Commission assessed the shattered country's needs separately, but the Commission played an important role in bringing some coherence to their efforts. During the Pakistani floods, the UK and the Commission led the European response, with many other major EU members making very small donations. The weaknesses revealed by both crises have at least engendered a significant European debate about how to act in future humanitarian disasters.

Overall, Europe's response to crises over the last year has been characterised by pervasive doubts: the lack of progress and setbacks in Afghanistan, the Balkans and Africa have combined with military cost-cutting to raise questions about the future of European crisis management. It is also notable that the cases analysed here are largely confined to Europe, Africa and central Asia – Europe's ambitions to shape crisis management do not stretch into strategically vital tracts of East Asia and the Pacific. These trends were not new in 2010: many of the challenges described here are arguably the result of European failures to engage more effectively in crisis management in previous years (in the Balkans, for example, the EU is still paying the price for mistakes it made nearly 20 years ago). Even if EU member states hope to break with the ineffectual crisis management policies of the past, or simply cut security spending, they will find it hard to disentangle them from the troubled states and crises described here.

54 CRISIS MANAGEMENT IN THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

The EU tried to reduce deep tensions in FYROM, but its efforts are still complicated by Greek concerns over the country's name.

| | |
|--------------|--------------|
| Unity | 2/5 |
| Resources | 3/5 |
| Outcome | 6/10 |
| Total | 11/20 |

B-

The EU has played a central role in stabilising the Former Yugoslav Republic of Macedonia (FYROM) since the country's Macedonian and Albanian populations came close to war in 2001. Although this previously included military and police deployments, it has since 2005 involved mainly diplomacy and aid coordinated by an EU Special Representative (EUSR). The EUSR has worked closely with NATO, the OSCE and US representatives. The EU's approach to FYROM is complicated by Greece's insistence that it drop its claim to the name "Republic of Macedonia". Athens sees this as an implicit challenge to its sovereignty over its own province of Macedonia and has blocked FYROM's progress towards EU and NATO membership while the dispute continues.

Although there was no high-profile crisis in 2010, FYROM's overall stability remained uncertain. The EUSR and his diplomatic counterparts in Skopje issued strongly worded warnings about the government's need to honour agreements with the Albanian population. However, the EU expressed some optimism that

police reform, a key plank of inter-ethnic reconciliation, was making progress. Relations between the government and opposition parties of all ethnic affiliations were tense, with government projects – including an extremely costly plan to beautify the capital – a source of constant criticism. The EU devoted €36.3 million in pre-accession assistance funds towards transition assistance and institution building programmes. An effort to break the deadlock with Greece on the name issue in October failed, despite a call by European Council President Herman Van Rompuy for progress.

A new EU Head of Delegation will take on the EUSR's tasks in 2011. The chances of FYROM's government making significant advances towards resolving its internal and external challenges are reducing ahead of elections in 2012. While the name dispute has not prevented the EU from taking a lead role inside FYROM, the range of outstanding tensions is a serious concern.

55 CRISIS MANAGEMENT IN SUDAN AND CHAD

EU pressure has had limited impact on the Sudanese government, but South Sudan made progress towards independence. Chad rejected EU efforts to preserve the UN peacekeeping force on its territory.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 3/5 |
| Outcome | 4/10 |
| Total | 11/20 |

B-

The EU primarily engages in conflict management in Sudan through financial and diplomatic support to the UN-commanded peace operations in Darfur and South Sudan and funding for humanitarian aid to both regions. The EU also supports the International Criminal Court's (ICC) pursuit of Sudan's president, Omar al-Bashir, for war crimes and genocide. The UK and Nordic countries have the greatest investment in Sudan's affairs.

2010 was a tense year, with widespread predictions of major violence in South Sudan after the referendum on secession in 2011. National elections in late April were an important test of stability. The EU sent monitors but withdrew those based in Darfur shortly before the vote, citing safety concerns. The EU found heavy irregularities in the poll in general, which resulted in a sizeable victory for Bashir. With the primary focus on South Sudan, less attention was paid to events in Darfur. UN peacekeepers there were subjected to frequent attacks, while the Sudanese government placed heavy restrictions on humanitarian workers. Efforts to mediate

between Khartoum and Darfuri rebels in Doha went nowhere. By contrast, steady low-level violence failed to disrupt progress towards the January 2011 referendum in South Sudan.

EU support for the ICC case against Bashir had limited impact, as African governments rejected the indictment. Bashir traveled to Kenya with impunity in August. However, a European threat to walk out of the EU-Africa summit in Tripoli in November if Bashir attended persuaded the Libyans to ask the Sudanese leader to stay away. Nonetheless, Europe's ability to affect developments within Sudan appeared limited.

In Chad – where France drives European policy – the EU backed a UN peacekeeping force deployed to replace EU troops in 2009. However, at the insistence of the Chadian government and despite European objections, this force was removed at the end of 2010 – a further sign of the EU's limitations.

56 CRISIS MANAGEMENT IN WEST AFRICA

France has beefed up its campaign against al-Qaeda in the Maghreb, but the EU response to other West African crises has often been piecemeal, with individual member states focused on former colonies.

| | |
|--------------|--------------|
| Unity | 3/5 |
| Resources | 3/5 |
| Outcome | 4/10 |
| Total | 10/20 |

C+

West Africa was a growing source of concern to the EU in 2010. Some EU members continue to take an interest in their former colonies (France focuses on Côte d'Ivoire, Britain on Sierra Leone, and Portugal on Guinea-Bissau). But there are more general worries about the rise of drug trafficking in the region and a growing al-Qaeda presence in the Maghreb, which is associated with a number of recent kidnappings of EU citizens.

European policy in the region has fluctuated between toughness and confusion over the last year. French special forces participated in a series of raids in Mali and Mauritania against al-Qaeda bases, but a proposal by the European Council secretariat for a CSDP mission to support governance in states affected by al-Qaeda failed to win approval. The Council also agreed to close a security-sector reform mission in Guinea-Bissau that had been operating in 2008. This had never made much impact, and looked irrelevant when soldiers launched a coup attempt in April. The mission closed in August.

The biggest test for the EU came in December when a political standoff followed Côte d'Ivoire's presidential elections. The European Council was quick to agree sanctions against incumbent president Laurent Gbagbo after he refused to accept results that showed he was the loser. But as violence mounted, the 900 French troops in the country refrained from intervening – primarily out of concern for the safety of French civilians – and the main diplomatic efforts to resolve the crisis involved the US, the AU and the Economic Community of West African States (ECOWAS).

The EU has more direct leverage in West Africa than in much of the rest of the continent, and French interventions in Mali and Mauritania are a significant contribution to the wider international campaign against al-Qaeda. Nonetheless, events in 2010 showed that EU policy towards the region remains piecemeal, varying markedly from crisis to crisis.

57 RESPONSE TO THE EARTHQUAKE IN HAITI

After initial confusion, the EU's response to Haiti's earthquake was generous and effectively co-ordinated. Europe has not received sufficient credit for its humanitarian contribution.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 4/5 |
| Outcome | 8/10 |
| Total | 16/20 |

A-

The earthquake that struck Haiti on 12 January 2010 stimulated a huge response from EU member states. This response was partially overshadowed by criticisms of a lack of clear EU branding for much of the aid operation, but the scale and speed of European action were impressive.

In the immediate aftermath of the earthquake, a number of EU states sent separate assessment teams, which raised concerns about a lack of coordination. By late January, however, 24 EU member states plus Norway were contributing to relief efforts coordinated through the EU Civil Protection Mechanism. France, Italy and Spain also fulfilled a request from the UN for 300 civilian police, and over 2,000 EU uniformed personnel were involved in providing relief to Haiti in 2010. Although the US and the UN took the lead in disaster management, EU personnel deployed rapidly and made a major operational contribution. Financially, EU member states made very large pledges to assist Haiti, passing the €1 billion mark in mid-March. The EU itself provided €330 million for short and long-term relief

programmes. However, by the late summer concerns were raised that many European governments were failing to fulfil their pledges fast enough and there were also delays in disbursing funds in Haiti itself.

When cholera struck Haiti in the last quarter of the year, the European Commission again activated the EU Civil Protection Mechanism and provided additional funds to fight the outbreak. A smaller number of EU member states helped to deal with the cholera than contributed to the original earthquake response. Nonetheless, the EU's overall performance in Haiti was broadly very positive, with member states accepting the need for coordination and the Commission providing the necessary framework for action alongside the UN. Criticisms that, for example, High Representative Catherine Ashton did not visit Haiti soon enough after January's disaster missed the mark: the EU mounted a well coordinated if inevitably imperfect response to a chaotic situation.

58 RESPONSE TO THE FLOODING IN PAKISTAN

While the European Commission, the UK and some other member states made significant efforts to help Pakistan after monsoonal floods, the overall EU response was fragmented.

| | |
|--------------|--------------|
| Unity | 3/5 |
| Resources | 3/5 |
| Outcome | 5/10 |
| Total | 11/20 |

B-

Monsoonal floods in July and August 2010 displaced nearly 20 million people. The EU's response was on a smaller scale to that following the Haitian earthquake but, by November 2010, just over €320 million had been pledged to addressing the crisis by European donors. However, three-quarters of this sum came from the European Commission and the UK, which pledged €150 million each in the first two months after the floods struck. British politicians were critical of other large EU members for not giving more.

The Commission played a lead role throughout the crisis, deploying experts through the EU Civil Protection Mechanism to coordinate aid in August. EU military staff in Brussels helped coordinate aid flights for the first time, while NATO also organised a series of flights. Two-thirds of the EU's members made some sort of in-kind contribution such as providing generators, tents or water-purification systems. However, potentially significant donors, including France and Italy, gave relatively limited amounts – both financially and in kind. Mid-sized donors

such as the Nordic countries and the Netherlands made comparatively greater contributions, while the Czech Republic chartered aid flights. In addition to its coordination and financial assistance, the Commission also responded to a request from the European Council to give indirect economic relief to Pakistan. In October, the Commission proposed liberalising trade on 75 types of goods from Pakistan valued at €100 million a year. This proposal was watered down after opposition from European textile manufacturers.

The EU's mixed response to the Pakistani crisis contrasted with a very large US effort – intended to win hearts and minds in the context of growing anti-American feeling – as well as an unusually high-profile Chinese relief effort. With European humanitarian aid budgets under significant pressure after Haiti, the EU's overall response in Pakistan was at best uneven.

59 RESPONSE TO THE HUMANITARIAN CRISIS IN GAZA

High Representative Catherine Ashton led EU calls to lift the Gaza blockade, but Israeli politicians have been increasingly dismissive of European overtures.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 3/5 |
| Outcome | 3/10 |
| Total | 10/20 |

C+

Throughout 2010, the EU has made it a priority to lift the blockade of the Hamas-controlled Gaza Strip by Israel and Egypt, which has been in place since 2007 and has created, in the words of the European Council, a “humanitarian crisis”. An EU mission to help monitor the main Gaza-Egypt border crossing at Rafah (EUBAM Rafah) is suspended, and a separate mission training Palestinian police (EUPOL COPPS) only operates in the West Bank.

High Representative Catherine Ashton visited Gaza in March to discuss the situation but was unable to persuade Israel to reduce the blockade. The political context for the EU’s efforts changed fundamentally after the flotilla incident in May, in which Israeli commandos boarded ships trying to force the blockade and take aid to Gaza, and killed several activists. Egypt responded by partially reopening the Rafah crossing, but the EU monitoring mission – which has to access the crossing from Israel – did not deploy there.

European diplomats pressed the US to accept a UN Security Council call for an

investigation into the incident, although this caused a split between EU members of the UN Human Rights Council (see component 72). European diplomatic pressure within the Quartet contributed to an Israeli decision to relax the blockade in June. In July, Ashton visited Gaza again and repeated the EU’s established position that the blockade should be lifted altogether. This declaration of intent is supported by a special measure for the financing of the West Bank and the Gaza Strip, capped at €100 million, which comes on top of the €632 million for the 2007-2013 period. Visits to Gaza by a number of European foreign ministers, including those of Finland, France and Spain, also produced few results. In November, Ashton declared progress on lifting the blockade “unsatisfactory”: although the supply of food into Gaza did rise, other items such as construction materials continued to be held up. While the EU welcomed Israeli proposals to ease restrictions further in December, Israeli politicians have been increasingly dismissive of European overtures.

60 STABILISATION OF THE GEORGIAN BORDER

The EU Monitoring Mission in Georgia observes the boundaries with Abkhazia and South Ossetia - but has neither the mandate nor leverage to resolve Georgia's divisions.

| | |
|--------------|--------------|
| Unity | 5/5 |
| Resources | 4/5 |
| Outcome | 6/10 |
| Total | 15/20 |

B+

Launched after the 2008 Russo-Georgian war, the EU Monitoring Mission (EUMM) is mainly concerned with observing boundary lines between Georgian-controlled territory and the secessionist provinces of Abkhazia and South Ossetia. However, contrary to its mandate, the mission is barred from operating in Abkhaz and Ossete-controlled territory. Nevertheless, EUMM facilitates meetings between all sides – including Russian forces – to address border incidents. While the mission previously collaborated with the UN and OSCE missions to Georgia, these closed in 2009 at Russia's insistence. EUMM also monitors Georgia's adherence to commitments to limit its deployments of weapons near the boundary lines.

EUMM's limitations were underlined in June and July, when violence in the Abkhaz buffer zone increased and the mission was unable to patrol the affected area. In October and November, however, it was able to report two pieces of good news from the buffer zone around South Ossetia. First, Russian troops withdrew from their last checkpoint on undisputed Georgian

territory. Second, the Ossete authorities agreed to recommence regular incident-reduction meetings with the Georgians, which had been suspended for a year.

Some critics complain that EUMM's activities are detached from other EU initiatives to strengthen the Georgian state, and even senior mission staff members fear that the operation may outlive its usefulness. In July, however, the European Council extended EUMM's mandate to mid-2012. The exact budget was €52 million according to the European Council and €26 million according to EUMM itself. All member states except Cyprus provide some personnel to the mission, with Finland, Germany, Portugal, Romania, Spain and Sweden making the largest contributions. This spread of contributors points to a broad consensus among EU members that, while EUMM cannot resolve the tensions in Georgia, it still plays a useful stabilising role as the last peace operation left in the country.

61 CRISIS MANAGEMENT IN KYRGYZSTAN

The EU entrusted the operational response to the Kyrgyz crisis to the OSCE – which sent a very small police mission that was subsequently blocked from deploying as planned.

| | |
|--------------|-------------|
| Unity | 4/5 |
| Resources | 1/5 |
| Outcome | 1/10 |
| Total | 6/20 |

C-

Instability in Kyrgyzstan took EU member states by surprise in 2010 – although it appeared to unsettle Russia and the US to an equal degree. While the ousting of President Kurmanbek Bakiyev in April created widespread concern, the situation escalated in June, when there were attacks on the Uzbek minority in and around the city of Osh. This spike of violence displaced 300,000 to 400,000 people and left at least hundreds dead.

European diplomacy helped ease this crisis (see also component 24) and the European Commission released €5 million for humanitarian aid and €7 million for social-stability programmes. However, EU support for a police mission to Osh under the aegis of the Organization for Security and Co-operation in Europe (OSCE), which was first floated in June and approved in July, had extremely disappointing results. All EU states backed the OSCE proposal to monitor the behaviour of the Kyrgyz police through joint patrols, although it had particular support from eastern European member states. However, the proposed mission was very small – just 52 uniformed

personnel – and it became clear in August that the Kyrgyz government could not persuade the local authorities in Osh to accept its deployment in their region. The fact that Kyrgyz security forces had apparently been involved in anti-Uzbek violence raised tensions over the mission.

In spite of warnings from human rights groups of ongoing abuses in or near Osh, it proved impossible to deploy the OSCE mission there. In November, the OSCE recalibrated its operation to focus on the Community Security Initiative in Kyrgyzstan, involving support to the Kyrgyz interior ministry and confidence-building projects to connect police and minority communities. Although EU members cannot be held directly responsible for this outcome, the low-profile OSCE police efforts have proved to be a poor response to one of 2010's highest-profile acts of ethnic violence.

62 CRISIS MANAGEMENT IN SOMALIA

EU naval forces have made a significant contribution to fighting piracy off Somalia, but progress towards stabilising the country and countering Islamist forces has been more limited.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 4/5 |
| Outcome | 5/10 |
| Total | 13/20 |

B

The EU has a complex range of priorities in its policy towards Somalia, including reversing the rise of piracy in the Indian Ocean and supporting the extremely weak Somali government against its Islamist opponents, al-Shabaab. The EU pursues these goals through a naval operation off the Somali coast, Atalanta, which has an €8.4 million budget, plus a related NATO naval operation; an EU training mission working with Somali military personnel in Uganda; and financial support to an African Union peacekeeping mission (AMISOM) based in Mogadishu.

There was some progress in thwarting pirate activities in the Indian Ocean, but there were a similar number of attacks as in 2009 and evidence that the problem is now spreading to a wider area. The EU has also had problems over the prosecution of captured pirates, although it handed over 75 detainees for trial in Kenya in the first nine months of the year.

It is too early to judge the impact of the EU training mission in Uganda, as its first trainees did not graduate until mid-

December 2010. Meanwhile, AMISOM has made some progress in securing Mogadishu in block-to-block fighting in the last months of 2010. But al-Shabaab still controls a good deal of territory. Terrorist attacks in Uganda's capital Kampala by al-Shabaab in July 2010 underlined the difficulty of containing threats emerging from Somalia.

At High Representative Catherine Ashton's instigation, the EU has begun to make efforts to consolidate the various strands of its Somalia policy into a more coherent whole. However, in 2010, there was still a clear discrepancy between the relative success of Atalanta in addressing piracy and the limited progress in stabilising Somalia itself. Making a success of the latter would require a much larger peace-enforcement operation than AMISOM – about which member states are sceptical.

63 STABILISATION AND STATE BUILDING IN AFGHANISTAN

European military forces have been sidelined by the US surge, and EU police training condemned for its weakness while the Afghan insurgency spreads.

| | |
|--------------|-------------|
| Unity | 2/5 |
| Resources | 4/5 |
| Outcome | 3/10 |
| Total | 9/20 |

C+

Afghanistan represents Europe's biggest commitment to crisis management. European troops account for over 30,000 of the 130,000 NATO troops now deployed, while an EU mission (EUPOL Afghanistan, which has a €54.6 million budget) has been involved in police training since 2007. The EU is also a major donor of aid. EU governments and the US are committed to the "Afghanization" of governance and security, a goal confirmed at the January 2010 London Conference (see also component 36).

However, although they claim unity, European governments lack a common strategy. The Netherlands implemented a prior commitment to withdraw combat troops in the autumn, while other major NATO contributors, including France, Italy, Poland and the UK, set separate goals for withdrawing their forces in the years ahead. Meanwhile, EUPOL Afghanistan received severe criticism for its lack of results throughout 2010: reports in the second quarter of 2010 suggested that only 12 percent of Afghan National Police Units were capable of operating autonomously,

and even EU officials admit that the International Security Assistance Force (ISAF) is now taking on a greater role in police training to substitute for EUPOL's weaknesses. EUPOL-ISAF contacts also remain poor.

More broadly, US and European aid to the Afghan government has not resulted in a stable political relationship with President Hamid Karzai. Over the course of the last year, Karzai has frequently attacked NATO's strategy and even indicated his willingness to work with the Taliban. Most European policymakers believe that Karzai's administration is irretrievably corrupt, but there was little significant progress in 2010 in efforts to initiate talks with elements of the Taliban. By the end of the year, US commanders were cautiously optimistic that they were making headway against the Taliban, but European forces played only a limited role. Evidence that the insurgency is expanding into northern Afghanistan – a region primarily patrolled by European NATO forces – is a new source for serious concern.

64 STABILISATION AND STATE BUILDING IN IRAQ

The EU's contribution to state-building has been limited to training criminal justice officials in the EU, but in 2010, the European Council decided to move the mission to Iraq.

| | |
|--------------|--------------|
| Unity | 5/5 |
| Resources | 2/5 |
| Outcome | 4/10 |
| Total | 11/20 |

B-

2010 was a momentous year for Iraq with the end of US combat operations in the country and highly contentious elections. European powers no longer play a significant direct role in Iraqi security, but the EU has expanded the work of EUJUST LEX, a rule-of-law mission focused on training Iraqi criminal justice officials – including judges, senior policemen and penitentiary advisors – since 2005. However, the budget of EUJUST LEX is just €17.5 million.

Prior to 2010, EUJUST LEX oversaw the training of Iraqi officials in EU member states rather than in Iraq itself for security reasons. A relatively small number of member states – notably France, Germany, Spain, Sweden and the UK – have hosted most training programmes. In July 2010, the European Council approved a decision to move the bulk of mission staff from Brussels to Baghdad to oversee more in-country training. Having peaked at over 1,000 in 2009, the overall number of individuals being trained appears to have dropped off slightly in 2010. However, far more officials are now attending courses

in Iraq and the mission is mandated to continue to 2012.

EUJUST LEX clearly only focuses on a narrow dimension of strengthening the Iraqi state, and other international actors – not least the US – have also worked on criminal-justice reform. There is evidence that unlawful detentions and the use of torture in Iraqi jails remain common. This suggests that the EU's programming – although generally agreed to be useful for trainees – has failed to resolve fundamental problems in the delivery of justice in post-war Iraq. However, the decision to finally move EUJUST LEX's centre of operations to Baghdad at least gives the EU the potential to play a more substantial role in the future.

65 STABILISATION AND STATE BUILDING IN BOSNIA AND HERZEGOVINA

The EU's reduced military and police presence has not been enough to resolve outstanding political tensions in Bosnia and Herzegovina, but these tensions have not spilled over into violence.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 4/5 |
| Outcome | 5/10 |
| Total | 13/20 |

B

The EU retains primary responsibility for security in Bosnia and Herzegovina (BiH), with around 1,600 troops and a police mission in the country, whose combined budgets total €37 million. However, both missions have shrunk in recent years and the police mission is slated to close in December 2011. The EU's priorities include tackling organised crime and contributing to defence sector reform. European powers also have leverage over BiH through NATO, as rationalising the country's defence systems – which were divided on ethnic lines after the civil war – is a precondition for NATO membership.

In 2010, the EU force in Bosnia did not face any direct security challenges. NATO and the EU were frustrated by their failure to persuade Bosnian Serb politicians (who want to secede from BiH) to move forward on defence sector reform. NATO offered BiH conditional agreement of its Membership Action Plan (MAP) in April, but the Bosnian Serbs refused to transfer ownership of defence-related properties to the federal government. The EU's advocacy of a tough line against organised crime

paid some dividends, with Bosnian police conducting major waves of crime raids in the early summer and early autumn.

Some analysts argue that the EU military and police missions have outlived their usefulness, and in January 2010 the European Council directed the EU force to concentrate on building up BiH's own capacities. The primary challenge for the EU is to find a political strategy to persuade the Bosnian Serbs to put aside hopes of secession and work with the Bosnian Muslims and Bosnian Croats towards NATO and EU accession. At the end of 2010, plans for a strong EU delegation in Sarajevo were in the works. In the meantime, the EU's contribution to BiH's security has not translated into sufficient political leverage over the Bosnian Serbs to resolve the political problems left over from the 1990s.

66 STABILISATION AND STATE BUILDING IN KOSOVO

The EU has taken a tougher line against corruption in Kosovo and stepped up efforts to win over the Serb minority. But crime and political tensions remain huge challenges.

| | |
|--------------|--------------|
| Unity | 3/5 |
| Resources | 4/5 |
| Outcome | 5/10 |
| Total | 12/20 |

B-

While the EU's members remain split over whether Kosovo is independent from Serbia (see also component 34), there is broad support for EU efforts to maintain stability. The primary tools for crisis management are NATO's Kosovo Force (KFOR), which largely consists of European troops; an EU rule-of-law mission (EULEX) with over 3,000 personnel; and the political leverage provided by the EU Special Representative (EUSR), who also acts as International Civilian Representative. The main challenges are corruption, organised crime and the refusal of Serbs living in northern Kosovo to recognise the Kosovar authorities.

In 2010, EULEX and the EUSR took significant steps to address these issues. EU police arrested leading political figures, including the central bank governor, on corruption charges. An "EU House" was set up in northern Kosovo to strengthen the EU's presence in the contested region, while EULEX police faced down riots by Serbs in the summer. Kosovo-wide elections in December went off without significant security incidents, although the

polls were marred by accusations of vote-rigging and had to be repeated in some areas. These steps, and especially EULEX's anti-corruption activities (part of the €38 million in European initiatives devoted to the reinforcement of the rule of law), signaled a much tougher line by the EU in Kosovo than in the immediate aftermath of the declaration of independence in early 2008. Concerns that the EU would be constrained in Kosovo while Spain (one of the five member states that does not recognise the country) held the EU presidency proved unfounded. By October, NATO felt confident enough to announce a significant drawdown of KFOR over the next two years.

In spite of these positive developments, the EU's investigations have only underlined the extent of corruption in Kosovo, while the number of irregularities in the national elections raised concerns about Kosovo's democracy. Finally, the EU has not been able to decisively alter the attitude of Serbs in northern Kosovo towards independence.

67 STABILISATION AND STATE BUILDING IN DR CONGO

The EU and other international actors are gradually losing leverage over Congo, and Europe's efforts to reform the country's appalling army are insufficient for the challenge.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 3/5 |
| Outcome | 4/10 |
| Total | 11/20 |

B-

Although the main actor in crisis management in the Democratic Republic of Congo (DRC) is the UN, the EU also has a security sector reform mission in the country and member states are leading providers of development and humanitarian aid. Belgium and France are the most heavily involved EU members in the country, but Germany, the Netherlands, the Nordic countries and the UK have also made it a priority for development aid.

Early in 2010, rebel violence in northern DRC took the government and UN by surprise. Nonetheless, President Joseph Kabila announced that he wanted UN peacekeepers to leave DRC before the national elections. The US, EU member states and African governments persuaded Kabila to accept a compromise that gave the UN force a new mandate. However, the UN's reputation was damaged when rebels carried out large-scale rapes near one of its bases in the east of the country in July and August.

The performance of the EU's security-sector reform mission (EUSEC RD Congo,

operating under a €12.6 million budget) has been even worse. While it has focused on facilitating payments for troops and other administrative affairs, the Congolese military has repeatedly been accused of human rights abuses and crimes against civilians. Military campaigns in the east of the country in summer 2010 saw indiscriminate violence by the army and rebels alike, despite a promise by Kabila to crack down on human rights abuses.

While next year's elections will have a major impact on DRC's future, there is a growing consensus that the UN and other international actors have lost much of their leverage over Kabila in recent years. The EU is now likely to focus on technical programmes to improve the governance of DRC, such as a joint initiative launched in 2010 to stop the highly lucrative flow of illegally logged timber from DRC to Europe.

Multilateral Issues

Overall grade

B+



| | |
|---|-----------|
| EUROPEAN IMPACT IN THE MULTILATERAL SYSTEM | B- |
| 68 European policy in the G20 and G8 | C+ |
| 69 European policy on the reform of Bretton Woods institutions | C+ |
| 70 European policy on UN reform | C+ |
| 71 European policy on the financing of multilateral institutions | B |
| HUMAN RIGHTS AND HUMANITARIAN ISSUES | B |
| 72 European policy in the Human Rights Council and UN General Assembly | C+ |
| 73 European policy on the ICC and ad hoc tribunals | B+ |
| 74 European policy in the international humanitarian system | B |
| CLIMATE CHANGE | B+ |
| 75 European policy on climate change in the multilateral context | B+ |
| NON-PROLIFERATION REGIME | A- |
| 76 European policy on Iran and proliferation in the multilateral context | A- |
| 77 European policy on the NPT Review Conference | B+ |
| DEVELOPMENT AND TRADE | B |
| 78 European policy on global health | B |
| 79 European policy on the Millennium Development Goals | C+ |
| 80 European policy in the World Trade Organization | A- |

At the beginning of 2010, three issues threatened to do lasting harm to international cooperation. First, the chaotic 2009 Copenhagen summit on climate change had left serious doubts about international efforts to address global warming. Second, Iran's nuclear programme and the weaknesses of the Non-Proliferation Treaty (NPT) were eroding faith in multilateral efforts to stem the spread of nuclear weapons. Third, the US and emerging economies including China and India were raising pressure to reform the governance structures of bodies such as the International Monetary Fund (IMF) and the World Bank, implying that the biggest EU donors to these institutions should lose some influence. These dilemmas arose against the background of uncertainty over the relative importance of the G20 (empowered during the financial crisis) and the G8 (losing traction), as well as renewed debate over whether and how to reform the UN Security Council. Both these issues threaten to reduce European influence as power shifts from the West towards Asia.

By the end of the year, however, the outlook for multilateralism – and Europe’s role in the multilateral system – had significantly improved. The December 2010 climate conference in Cancún restored confidence in the UN-led negotiations on climate change. The EU played a major – if not absolutely decisive – role in restoring faith in the UN talks through diplomatic declarations and targeting aid to address climate issues.

While the EU played a more progressive role on climate diplomacy than the US, it played a supporting role to the Americans on combating proliferation. Nonetheless, the EU’s extremely firm application of sanctions on Iran, following a new UN Security Council resolution, does seem to have left Tehran temporarily off-balance in its pursuit of a nuclear weapon. European powers had less impact in efforts to impede North Korea’s proliferation, and had to accept a series of compromises during a 2010 Non-Proliferation Treaty Review conference to ensure that there was consensus on an outcome document.

The EU suffered greater problems over the reform of the IMF. Although European powers agreed on the need to expand the IMF’s funds and transfer some voting rights to emerging economies, exactly how to do so became a source of confusion in 2010. Worse, it resulted in an open conflict with the US, which threatened to hold up routine business on the IMF board unless the Europeans resolved the situation. They finally did so, guaranteeing increased funding to the IMF from the emerging economic superpowers, but this episode was a lingering humiliation to the EU, having been outflanked by the US.

Europe’s stumbles over IMF reform were partially offset by a relatively smooth, if less ambitious, reform of governance and funding for the World Bank. More broadly, however, the EU’s members made only limited progress in consolidating their influence in the G20 – now the primary arena for financial talks – and European proposals for a global bank levy to prepare for future crises ran aground at the Toronto G20 summit. The November 2010 G20 leaders’ meeting in Seoul was especially fractious, with Germany joining China to criticise American financial policy. While European leaders generally aimed to lower expectations for the G20, it also became clear in 2010 that they will struggle to act as a unifying force between the US and rising powers in the new forum.

The EU endured other setbacks over the reform of international institutions in 2010. It became entangled in an unnecessary fight with the US over the governance of a new UN women’s agency and was irritated when the UN General Assembly (UNGA) postponed a vote on giving the EU “enhanced

observer status". Nonetheless, European initiatives did help strengthen the International Criminal Court (ICC) during a review conference in 2010, and France led a spirited defence of homosexual rights in UNGA in late 2010.

The overall level of European influence in the multilateral system was complicated by financial pressures. Reports by the G8 and OECD highlighted that France, Germany and, in particular, Italy had failed to meet earlier commitments on development spending. France was also heavily criticised for slashing spending on humanitarian aid, as were a number of smaller EU donors such as Hungary and Ireland. Other EU members, most notably the Nordic countries and the UK, defied this trend. Additionally, the European Commission has consolidated its position as an anchor of the EU's multilateral engagement, boosting its contribution to humanitarian funds, global health programmes and efforts to meet the Millennium Development Goals while some member states cut funds.

European powers, with France to the fore, have kept up a steady campaign for new mechanisms to fund multilateral initiatives, such as an international transactions tax to help fund development programming. Although these ideas are gradually gaining traction, many emerging powers have demonstrated a degree of contempt for multilateral cooperation in areas such as aid, preferring to invest in bilateral programmes instead. Given the EU's relative fragmentation on financial support to international organisations, it may well struggle to persuade sceptical rising powers to finance multilateral initiatives.

Overall, therefore, 2010 can best be described as a year of defensive successes for the EU in the multilateral system: it helped prevent a general loss of faith in climate diplomacy and the non-proliferation system, and it ultimately made necessary compromises on the governance of the IMF. Yet these successes should be distinguished from progressive contributions to the international system. Although the EU has deepened its support for the IMF and played an important role in strengthening the ICC, it has lacked the financial and political muscle to drive more fundamental change across the multilateral system, whether over UN Security Council reform or securing full funding for global healthcare.

The post-Lisbon EU foreign-policy architecture is also taking time to adapt to the multilateral system, as symbolised by the setback on representation in UNGA. In 2011, France presides over both the G8 and the G20, and President Sarkozy has outlined plans to debate and reform the international system.

European initiatives and concessions in 2010 provided some bases for this, but it remains unclear whether the EU has the traction to drive a process of multilateral reform, however well its members coordinate in the future.

68 EUROPEAN POLICY IN THE G20 AND G8

EU coordination in the G20 has improved, but individual member states such as France and Germany still set their own priorities – and other powers often ignore European proposals.

| | |
|--------------|--------------|
| Unity | 2/5 |
| Resources | 3/5 |
| Outcome | 5/10 |
| Total | 10/20 |

C+

While the G20 and G8 showed remarkable unity in response to the economic crisis in 2009, there were growing divisions between the US, EU member states and emerging economies in the G20 over financial policy in 2010. The EU's internal coordination on G20 affairs has improved, although this has not easily translated into increased leverage. Although the EU did aim to play an agenda-setting role in the run-up to the Canadian G8/G20 meetings in July, proposing an EU-backed proposal for a system of bank levies to prevent future bank collapses, this failed to win support from the emerging economies.

The run-up to the second G20 leaders' summit of the year, in Seoul in November, was overshadowed by the dispute over IMF reform (see component 69) and the American decision to expand its domestic money supply through quantitative easing (see component 39). Germany joined China in condemning the US policy prior to the summit – a reminder that the individual European members of the G20 sometimes set their own priorities rather than act as a unit. This tendency was also illustrated by

President Sarkozy's decision to discuss his priorities for the French presidencies of the G8 and G20 in 2011 as early as the summer of 2010, apparently without much prior consultation with EU partners.

The presidents of the European Council and European Commission took a step towards consolidating the EU's presence in the G20 by agreeing on a division of labour early in the year. Proposals to increase the already sizeable European presence at G20 meetings – for example, by including the president of the eurozone – have been dropped. But, as the failure of the bank-levy proposal shows, even unified EU positions may fail to move other G20 members. Meanwhile, European influence in the G8 is a wasting asset as the smaller forum loses influence.

69 EUROPEAN POLICY ON THE REFORM OF BRETTON WOODS INSTITUTIONS

The US publicly embarrassed the EU by forcing it to accept a diminution of its influence at the IMF, although the final deal protects EU interests. World Bank reform was smoother.

| | |
|--------------|--------------|
| Unity | 3/5 |
| Resources | 3/5 |
| Outcome | 4/10 |
| Total | 10/20 |

C+

EU member states are formally committed to governance reform in both the International Monetary Fund (IMF) and the World Bank. This inevitably means reducing Europe's overall voting weight in both institutions, but in 2010 there was no common EU strategy on how to manage this – and what concessions to ask from the US and the emerging economies in return for a deal.

World Bank reform proved relatively easy. In April, the Europeans agreed to shift of three percent of voting rights from developed to developing countries. China and other non-Western governments pledged additional capital to the bank in return. IMF reform was much more controversial, with intra-EU debates failing to produce a consensus on reform options. In August, the US demonstrated its impatience with the EU's lack of progress on the issue by threatening to veto the routine election of the IMF's board (see component 39).

While the Americans argued that the EU should shift towards a consolidated

presence on the IMF board, European governments united around a less radical set of reforms. These included surrendering some board seats and six percent of voting rights to the rising Asian economies. They also privately lobbied for the US to reduce its own voting weight on the IMF board, which gives Washington veto power over all decisions. The US refused and a compromise was eventually agreed at a hectic G20 finance ministers' meeting in October.

The final deal is arguably still favourable to the EU – the Europeans' combined voting weight at the IMF will continue to be greater than that of the BRIC countries. The emerging economies also pledged new capital for the IMF. Nonetheless, the way in which the US publicly forced the EU to compromise on the issue (and gave no concession in return over its own de facto veto right and other reform) was a severe embarrassment and sets a bleak precedent for future rounds of reform in the international financial institutions.

70 EUROPEAN POLICY ON UN REFORM

The EU failed to win “enhanced observer” status in the General Assembly – and was overruled by the US and developing countries on the governance of UN Women.

| | |
|--------------|-------------|
| Unity | 4/5 |
| Resources | 2/5 |
| Outcome | 3/10 |
| Total | 9/20 |

C+

There were few openings for fundamental UN reform in 2010, although there has been more discussion of Security Council reform. The main structural reform at the UN was the creation of UN Women, an agency that merges a number of pre-existing UN entities dealing with gender issues. The EU has also focused on its efforts to win “enhanced observer status” at the General Assembly to reflect the Lisbon Treaty.

The EU’s level of unity varies. On Security Council reform, Italy remains firmly opposed to Germany’s desire to secure a permanent (or “semi-permanent”) Council seat. On other issues, unity is far higher, but the EU was embarrassed when the US and developing countries overruled arguments that the governance structure of UN Women should be weighted in favour of major donors such as the Europeans. The US concluded that the board should give non-Western countries a strong voice, which the EU fears will compromise UN Women’s pursuit of gender equality.

The EU’s quest for “enhanced observer” status, which would give EU officials new rights to speak and make proposals in the UN General Assembly, caused more embarrassment. Although the EU had made it a priority to attain this special status for itself, it did not want it to be given to other regional groupings such as the African Union. (This was a concession to the US, which feared that a proliferation of “enhanced observers” could complicate UN diplomacy.) Developing countries engineered a vote to postpone a decision on the issue shortly before the opening of the new UN General Assembly in September and even some friends of the EU, such as Canada and Australia, abstained – for some European diplomats, a sign of a broader loss of EU power at the UN. Germany and Portugal did, however, defeat Canada in a three-way competition for two temporary Security Council seats.

71 EUROPEAN POLICY ON THE FINANCING OF MULTILATERAL INSTITUTIONS

The EU helped persuade emerging economies to take a greater role in funding international financial institutions, but more radical reform proposals have faltered.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 4/5 |
| Outcome | 5/10 |
| Total | 13/20 |

B

The EU's members play a huge role in the financing of multilateral institutions, providing between 30 and 40 percent of the financing for the international financial institutions and the UN's core budget. They provide a larger share of voluntary contributions in areas such as development (component 79) and humanitarian operations (component 74). Even prior to the financial crisis, EU members were concerned by the fact that emerging economies including China and India were not making contributions to international organisations comparable to their new financial clout. During the crisis, the UK, France and Germany have pressed this issue.

The main opportunities to address this issue in 2010 centred on the international financial institutions, while the scale of contributions to the UN will be debated in 2011. Although the EU approach to IMF reform was confused through much of 2010 (see component 69), it was agreed first that the IMF's financial quotas (defining the maximum possible contributions from its members) should

double to over \$700 billion, and second that China, India and other emerging economies should take on larger "quota shares" than before.

While the EU's members increased their gross financial commitments to the IMF, therefore, this is partially offset by the emerging economies' higher contributions. This was broadly in line with goals set by European leaders earlier in the financial crisis, despite the difficult reform negotiations. The World Bank's financial base was also expanded in 2010, with members donating \$5.1 billion of ready money, nearly a third of which came from emerging economies in return for additional voting rights. However, it is clear that emerging economies prefer to direct development aid bilaterally rather than via multilateral institutions, while French-led proposals to fund development through an international transactions tax have gained support from powers including Brazil, but they remain controversial (see component 79).

72 EUROPEAN POLICY IN THE HUMAN RIGHTS COUNCIL AND UN GENERAL ASSEMBLY

The EU is on the defensive over human rights in UN forums. It suffered an embarrassing split over the Mavi Marmara but put up a strong fight over sexual orientation.

| | |
|--------------|--------------|
| Unity | 3/5 |
| Resources | 3/5 |
| Outcome | 4/10 |
| Total | 10/20 |

C+

The EU had another difficult year in the UN Human Rights Council (HRC) and in debates on human rights at the UN General Assembly. The EU, working with the US, succeeded in maintaining pressure on Iran, Myanmar and North Korea through UN resolutions. However, a statement drafted by the US and supported by the EU on political repression in Iran won the support of just 56 of the UN's 192 members.

The EU was split on an HRC vote condemning the Mavi Marmara incident, in which Israeli commandos killed members of a civilian flotilla sailing to Gaza (see also components 35 and 59). Italy and the Netherlands sided with the US in rejecting efforts to censure Israel, while the UK and France abstained and Slovenia voted in favour. This followed a pattern of European disunity on Middle East issues set in 2009 during the debate on the Goldstone Report and the Durban II racism conference.

The EU members fought a running battle with African and Islamic countries about sexual orientation. In November, the African bloc succeeded in removing a long-

standing reference to sexual orientation as a source of persecution in an annual resolution on extra-judicial killings. Acting on behalf of the EU in December, France coordinated a non-binding declaration rejecting the criminalisation of homosexuality. Although 65 countries supported it, another 60 nations signed an alternative declaration that there was no legal basis for protecting sexual orientation as a human right in international law. In August, the UN Committee on the Elimination of Racial Discrimination raised concerns over France's policy towards the Roma and thus about the EU's own human rights record. But the year concluded positively, when both the EU and its usual opponents condemned post-electoral violence in Côte d'Ivoire in December – an unusual display of unity at the Human Rights Council.

73 EUROPEAN POLICY ON THE ICC AND AD HOC TRIBUNALS

The EU has played a central role in sustaining both the ICC and international justice for the former Yugoslavia – although it was divided over ICC efforts to define the crime of international aggression.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 4/5 |
| Outcome | 7/10 |
| Total | 15/20 |

B+

The EU has a principled commitment to the International Criminal Court (ICC), which celebrated its tenth anniversary in 2010, and a direct interest in the International Criminal Tribunal for the Former Yugoslavia (ICTY), which continues to deal with crimes involving countries that want to enter the EU. The EU also supports other international courts, such as those in Cambodia and Sierra Leone, but has less immediate interest in their work.

The ICC was the subject of a review conference in May and June 2010. The EU's contribution has been assessed positively by legal experts. It made a promise to support the universality of the court and pledged funds to a Trust Fund for Victims linked to the ICC. Belgium played a lead role in amending the ICC's Rome Statute to cover the crime of using poison gas and other unacceptable weapons.

The EU had less success on a proposal to define the crime of international aggression. The EU entered the conference divided about the merits of a definition: France and the UK were reportedly opposed, while

Germany and other EU members were in favour – and the European Parliament's delegation to the conference was particularly voluble on the need to achieve this goal. A compromise was devised by Argentina, Brazil and Switzerland.

The EU's efforts to assist the ICC's pursuit of Sudan's President Omar al-Bashir are described in component 55. Its support for ICTY has been sensitive because of Serbia's failure to apprehend the former Bosnian Serb general Ratko Mladic, who is linked to the Srebrenica massacre: the Netherlands, in particular, views this as a huge obstacle to Serbia's progress towards EU accession. In October, the European Council devised a formula to let accession talks progress while still pushing Serbia to work with ICTY. Overall, the EU played a major role in keeping international courts on the global agenda throughout 2010.

74 EUROPEAN POLICY IN THE INTERNATIONAL HUMANITARIAN SYSTEM

While the Commission and member states played an essential part in funding humanitarian operations, the EU's overall contribution was reduced by big cuts.

| | |
|--------------|--------------|
| Unity | 2/5 |
| Resources | 4/5 |
| Outcome | 7/10 |
| Total | 13/20 |

B

EU member states and the European Commission play an essential role in supporting the global humanitarian system, accounting for roughly half of all relief spending each year through agencies such as UNHCR, the United Nations World Food Programme and UNICEF. In 2010, that system was put under huge strain primarily due to the disasters in Haiti and Pakistan (see components 57 and 58). Aid organisations raised a record \$13.1 billion (€9.6 billion) in appeals during the year. Having projected humanitarian spending of just over €800 million in 2010, the European Commission ultimately disbursed nearly €1.1 billion.

Although final figures are not available for all member states, it is clear that economic pressures had an uneven effect on humanitarian spending. France, for example, cut its voluntary donations to UN programmes and the International Red Cross to €55.1 million, a 21 percent drop on the previous year. This already followed a comparative percentage reduction in 2009. Some smaller donors including Greece, Hungary and Ireland also made

cuts. On the other hand, Finland, Germany, Portugal and Sweden did not make cuts. Poland actually increased its spending. The UK, traditionally a leading donor, probably also increased its humanitarian spending after a cut in the 2009-2010 financial year. The Netherlands marginally increased its spending in 2010, but the new government has promised to slash it by roughly 20 percent in 2011.

With a great deal of humanitarian spending going to Haiti and Pakistan, aid agencies noted that projects elsewhere – such as in Iraq – suffered shortfalls. While EU officials have laid the groundwork for reforms to Commission-funded relief and the creation of a European Voluntary Humanitarian Aid Corps, they see potential funding shortfalls as a huge threat to future crisis response: even if the Commission and certain member states maintain or raise funding levels, this will be offset by other countries' cuts.

75 EUROPEAN POLICY ON CLIMATE CHANGE IN THE MULTILATERAL CONTEXT

Continued EU support for a new legally binding global deal on climate change after the Copenhagen debacle in 2009 paid off with solid progress at the Cancún conference.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 4/5 |
| Outcome | 7/10 |
| Total | 15/20 |

B+

The 2009 Copenhagen conference on climate change was a diplomatic nightmare for the EU, which was sidelined by the US and major emerging economies. In 2010, the EU – guided by the European Commission – recommitted to its quest for a legally-binding international agreement on climate change to replace the Kyoto Protocol. The 2010 follow-up conference to Copenhagen in Cancún took small but significant steps in that direction.

After the Copenhagen debacle, there was significant debate over whether to continue climate talks through a UN framework or the smaller Major Economies Forum (MEF), which largely overlaps with the G20. The EU supported the UN route. EU member states and the Commission broadly met the promises they made in Copenhagen to release “fast-start funding” for climate-related aid to poor states. Critics argued that some of the funding package was badly designed, but it was credited with stimulating other donors to meet their commitments. EU governments could not, however, agree whether to unilaterally increase their carbon-emission reduction

targets as an incentive for a global deal, an option that remains on hold.

At the Cancún summit itself, the EU was not always central to negotiations – China and the US proved decisive in many sensitive areas. However, British Prime Minister David Cameron and German Chancellor Angela Merkel were reportedly crucial in persuading Japan to shelve contentious questions about the future of the Kyoto Protocol (which is set to lapse in 2012) until a later date. Other member states such as Denmark played important roles in finessing agreements on specific policy issues such as deforestation. Although the Cancún conference resolved very few issues once and for all, the tone of the talks was unexpectedly constructive. This restored optimism that a much broader UN-negotiated deal on climate change is possible and validated the EU’s continued commitment to this option.

76 EUROPEAN POLICY ON IRAN AND PROLIFERATION IN THE MULTILATERAL CONTEXT

Cooperating closely with the US, the EU has imposed tough new sanctions on Iran, apparently throwing it off-balance, although not persuading it to give up its nuclear ambitions.

| | |
|--------------|---------------|
| Unity | 5/5 |
| Resources | 5/5 |
| Outcome | 7/10 |
| Total | 17/20* |

A-

* Scores reflect EU diplomacy on Iran, given its limited direct involvement on Korean affairs.

The EU played a significant role in diplomacy to contain Iran's nuclear programme in 2010, although often in tandem with the Obama administration (see component 37). As an increasing number of Israeli and US analysts called for military action against Iran, European governments – led by France, Germany and the UK – have stood by their long-standing goal of a diplomatic solution. The EU did not play a comparable part in diplomacy on North Korea's proliferation activities – but it has never had a strong hand in this area, and Pyongyang's erratic and aggressive behaviour made diplomatic engagement difficult for all actors (see component 9).

At the start of the year, it seemed possible that the EU might also lose traction on the Iranian issue, as the US took the lead in the drive for a new sanctions resolution at the UN. European powers were also unable to dissuade Brazil and Turkey from a quixotic effort at outreach to Iran in May. But the EU regained prominence after the Security Council passed Resolution 1929 mandating new sanctions in June. In July, member states announced a genuinely severe set

of measures against Tehran. In December, High Representative Catherine Ashton was the lead negotiator in talks with Iranians in Geneva.

Although these discussions did not generate any immediate results (other than further talks in January 2011) analysts have concluded that Iran was temporarily thrown off-balance by the strength of the new sanctions and that Iran was, at the end of 2010, further from a nuclear weapon than previously believed. Although the US has taken primary credit for this diplomatic success, the EU's united front and the willingness of major European corporations such as Siemens to disengage from Iran helped give its diplomacy teeth. But, however much pressure it faces, Iran still appears to be set on developing a nuclear weapon.

77 EUROPEAN POLICY ON THE NPT REVIEW CONFERENCE

The EU achieved some of its goals at the 2010 NPT Review Conference, contributing to cautious optimism that the international non-proliferation system will survive.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 4/5 |
| Outcome | 7/10 |
| Total | 15/20 |

B+

The EU struggles to have a coherent position on the international nuclear architecture for the simple reason that it contains two nuclear powers and 25 non-nuclear ones, although this is further complicated by the role of nuclear weapons in NATO. However, EU members are broadly united in their support for the Non-Proliferation Treaty (NPT) and the International Atomic Energy Agency (IAEA).

Following a US-convened Nuclear Security Summit in April, in which EU members played a constructive but limited role, an NPT Review Conference was held in May. The stakes were high, as the previous Review Conference in 2005 ended in disarray. The European Council agreed a common position prior to the conference, and many of its stated goals were achieved, although it had to accept compromise language on contentious issues including tactical nuclear weapons, intrusive IAEA inspections of nuclear sites and the cessation of production of fissile materials. Although the conference was ultimately criticised for putting too much pressure on Israel and too little on Iran, there was relief

that it produced a substantive consensus outcome document at all.

In December, the IAEA's board approved the creation of the multilateral fuel bank to provide fuel for civilian nuclear use by countries that do not produce it themselves, thus reducing proliferation risks. The European Commission and member states, most notably Germany, had strongly supported this initiative. The board's decision came after pledges for the project passed the \$100 million mark, triggering a promised private donation of \$50 million by US financier Warren Buffett. Although the US and Middle Eastern governments were instrumental in this process, the EU deserves credit for supporting it. Overall, European policies contributed to a moderate but real restoration of faith in the international non-proliferation architecture through 2010, reducing fears of an imminent increase in proliferation activities by insecure governments.

78 EUROPEAN POLICY ON GLOBAL HEALTH

European governments have agreed a new global health strategy, but the financial crisis has placed limits on many member states' funding for multilateral health initiatives.

| | |
|--------------|--------------|
| Unity | 4/5 |
| Resources | 3/5 |
| Outcome | 6/10 |
| Total | 13/20 |

B

In May 2010, the European Council released conclusions on an “EU Role in Global Health” in response to proposals from the European Commission. This is the first formal EU strategy in this area, although previous European agreements on health issues had recognised the need to address global challenges including AIDS and pandemic diseases. There have been growing concerns over poor progress on the health dimensions of the Millennium Development Goals (see also component 79).

The EU’s new strategy emphasises long-term goals – such as gradual reforms of the governance of the World Health Organization (WHO) – and it is too early to assess the EU’s performance against this document. In the meantime, 2010 saw EU member states and the Commission review existing commitments on global health. A gigantic UN conference on AIDS in Vienna in July highlighted that overall funds for fighting the disease had flatlined during the recession, although EU members led by the UK have continued to be important funders (Denmark, the Netherlands, Ireland and

Sweden are particularly generous relative to the size of their economies).

In October, the UN hosted a pledging conference for the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), with a target of at least \$13 billion in pledges. In the event, only \$11.7 billion was committed, and health activists faulted EU members including Italy, Spain and Sweden for making no pledges. By contrast, France was praised for a pledge of over €1 billion, Germany made a €600 million offer, and the Commission significantly increased its pledge. The debate over support to GFATM was complicated in early 2011 by reports of corruption in a small number of projects. The WHO has highlighted that other multilateral health initiatives (including its own work) are markedly underfunded at present, while private foundations and pharmaceutical firms play a growing role in shaping global health spending.

79 EUROPEAN POLICY ON THE MILLENNIUM DEVELOPMENT GOALS

Major EU donors have been criticised for missing aid spending targets. EU efforts to fulfill the MDGs are complicated by a lack of guaranteed funding.

| | |
|--------------|--------------|
| Unity | 2/5 |
| Resources | 3/5 |
| Outcome | 5/10 |
| Total | 10/20 |

C+

The UN's September 2010 summit on the Millennium Development Goals (MDGs) focused attention on the EU's development spending. There was considerable criticism of the EU's overall performance in the first half of the year and OECD figures showed that some European governments, including Germany and Italy had reduced development spending in 2009. The OECD also concluded that limits to European development budgets throughout 2010 would reduce aid flows to Africa in particular. The release of the G8's first accountability report in June showed that France, Germany and especially Italy were missing aid commitments set in 2005, although other member states, including the UK and the Nordic countries, have met their targets.

Foreshadowing the MDG summit, in April the European Commission launched a 12-point action plan to help get the MDGs "back on track". In June, the European Council agreed a detailed action plan for supporting progress on the MDGs up to 2015. In the run-up to the September meeting, the Commission committed €1

billion to helping the neediest countries make progress on the MDGs. Aid NGOs welcomed this, but noted that this was not new money but rather previously unearmarked Commission development funds. More broadly, aid experts have criticised the EU for failing to back up its proposals for advancing the MDGs with a guarantee of necessary funding.

During the September summit, France and Spain emphasised their support for an international financial transactions tax, with the proceeds going to global development, potentially in the health area. Versions of this proposal enjoy support from other EU member states, and the European Parliament voted in favour of the innovation earlier in the year, but the US is wary of the proposal and some economists have queried its potential benefits. In the meantime, few analysts now believe that the world's poorest states – especially those in Africa – can meet the MDGs by 2015.

80 EUROPEAN POLICY IN THE WORLD TRADE ORGANIZATION

Europe scored successes on bilateral free-trade agreements and made a big push for regulatory convergence, but couldn't resuscitate the Doha round.

| | |
|--------------|--------------|
| Unity | 5/5 |
| Resources | 4/5 |
| Outcome | 8/10 |
| Total | 17/20 |

A-

At the World Trade Organization (WTO), EU member states speak with just one voice – that of EU Trade Commissioner Karel De Gucht. The EU has three main objectives: restarting multilateral free-trade negotiations within the Doha framework, pursuing the completion of bilateral free-trade agreements with various trading partners, and pushing for regulatory convergence with the EU's major partners, including the US and, most notably, China.

Although the Doha round is on hold, there were signs of a possible restart, largely initiated by European officials within WTO working groups. Meanwhile, the EU concluded – swiftly by usual standards – a major bilateral trade agreement with South Korea, as well as other bilateral agreements with a group of Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama), and with Peru and Colombia. The EU has also made progress in defending its agricultural interests in bilateral negotiations with the South American trade bloc MERCOSUR. In December, the EU also formally backed

Russia's bid to join the WTO, which is set to take place in 2011. This development highlights the EU's commitment to enhancing the universality and centrality of the WTO as the forum for commercial negotiations.

Europeans are formally united behind their newest objective of regulatory convergence, and although a few member states have some qualms about this approach, they did not undermine European coherence. The EU was also proactive in probing China's practices during the review of its trade policy, which was based on the principle that emerging economies such as India (with which bilateral trade negotiations began in 2010) should not benefit from special treatment. Europeans used their political weight to push for a convergence in regulatory approaches in order to ensure fair-trading practices – an objective shared by Americans but on which the EU is the leading power.

Methodology



Evaluating European performance on the world stage for one particular year seems a reasonably straightforward exercise. The question, after all, is relatively simple: “Did Europeans do well or badly in 2010?” However, devising a methodology in order to make a rigorous and consistent judgment across issues and over time is a tricky enterprise that is fraught with unsatisfying trade-offs and inevitable simplifications. Before explaining the methodology used in this scorecard, we discuss some of the difficulties and dilemmas we faced while devising the methodology. This discussion is meant to offer some perspective on the choices we made and to ensure full transparency about the results.

Evaluating European foreign policy performance

Among the many difficulties involved with evaluating Europe’s performance in its external relations, two stand out: the problematic definition of success in foreign policy; and the rigidity of the time frame used.

What is a good European foreign policy?

The nature of international politics is such that “success” and “failure” are not as easily defined as they would be in other public-policy areas. In particular, there is no quantitative tool that can adequately capture performance in foreign policy as in economic policy or social policy (e.g. unemployment rate, crime rate, pollution levels, etc.). Diplomacy is more often about managing problems than fixing them, biding time, choosing the worst of two evils, finding an exit strategy, saving face, etc. States often pursue multiple objectives, and their order of priority is often unclear or disputed. This, of course, is even truer in the case of Europe, in which two member states might have different views on what exact mix of objectives met during the year constitutes success in one policy area, even when they agree on common objectives.

This difficulty is compounded by the heterogeneous nature of foreign policy. Europeans expect their authorities to solve the Israeli-Palestinian conflict, to prevent the proliferation of nuclear weapons, to turn Bosnia and Herzegovina into a functioning state, to protect ships from pirates in the Gulf of Aden, to stabilise the eastern neighbourhood, to defend European values at the UN and speak up for human rights, to convince other countries to fight climate change, to open foreign markets for exporters, to impose European norms and standards to importers, and so on. “Success” is defined very differently in each case: it can be a

matter of convincing other actors in a negotiation, building diplomatic coalitions, delivering humanitarian aid on the ground, imposing peace on a region torn by civil unrest, building a state, spreading global norms, etc. Moreover, Europe has very different abilities in each of them, not unlike the way that a student has different abilities in various subjects (e.g. mathematics, languages, physical education, etc.). This makes a unified grading system problematic by creating a dilemma between respecting the specificity of each “subject” on the one hand and ensuring that evaluations are comparable across the scorecard on the other.

Grading the rate of success of Europeans (the “outcome” score) relies on a comparison between the European objectives and the outcome for 2010. But the problem mentioned above resurfaces: who speaks for Europe? There is rarely a single entity to define what the European interest is – what priorities and trade-offs are desirable when conflicting objectives exist. Even where there is broad agreement on a policy, official texts will rarely present the real extent of European objectives, or will do it in vague, consensual terms. Therefore, simply comparing stated objectives with results would have led to an incomplete assessment of performance. It was generally necessary for us to go further and spell out explicitly what the European objectives were in one particular domain in order to compare them to results – a difficult and eminently political exercise.

What’s more, the causal link between one specific set of European policies on the one hand and results on the other is problematic. European objectives can sometimes be met regardless of the European policy put in place to achieve them. For example, independent factors might have modified the context in which actors operate (e.g. forest fires in Russia, rather than EU influence, led to a different attitude of Moscow towards climate change), or other states might have helped to attain the objectives sought by Europeans (e.g. the United States in getting China to support sanctions against Iran). But the opposite can also be true: failure can happen even with the optimal policies in place (e.g. the US Congress decision to abandon cap-and-trade legislation in spite of best efforts by Europeans to convince them otherwise).

This problem of causal disjuncture between policy and result led us to make two choices for the scorecard. First, we do not try to sort out the reasons for European “success”, let alone try to offer a co-efficient of European agency or credit. While we always specify other factors that contributed to a positive outcome, we deem Europeans to be successful if their objectives were met. In other words, they are not penalised for having been helped by others. This is why we use the word “outcome” rather than “results” or “impact” which imply a direct causality.

Second, we clearly separate policy from results. The grade for each component reflects an equal balance between input (graded out of 10) and outcome (graded out of 10) and output (graded out of 10), so that the reader can better appreciate the problematic correlation between the two. (The policy grade, or input, is divided into two scores, each graded out of 5: “unity” and “resources”.) Very good policies and best efforts can meet outright failure (e.g. the failure to get the US Congress to move on climate change). However, the opposite situation rarely occurs: luck, it turns out, is not so prevalent in international affairs.

Still, giving as much weight to policy as to results is a delicate choice that has several implications. It means that Europeans can get a score of 8, 9 or even 10/20 by having a policy we consider optimal, but a score of 0/10 or 1/10 for “outcome”. In other words, Europeans get a reasonably good grade for simply having a coherent policy in place, even if this policy produces few results. The other implication is that similar grades can mean different things. For example, on visa liberalisation with Russia (component 15), Europeans got 4/5 for “unity” and 3/5 for “resources” but only 3/10 for “outcome” – a total of 10/20. This is the same score as for relations with the US on counter-terrorism and human rights (component 31), where Europeans got 3/5 for “unity” and 2/5 for “resources” but a significantly better score of 5/10 for “outcome”.

Beyond the question of merits and results lies the question of expectations. If the scorecard has to spell out what European objectives were, it also has to define the yardstick for success, in the absence of obvious or absolute reference points to assess the underlying level of difficulty – and hence the level of success – in each area. We relied on judgment, based in each case on an implicit alternative universe representing the optimal input and outcome, against which actual European performance was measured. But while it was based on extensive expertise, this approach was necessarily subjective. This is particularly the case because, while it had to be realistic, it also had to avoid either lowering ambitions excessively or demanding impossible results. As noted in the Preface, this is where the political and sometimes even subjective nature of the scorecard is greatest.

It should also be noted that the relative nature of our judgment and the question of expectations contain an even more political question, that of European leverage – and, this time, the difficulty concerns both the policy score (i.e. “unity” and “resources”) and the results score (i.e. “outcome”). We evaluated performance in the context of 2010, and tried to be politically realistic about European possibilities, about what resources could be mobilised in support of a particular policy. But some observers might object that with some extra will or leadership

by the main actors, additional resources could have been mustered to increase European leverage, to the point of completely reconfiguring the political context of a particular issue. For example, on the Israeli-Palestinian conflict, some argue that Europe should take much more drastic and aggressive measures to reach its objectives. For example, it could unilaterally recognise a Palestinian state at the United Nations and bilaterally, or cease its Association Agreement with Israel and impose other trade sanctions. Admitting such proposals as realistic would change the score for “resources” (which, compared to this standard, would become dismal for 2010), and might potentially have changed the “outcome” grade as well. Here again, we had to make judgment calls about the adequacy of resources in the current European foreign-policy debate as we see it. It remains, however, a political judgment.

When does the clock stop?

A second set of problems has to do with the time frame of the scorecard. Evaluating foreign-policy performance is difficult enough, but it becomes even more difficult when you only consider events that took place during one calendar year. It is well known that some past policies that have yielded remarkable results in the short term proved less effective, and sometimes even disastrous, in the long term – for example, western support for the mujahideen in Afghanistan in the 1980s. The cost of some policy decisions has gradually increased over time – for example, the admission of Cyprus as an EU member state in the absence of resolution of the Northern Cyprus problem. Since the scorecard is an annual exercise, this will inevitably become an issue, especially after policies and actions we now vaunt prove less compelling in a few years, and vice versa. To some extent, however, this is the same problem we face in evaluating success not in absolute terms but as a function of possibilities and difficulty. We do not pass definitive historical judgment but rather a contextualised judgment within the bounds of the year 2010.

However, even that caveat does not solve the second dilemma: the possible bias in favour of short-term, tangible results that could be observed during the year 2010, to the detriment of more profound and meaningful, if less spectacular, policies and outcomes. For example, visa conditionality in the Balkans is exerting a continuing positive pressure and having good results, although these results are not evident on the larger, more visible political scene. The problem is that the scorecard tends to register movement, and while a European programme that is already in place can be mentioned in the text, it will often come second to the sometimes ephemeral

political battles that unfolded during the year. Thus, a limited but very visible political initiative towards a candidate country might eclipse the more important fact that the whole power relationship between Europe and this country is overdetermined by this candidacy. This bias is especially important when it comes to common security and foreign policy, since many aspects of the foreign relations of the EU take the form of long-term aid, development and rule of law programmes rather than short-term political initiatives. The scorecard tries to strike a balance between recognising the specificity, assets and successes of Europe as a different, new type of international power on the one hand, and considering Europe as a traditional great power, in the league of the US, China or Russia, on the other hand – a role it cannot escape in today's world.

This dilemma explains why, even though we insist on tangible results for 2010 and hold Europe to demanding standards of efficiency, we still give credit to and make room for patient background work and positions of principles, even if they seemed to have had no impact in 2010. After all, it was easy to criticise Europe for its failure to persuade the US to close Guantánamo prison until President Obama finally ordered its closure in 2009. It would be inaccurate to claim that the constant political and moral pressure that Europeans exercised played no role, and yet impossible to point out exactly what role they played in Obama's decision. Similarly, Europe's ongoing support of the development of the Palestinian Authority as a more effective and less corrupt administration is the type of behind-the-scenes work that is not always visible but could be hugely important in the future.

This question of time frame leads to the larger question of "good" foreign policies. We cannot assess whether policies are "good" – only whether Europeans are united around them, whether they devote resources to them, and whether (or to what extent) they reach their various objectives. In a sense, therefore, our judgment remains technical. For example, we find Europe's performance on Iran in 2010 to be better than on many other issues, but if Tehran suddenly acquires and uses a nuclear weapon in 2011, critics will point out that Europe's policy was not forceful enough and that the good grades we gave now look overblown. Similarly, if a revolution leads to the overthrow of the mullahs, critics will point out the immorality of European foreign policy that focused on the nuclear programme and reinforced the hardliners, while a more conciliatory position might have hastened the downfall of the regime.

This problem of normative judgment leads to a more general question: how much shall we take into account things Europe is not doing? For example, should

Europe get a bad grade because it was not present (in terms of either words or actions) in the China-Japan dispute of September 2010 about the Senkaku/Diaoyutai islands, where the future of world peace might be at stake? As discussed earlier, we have tried to strike a balance in the scorecard. On the one hand, we have graded existing policies and taken into account the specificity of EU foreign policy and what Europe actually is (i.e. long-term programmes and a certain vision of what the international system should be). On the other hand, we have graded according to “great power” norms, emphasising what Europe ultimately should be (e.g. an assertive power playing the multi-polar game).

The points above illustrate the difficulties and dilemmas involved in devising a methodology that can withstand criticism. This is why we call this project a scorecard rather than an index. Indices use hard quantitative data (e.g. UNDP’s Human Development Index; Brookings’ Iraq Index) or scores given by observers to qualitative data (e.g. Freedom House’s Freedom in the World or Freedom in the Press indices; Transparency International’s Corruption Perceptions Index), or a mixture of both (Institute for Economics and Peace’s Global Peace Index; Legatum Institute’s Prosperity Index). A scorecard, on the other hand, is transparent about the subjective nature of judgment and the heterogeneity of the material it grades, and is therefore a better tool for appraising foreign-policy performance. After all, the grades one gets in school are a function of the particular teacher doing the grading and are based on different criteria for each subject. However, this neither prevents the scorecard from being significant nor means that grades are purely arbitrary, especially when overall results are based on an average of a large number of exercises and as consistent a scale across the board and over time as is feasible.

Explanation of methodology

The scorecard was developed in three phases. In the first phase (during the summer and autumn of 2010), experts for each of the six “issues” drew up the list of “sub-issues” and “components” – the discrete elements that the scorecard actually evaluates for 2010. This choice, obviously, was fundamental as it determined what we were assessing within each of the six “issues” and was therefore the subject of intense discussion. The experts also provided preliminary assessments of European performance (for the period running from January to September) in each “component”, based on their own knowledge and a range of interviews with officials and specialists. In particular, they identified European objectives – a key precondition for evaluating performance. The experts devised questions for member states in order to better understand the dynamics of each component.

In the second phase (from November to December 2010), questionnaires on about 30 of the “components” on which the experts felt they needed additional information were sent to researchers in each of the 27 member states, who collected information from officials in their country and completed the questionnaires. This provided a much more granular image of European external relations on critical issues. In the third phase (January 2011), experts wrote the final assessments and the introductions for each issue. It was at this point that scores for each component were given. The scores and the assessments were then discussed with the scorecard team and shared with other experts and officials.

Criteria

The scorecard uses three criteria to assess European foreign-policy performance: “unity” (“Were Europeans united?”), “resources” (“Did they try hard?”), and “outcome” (“Did they get what they wanted?”). The first two evaluate the intrinsic qualities of European policies and are graded out of 5; the third criterion evaluates whether these policies succeeded or failed, and is graded out of 10. The overall numerical score out of 20, which was converted into an alphabetical grade, therefore reflects an equal balance between input and outcome.

In some cases, the scores for each of these three criteria are based on an average of several different elements of a “component”. For example, component 62, which evaluates European performance on Somalia, includes three disparate elements: the Atalanta naval mission; the training of Somali military personnel in Uganda; and financial support to the African Union peacekeeping mission AMISOM. Similarly, component 24, which evaluates relations with Russia on Afghanistan and Central Asia, has three elements: Afghanistan, Kyrgyzstan and security in Central Asia in general.

Unity

The key question on “unity” is: Do Europeans (that is, member states and EU institutions) agree on specific and substantial objectives or do they have a variety of different policies, with some adopting initiatives and taking stances that contradict the common policy?

Scores were awarded on the following basis:

- 5/5 = Perfect unity among member states and/or EU institutions – all agree on many objectives and push in the same direction(s). The best possible situation.
- 4/5 = A large degree of unity – member states and/or EU institutions agree on most objectives and positions but not all of them. Still a very satisfying situation.
- 3/5 = Partial unity, but member states and/or EU institutions have significant differences of approach and agreement exists on some objectives only. An acceptable situation.
- 2/5 = Strong differences in approach among member states and/or EU institutions – some take initiatives that contradict majority positions. An unsatisfying situation.
- 1/5 = A basic lack of unity among member states and/or EU institutions – there is no common agenda beyond a few common aspirations and conflicting positions dominate. A dysfunctional situation.
- 0/5 = Member states and/or EU institutions have opposite goals. In this situation, it is impossible to give a grade on resources and impact.

Some remarks:

- What is evaluated is not background harmony on a general issue such as Russia, but rather how united member states and EU institutions were on specific policy issues, events, initiatives or reactions in 2010. The context is not taken into account: unity is assessed in absolute terms, whatever the underlying level of difficulty. As a result, what could be called costly cooperation (i.e. cooperation attained in spite of deep underlying divisions) gets the same score as easy cooperation (i.e. cooperation attained because of already converging views).
- Process is not taken into account either: perfect or near-perfect unity on a range of objectives attained after stormy and protracted debates, and even disputes among member states and/or EU institutions, still justifies scores of 4/5 or 5/5 if the resulting policy line is observed by all, if all Europeans refrain from contradicting it in their external relations. Put differently, it means that misgivings, doubts, hesitations and silent disagreement among member states do not count. Only conflicting action is what is taken into account to evaluate and grade “unity”.

- Unity does not necessitate the existence of a common legal text or political declaration. Rather, the question is whether countries and institutions pushed in the same direction or not. If some abstained without hampering common action or making a difference, unity is still considered to be fully realised.
- Unity does not necessitate centralisation around Brussels. In other words, the scorecard does not have a normative bias towards a federal foreign policy, but it does have one towards a common and co-ordinated foreign policy.
- Unity is not an uncontroversial criterion of an effective European foreign policy. There is a case to be made that a lack of unity can either have no meaningful impact on results or even, in some rare cases, prove beneficial to Europeans. For example, while some argue that European division on the recognition of Kosovo limits its law enforcement actions in the Serbian-majority northern region and makes the EU less credible vis-à-vis Americans, others argue that the impact of European division is negligible or even positive (for example, because it means the EULEX mission is less intrusive and, therefore, improved relations with Serbia). Similarly, there are situations where European unity in multilateral forums (for example, in the form of a rigid and limited mandate) is an impediment to finding solutions and furthering European goals.

Resources

The key question on “resources” is: Did Europeans (that is, member states and EU institutions) devote adequate resources (in terms of political capital and tangible resources such as money, loans, troops, training personnel and the like) to back up their objectives in 2010? In other words, was their policy substantial?

Scores were awarded on the following basis:

- 5/5 = Member states and/or EU institutions devoted the largest possible resources imaginable in the real world (i.e. in the political, diplomatic, economic and budgetary context of 2010, not in absolute terms). They undertook bold initiatives, with the adequate expenditure of political, economic or military capital.

- 4/5 = Member states and/or EU institutions put serious resources put behind the European position, but they were not quite as large or as bold as they could have been.
- 3/5 = Member states and/or EU institutions devoted only limited resources, with a negative impact on their ability to meet all the objectives.
- 2/5 = Member states and/or EU institutions devoted insufficient resources, leading to a clear gap between objectives and resources, which made it impossible for them to meet their objectives.
- 1/5 = Member states and/or EU institutions devoted few resources, resulting in a yawning gap between ends and means. If there was unity on objectives, then it was typically a soft consensus or was based on wishful thinking.
- 0/5 = Member states and EU institutions put no resources behind European positions.

Some remarks:

- Europeans can be only superficially united and agree on a purely declaratory policy. They can paper over the absence of meaningful unity by making lofty common declarations that are not backed by concrete action. They can, in a sense, “conspire” to hide their actual disunity behind joint declarations. Or, more frequently, they can reach a soft consensus on a course of action (or generally cosmetic action or non-action) which will result in a policy that cannot possibly make any difference in the real world. This is why this second criterion is added to the first. The “resources” criterion measures how substantial and ambitious European actions are – in other words, whether the policy is serious, whether it is backed up by resources and can make a difference or not, and how bold it is.
- Unlike the “unity” score, the “resources” score is assessed not in absolute terms but as a function of objectives and possibilities. It measures the gap between ends and means at a specific moment in time when material resources are not in infinite supply and when decision-makers have to make trade-offs between competing priorities. For each component, experts asked what other resources Europeans could have realistically devoted in order to reach their objectives. The score was determined by the gap between the reality of 2010 and the answer to this question.

- Therefore, this grade involves an eminently political judgment on what resources could realistically be mustered to support European objectives, whether they were adequate to meet them, but also, more profoundly, on how ambitious Europeans should have been. The remark made above about leverage is relevant here. If one thinks that Europeans ought to raise their game and adopt much more ambitious objectives on human rights in Russia and China, on stabilisation in Afghanistan or on visa reciprocity with the US, and mobilise additional resources to build extra leverage on these issues, one would award a lower score for “resources”. But in the scorecard we chose to base scores on objectives that are at the centre of gravity of the European consensus.

Outcome

The key question is: To what extent have European objectives been met in 2010, regardless of whether Europeans (that is, member states and EU institutions) were responsible for that outcome?

Scores were awarded on the following basis:

10/10 = All objectives have been met. There is a clear sense of success on this component (even in the case where Europeans cannot be credited for the entirety of that success).

9/10 =

8/10 = Most objectives have been met.

7/10 =

6/10 =

5/10 = Some objectives have been met. Disappointing results for Europe.

4/10 =

3/10 = No important objectives have been met. There were major setbacks for Europeans, and a sense of failure dominates.

2/10 =

1/10 =

0/10 = No objectives have been met. The outcome is the opposite of Europeans' aims, or the situation has deteriorated. A sense of uselessness/or even catastrophe predominates.

Some remarks (see also the section above on difficulties in evaluating European foreign-policy performance):

- While “outcome” assesses results, it does not attempt to measure success per se but rather success as a function of difficulty and possibilities, or performance given the underlying difficulty of the issues, or progress in meeting the objectives in the year considered. For example, it would be unfair and unrealistic to expect from Europeans that they single-handedly solve the Israeli-Palestinian conflict or stop Iran from enriching uranium. However, they can be expected to meet other partial objectives or make progress towards reaching them. For example, they can contribute to stabilising the Middle East or avoiding a sudden war, keeping the international community united, ensuring that the UN process is respected, or enforcing anti-proliferation norms.
- This criterion does not measure the European impact or Europe’s results, but the general outcome of the issue under consideration in the light of the initial European objectives. Many factors apart from European policies might have contributed to the 2010 outcome, including luck or a lack of it. While the scorecard always tries to indicate which other factors have played a role in a positive or negative outcome, it does not assess the outcome differently based on the perceived degree of European agency. In other words, in the case of a disappointing outcome, Europeans do not get a better grade because of adverse conditions, and in the case of a fortunate outcome, they are not penalised for having been helped by circumstances. Measuring the impact of European foreign policies would be a much more complex and hazardous exercise.
- European objectives or their degree of priority can sometimes change during a given year, which renders assessment difficult. For example, in 2009 and early 2010, Europeans wanted to convince Americans to shut down the Office of the High Representative in Bosnia and Herzegovina. While it remains an important goal for many of them, the events of 2010 led them to pursue this objective less forcefully.
- Defining the “outcome” criterion as “success as a function of difficulty and possibilities” leaves quite some room for divergent evaluations, as there is even less of a fixed yardstick than for “unity” and “resources”. Rather, the yardstick is redefined for each component in its proper context every year, in view of the European objectives during that year. This is where the political or even subjective nature of the exercise is most evident.

- However, judgment on outcome is not entirely relative or contextual. For each component, a balance had to be found between the relative or contextual scale (i.e. what objectives were met given the circumstances of 2010) and what could be called the absolute or ideal scale. Component 29 provides a good example of this: EU negotiators probably obtained the best possible deal they could from their American counterparts in the Open Skies negotiations on liberalising transatlantic air transportation, given their starting point. However, there remains a gross imbalance in market access in favour of the US, which is largely explainable by the inheritance of past bilateral deals with member states. In this case, Europeans got a good grade for their performance, but not the best possible one, since the overall result is still unsatisfying for Europe.

Numerical scores and alphabetical grades

Scores for “unity”, “resources” and “outcome” were added and converted into grades in the following way:

| | | |
|-------|----|------------------------------|
| 20/20 | A+ | Outstanding |
| 19/20 | A+ | |
| 18/20 | A | Excellent |
| 17/20 | A- | |
| 16/20 | A- | Very good |
| 15/20 | B+ | |
| 14/20 | B+ | Good |
| 13/20 | B | |
| 12/20 | B- | Satisfactory |
| 11/20 | B- | |
| 10/20 | C+ | Sufficient |
| 9/20 | C+ | |
| 8/20 | C | Insufficient |
| 7/20 | C- | |
| 6/20 | C- | Strongly insufficient |
| 5/20 | D+ | |
| 4/20 | D+ | Poor |
| 3/20 | D | |
| 2/20 | D- | Very poor |
| 1/20 | D- | |
| 0/20 | F | Failure |

Grades for issues and sub-issues

As indicated above, “components” are gathered in groups called “sub-issues”. The grade for a sub-issue simply results from the average of the grades for its components. Similarly, the grade for an issue such as crisis management or Relations with China simply results from the average of the grades for its sub-issues. This, of course, raises the question of the proper weight to grant to each component within a sub-issue, and to each sub-issue within an issue. For example, should the grade for China depend equally on the three sub-issues (Trade liberalisation and overall relationship; Human rights and governance; Cooperation with China on regional and global issues), or should one of them be granted more weight? Rather than engaging in a delicate exercise of weighting (for example, by giving co-efficients of importance to various components), we decided to build into the list a rough equality among components within a sub-issue and among sub-issues within an “issue”. It could be argued that some components and sub-issues have not been given their proper weight. However, such a judgment would be no less political than the grade given to that component.

| COMPONENTS BY ISSUE | Unity (out of 5) | Resources (out of 5) | Outcome (out of 10) | Total (out of 20) | Score Grade |
|--|---------------------|-------------------------|------------------------|----------------------|----------------|
| RELATIONS WITH CHINA | | | | 9.2 | C+ |
| Trade liberalisation and overall relationship | | | | 11.6 | B- |
| 1 Formats of the Europe-China dialogue | 2 | 2 | 5 | 9 | C+ |
| 2 Protection of European intellectual property rights in China | 4 | 3 | 5 | 12 | B- |
| 3 Reciprocity in access to public procurement in Europe and China | 4 | 2 | 3 | 9 | C+ |
| 4 Trade and investment disputes with China | 3 | 3 | 6 | 12 | B- |
| 5 Agreement with China on standards and norms, consumer protection | 5 | 4 | 7 | 16 | A- |
| Human rights and governance | | | | 5.7 | C- |
| 6 Rule of law and human rights in China | 2 | 2 | 1 | 5 | D+ |
| 7 Relations with China on the Dalai Lama and Tibet | 2 | 1 | 2 | 5 | D+ |
| 8 General openness of China on civil society exchanges | 2 | 3 | 2 | 7 | C- |
| Cooperation on regional and global issues | | | | 10.4 | C+ |
| 9 Relations with China on Iran and proliferation | 5 | 4 | 6 | 15 | B+ |
| 10 Relations with China on Africa | 3 | 3 | 4 | 10 | C+ |
| 11 Relations with China on reforming global governance | 3 | 2 | 2 | 7 | C- |
| 12 Relations with China on currency exchange rates | 2 | 2 | 3 | 7 | C- |
| 13 Relations with China on climate change | 4 | 4 | 5 | 13 | B |
| RELATIONS WITH RUSSIA | | | | 9.5 | C+ |
| Trade liberalisation and overall relationship | | | | 11 | B- |
| 14 Trade liberalisation with Russia | 4 | 3 | 5 | 12 | B- |
| 15 Visa liberalisation with Russia | 4 | 3 | 3 | 10 | C+ |
| Human rights and governance | | | | 6.7 | C- |
| 16 Rule of law and human rights in Russia | 4 | 2 | 2 | 8 | C |
| 17 Media freedom in Russia | 3 | 2 | 1 | 6 | C- |
| 18 Stability and human rights in the North Caucasus | 4 | 1 | 1 | 6 | C- |
| European security issues | | | | 9.5 | C+ |
| 19 Relations with Russia on the Eastern Partnership | 3 | 2 | 3 | 8 | C |
| 20 Relations with Russia on protracted conflicts | 3 | 3 | 4 | 10 | C+ |
| 21 Relations with Russia on energy issues | 4 | 2 | 3 | 9 | C+ |
| 22 Diversification of gas supply routes to Europe | 2 | 4 | 5 | 11 | B- |
| Cooperation on regional and global issues | | | | 11 | B- |
| 23 Relations with Russia on Iran and proliferation | 4 | 4 | 8 | 16 | A- |
| 24 Relations with Russia on Afghanistan and Central Asia | 4 | 3 | 6 | 13 | B |
| 25 Relations with Russia on climate change | 3 | 3 | 3 | 9 | C+ |
| 26 Relations with Russia at the G20 | 2 | 2 | 2 | 6 | C- |

| COMPONENTS BY ISSUE | Unity (out of 5) | Resources (out of 5) | Outcome (out of 10) | Total (out of 20) | Score Grade |
|--|---------------------|-------------------------|------------------------|----------------------|----------------|
| RELATIONS WITH THE UNITED STATES | | | | 11.0 | B- |
| Trade liberalisation and overall relationship | | | | 12.8 | B |
| 27 Reciprocity on visa procedures with the US | 3 | 2 | 3 | 8 | C |
| 28 Relations with the US on terrorism, information sharing and data protection | 5 | 5 | 8 | 18 | A |
| 29 Trade and investment disputes with the US | 3 | 3 | 6 | 12 | B- |
| 30 Agreement with the US on standards and norms, consumer protection | 4 | 3 | 6 | 13 | B |
| Cooperation on European security issues | | | | 9.8 | C+ |
| 31 Relations with the US on counter-terrorism and human rights | 3 | 2 | 5 | 10 | C+ |
| 32 Relations with the US on NATO and NATO reform | 2 | 2 | 3 | 7 | C- |
| 33 Relations with the US on arms control and Russia | 2 | 2 | 4 | 8 | C |
| 34 Relations with the US on the Balkans | 3 | 4 | 7 | 14 | B+ |
| Cooperation on regional and global issues | | | | 10.6 | B- |
| 35 Relations with the US on the Middle East peace process | 3 | 3 | 2 | 8 | C |
| 36 Relations with the US on Afghanistan | 4 | 2 | 2 | 8 | C |
| 37 Relations with the US on Iran and proliferation | 5 | 5 | 8 | 18 | A |
| 38 Relations with the US on climate change | 5 | 4 | 2 | 11 | B- |
| 39 Relations with the US on global economic and financial reform | 2 | 2 | 4 | 8 | C |
| RELATIONS WITH WIDER EUROPE | | | | 9.5 | C+ |
| Western Balkans | | | | 13.3 | B |
| 40 Rule of law and human rights in the Western Balkans | 3 | 4 | 6 | 13 | B |
| 41 Stabilisation of Kosovo | 3 | 4 | 7 | 14 | B+ |
| 42 Stabilisation of Bosnia Herzegovina | 4 | 2 | 2 | 8 | C |
| 43 Visa liberalisation with the Western Balkans | 4 | 5 | 9 | 18 | A |
| Turkey | | | | 6.0 | C- |
| 44 Bilateral relations with Turkey | 2 | 2 | 1 | 5 | D+ |
| 45 Rule of law and human rights in Turkey | 3 | 2 | 2 | 7 | C- |
| 46 Relations with Turkey on the Cyprus question | 3 | 1 | 1 | 5 | D+ |
| 47 Relations with Turkey on regional issues | 2 | 3 | 2 | 7 | C- |
| Eastern Neighbourhood | | | | 9.2 | C+ |
| 48 Rule of law and human rights in the Eastern Neighbourhood | 3 | 2 | 2 | 7 | C- |
| 49 Relations with the Eastern Neighbourhood on trade and energy | 5 | 4 | 5 | 14 | B+ |
| 50 Visa liberalisation with the Eastern Neighbourhood | 3 | 2 | 5 | 10 | C+ |
| 51 Resolution of the Transnistrian dispute | 3 | 2 | 2 | 7 | C- |
| 52 Resolution of the Abkhazia and South Ossetia dispute | 3 | 2 | 4 | 9 | C+ |
| 53 Resolution of the Nagorno-Karabakh dispute | 4 | 2 | 2 | 8 | C |

COMPONENTS BY ISSUE

| | Unity (out of 5) | Resources (out of 5) | Outcome (out of 10) | Total (out of 20) | Score Grade |
|---|----------------------------|--------------------------------|-------------------------------|-----------------------------|------------------------------|
| CRISIS MANAGEMENT | | | | 11.4 | B- |
| Conflict Prevention and Mediation | | | | 10.7 | B- |
| 54 Crisis management in the Former Yugoslav Republic of Macedonia | 2 | 3 | 6 | 11 | B- |
| 55 Crisis management in Sudan and Chad | 4 | 3 | 4 | 11 | B- |
| 56 Crisis management in West Africa | 3 | 3 | 4 | 10 | C+ |
| Humanitarian Action and Intervention | | | | 12.3 | B- |
| 57 Response to the earthquake in Haiti | 4 | 4 | 8 | 16 | A- |
| 58 Response to flooding in Pakistan | 3 | 3 | 5 | 11 | B- |
| 59 Response to the humanitarian crisis in Gaza | 4 | 3 | 3 | 10 | C+ |
| Peacemaking and Peacekeeping Operations | | | | 11.3 | B- |
| 60 Stabilisation of the Georgian border | 5 | 4 | 6 | 15 | B+ |
| 61 Crisis management in Kyrgyzstan | 4 | 1 | 1 | 6 | C- |
| 62 Crisis management in Somalia | 4 | 4 | 5 | 13 | B |
| State Building and Nation Building | | | | 11.2 | B- |
| 63 Stabilisation and state building in Afghanistan | 2 | 4 | 3 | 9 | C+ |
| 64 Stabilisation and state building in Iraq | 5 | 2 | 4 | 11 | B- |
| 65 Stabilisation and state building in Bosnia and Herzegovina | 4 | 4 | 5 | 13 | B |
| 66 Stabilisation and state building in Kosovo | 3 | 4 | 5 | 12 | B- |
| 67 Stabilisation and state building in Congo | 4 | 3 | 4 | 11 | B- |

| COMPONENTS BY ISSUE | | Unity (out of 5) | Resources (out of 5) | Outcome (out of 10) | Total (out of 20) | Score Grade |
|---|---|----------------------------|--------------------------------|-------------------------------|-----------------------------|------------------------------|
| MULTILATERAL ISSUES | | | | | 13.5 | B+ |
| European Impact in the Multilateral System | | | | | 10.5 | B- |
| 68 | European policy in the G20 and G8 | 2 | 3 | 5 | 10 | C+ |
| 69 | European policy on the reform of Bretton Woods institutions | 3 | 3 | 4 | 10 | C+ |
| 70 | European policy on UN reform | 4 | 2 | 3 | 9 | C+ |
| 71 | European policy on the financing of multilateral institutions | 4 | 4 | 5 | 13 | B |
| Human Rights and Humanitarian Issues | | | | | 12.7 | B |
| 72 | European policy in the Human Rights Council and UN General Assembly | 3 | 3 | 4 | 10 | C+ |
| 73 | European policy on the ICC and ad hoc tribunals | 4 | 4 | 7 | 15 | B+ |
| 74 | European policy in the international humanitarian system | 2 | 4 | 7 | 13 | B |
| Climate Change | | | | | 15.0 | B+ |
| 75 | European policy on climate change in the multilateral context | 4 | 4 | 7 | 15 | B+ |
| Non-Proliferation Regime | | | | | 16.0 | A- |
| 76 | European policy on Iran and proliferation in the multilateral context | 5 | 5 | 7 | 17 | A- |
| 77 | European policy on the NPT review conference | 4 | 4 | 7 | 15 | B+ |
| Development and Trade | | | | | 13.3 | B |
| 78 | European policy on global health | 4 | 3 | 6 | 13 | B |
| 79 | European policy on the Millennium Development Goals | 2 | 3 | 5 | 10 | C+ |
| 80 | European policy in the World Trade Organization | 5 | 4 | 8 | 17 | A- |

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“Europe has an identity but does it have an effective foreign policy? The European Foreign Policy Scorecard provides a much-needed answer to this question. It shows that Europe can be an effective foreign-policy actor when it wants to be. This evaluation will help move the public debate on a European foreign policy from process to substance.”

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“At a time when new powers are emerging and the international system is undergoing profound changes, the scorecard is intended to raise awareness of the existence of a European foreign policy – even if it sometimes exists by default – and to encourage a debate about the best policies to be pursued in defence of our values and interests.”

Vaira Vike-Freiberga, former President of Latvia
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