External Relations of the EU-Managing Europe’s Soft Power

PS 452

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External Relations

- External Relations in the E.U. is the term used to cover foreign relations areas in which the E.U. acts as a state.
- Most of External Relations areas fall under co-decision procedures. Spearheaded by Commissioner for External Relations and now HR of the European Union, increasingly subject to QMV in the Council of Europe.
External Relations

External relations covers at least the following areas:

- Trade
  - Agriculture
- Enlargement
  - intergovernmental
- Development assistance
- European Neighborhood Policy
- Euro-med
- ACP
External Trade Relations

- The EU has a common trade policy ("Common Commercial Policy").
- In other words, where trade, including WTO matters, are concerned, the EU acts as one single actor, where the European Commission negotiates trade agreements and represents the European interests on behalf of the Union's 27 Member States.
External Relations

- Arctic Region
- Civilian Crisis Management
- Common Foreign & Security Policy (CFSP)
- Instrument for Stability (IfS)
- Conflict Diamonds (Blood Diamonds - The EU & the Kimberley Process)
- Drugs
- Environment - Green Diplomacy
- EU Election Assistance & Observation
- Euro-Mediterranean Partnership
- European Neighbourhood Policy
- Black Sea Synergy
- External Energy Policy
- Human rights & Democratisation
- Information on grants
- Landmine Actions
- Middle East Peace Process
- Migration
- Northern Dimension
- Public Consultations
- Uprooted People
- EU Centres
- Education
## The Major EU Export Partners

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Enlargement Process

- Application (must be a member of COE).
- Must meet Copenhagen Criteria
  - Democracy, Human Rights, Market Economy, Politically and economically stable.
- Screening for Compliance with Acquis.
  - Benchmarks set.
- Negotiations open with unanimous decision of Council
- Pre-Accession strategy
- Closure of negotiations and treaty- by unanimous consent
Enlargement Process

- Screening for compliance with Acquis.
  - screening report.
  - Benchmarks
- Negotiations and reports
- Pre-Accession strategy
  - stabilization
  - democratization
  - international financing partnerships
  - incorporation into EU agencies and committees
The chapters of the acquis

1. Free movement of goods
2. Freedom of movement for workers
3. Right of establishment and freedom to provide services
4. Free movement of capital
5. Public procurement
6. Company law
7. Intellectual property law
8. Competition policy
9. Financial services
10. Information society and media
11. Agriculture
12. Food safety, veterinary and phytosanitary policy
13. Fisheries
14. Transport policy
15. Energy
16. Taxation
17. Economic and monetary policy
18. Statistics

1. Social policy and employment
2. Enterprise and industrial policy
3. Trans-European Networks
4. Regional policy and coordination of structural instruments
5. Judiciary and fundamental rights
6. Justice, freedom and security
7. Science and research
8. Education and culture
9. Environment
10. Consumer and health protection
11. Customs union
12. External relations
13. Foreign, security, defence policy
14. Financial control
15. Financial + budgetary provisions
16. Institutions
17. Other issues
Accession

- Progress reports
- National Strategy
- Closure of Negotiations
  - With unanimous consent
- Accession Treaty
  - Period of accession qualifies member to benefits and cohesion funds.
External Trade policy

- The legal basis for the EU’s trade policy is Article 133 of the European Community Treaty.
- The Commission negotiates on behalf of the Member States, in consultation with a special committee, “the Article 133 Committee”.
- The 133 Committee is composed of representatives from the 25 Member States and the European Commission. Its main function is to coordinate EU trade policy.
- The European Community Treaty grants a more limited role to the European Parliament (EP) in terms of trade policy: according to the current treaty, the “assent” of the EP may be required for major treaty ratifications, when covering more than trade.
External trade policy coordination

- The Committee meets on a weekly basis, usually on a Friday in Brussels at the headquarters of the Council of Ministers.
- It discusses the full range of trade policy issues affecting the Community, from:
  - the strategic issues surrounding the launch of rounds of trade negotiations at the WTO, to;
  - specific difficulties with the export of individual products, and considers the trade aspects of wider Community policies in order to ensure consistency of policy.
- In this Committee, the Commission presents and secures endorsement of the Member States on all trade policy issues.
- The major formal decisions (for example agreement to launch or conclude negotiations) are then confirmed by the Council of Ministers.
The current WTO trade round, the Doha Development Agenda, provides a good example of how trade policy is coordinated in practice:

- The Commission sets and carries forward the priorities and aims of the EU as laid down in guidelines given by the Council of Ministers.
- Officials from the Commission's Directorate General for Trade, under the authority of the Commissioner are charged with actually conducting the negotiations, and speak on behalf of the EU as a whole.
- Coordination with Member States is assured at all times through the 133 Committee, while the Commission regularly informs the Parliament.
- At the end of the Round, the Council has to agree formally the outcome.
EU and Millennium Trade Talks

- To create substantial benefits for the world economy through trade liberalization of goods and services and better rules in a number of policy areas (in particular, competition, investment, intellectual property, trade facilitation, government procurement)
- To contribute to harnessing globalization
- To better integrate developing countries into the world economy by working for a more equitable distribution of the benefits of trade liberalization
- To further strengthen the WTO multilateral system so that it can become a truly universal, fair, and transparent instrument for the management of international trade relations in support of sustainable development
- To ensure that the Millennium Round benefits the environment
EU-US External Relations

- The transatlantic partnership
  - Trade, (disputes over steel, agriculture, airplanes)
  - Investment,
  - Security partnership NATO-ESDI
    - Partnership v US unilateralism
    - Defense industries and Europe
  - Global regimes and challenges facing Transatlantic partners (China, Russia, and the WTO)
  - Security challenges (global, regional, bilateral)
  - Enlargement and EU-US disagreements over Cyprus/Greece/Turkey -- implications
External Relations

- European Economic Area
- ACP Countries
- The Mediterranean Policy
  - GMP (1972)
  - The Barcelona Declaration (November 1995) – EU and 12 Med countries plus the Palestinian Authority
    - Free trade zone by the end of 2010
    - Political cooperation
    - Cultural cooperation and exchanges
    - The peace process
Trade with the U.S.

- The EU and the United States are the two largest economies and markets in the world.
- Taken together, they constitute half the world economy.
  - The EU and the US both account for around one fifth of each other's bilateral trade, a matter of €1 billion a day.
  - In 2004, exports of EU goods to the US amounted to €234 billion (25.8% of total EU exports), while imports from the US amounted to €157.7 billion (16.8% of total EU imports).
  - Moreover, the combined foreign trade figures of the two partners equals 40 percent of world trade.
  - Furthermore, the total amount of 2-way investment amounts to over €1.5 trillion, with each partner employing directly and indirectly about 6 million people in the other.
  - The share of EU investment in the U.S. amounted to more than 52% of EU Foreign Direct Investment over the period 1998-2001 (€162.663 billion a year in average).
  - The US investment in the EU amounted to more than 61% of EU FDI inflows over 1998-2001 (€72.041 billion a year in average).
Significance for the World

- Our two economies are interdependent to a high degree.
- Close to a quarter of all US-EU trade consists of transactions within firms based on their investments on either side of the Atlantic.
- The transatlantic relationship defines the shape of the global economy as a whole as either the EU or the US is also the largest trade and investment partner for almost all other countries.
- Being the largest players in global trade, the EU and US are therefore committed to a politically and economically significant co-operation agenda, be it on bilateral issues or in the multilateral framework of the WTO. Several trade-related disputes hitting the headlines only affect a small proportion of the world's largest trading relationship.
The New Transatlantic Agenda

- The New Transatlantic Agenda (NTA) and accompanying EU-US Joint Action Plan of December 1995 as well as the Transatlantic Economic Partnership created in May 1998 form the main structure of our bilateral relations.

- The "partnership" lays the foundations to enable the EU and US to intensify their efforts to reduce or eliminate barriers to trade and investment between them notably through closer co-operation between regulators.
Transatlantic relations

- The current Transatlantic Economic Partnership (TEP) based approach allows us to go further with the US towards achievable and mutually beneficial objectives. It meets three basic conditions:
  - It allows us to focus initiatives on areas where there is goodwill on both sides and where gains can be enormous – for example financial markets;
  - It promotes upstream convergence or mutual recognition of rules and standards;
  - It acts as an early warning mechanism in case a potentially damageable piece of legislation is in the pipeline.
Transatlantic relations

- **The last EU-US Summit** of June 2004 adopted a joint declaration on strengthening our bilateral economic partnership.
- By doing this the European Union and the United States resolved to give a renewed impetus to their transatlantic trade and investment relations.
- Leaders also took stock of the latest progress achieved under our **bilateral Positive Economic Agenda**, notably the financial markets dialogue, the launch of regulatory co-operation in four priority sectors (cosmetics, automobile safety, nutritional labeling and metrology), and the conclusion of the MRA on marine safety equipment.
- The Summit also examined the state of the negotiations with the United States regarding the establishment of an Open Aviation Area (OAA).
Airbus versus Boeing

10.1a (with no subsidy)

10.1b (with launch subsidy)
The Mediterranean Region

- The partnership between the EU and the Mediterranean countries is referred to as the ‘Barcelona Process’, the aim of which is to set up a common Euro-Mediterranean area of peace, stability and shared prosperity.

- Barcelona Declaration (27-28 Nov 1995) expresses the 27 partners' intention to intensify bilateral and regional co-operation. The range of activities of this new partnership is commonly referred to as the 'Barcelona Process'.

- The range of activities of this new partnership is commonly referred to as the 'Barcelona Process'.
  - It aims at establishing a common Euro-Mediterranean area of peace, stability and shared prosperity.
  - Furthermore, it aims at fostering South-South integration by encouraging Mediterranean partners to implement free trade among them.
  - Establish a fee trade area Euro-Mediterranean Free Trade Area by 2010. All Mediterranean Partner Countries -with the exception of Syria- have concluded Association Agreements with the EU.
Evolution of total trade in goods with 12 Mediterranean countries

12 Mediterranean countries: Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Palestinian Authority, Syria, Turkey, and Tunisia.
Mediterranean Free-Trade Area

- This zone will include some 40 States and 600-800 million consumers.
- Those with Tunisia, Morocco and Israel have been ratified and are in force.
- Negotiations with Syria are at a less advanced stage.
- These agreements, like the "Europe" Agreements in the case of CEECs, cover a large variety of CFSP, economic, social, cultural and financial co-operation themes exceeding exclusive Community competence issues.

*LOOK AT TABLE 11.2 in your textbook!*
ACP Countries
Priorities and Policies

- Trade and development
- Regional integration and cooperation
- Transport
- Governance and institutional capacity building
- Rural development and food security
- Macroeconomic policies and access to social services
- Human rights
- Gender
- Environment
- Social development
- Culture
- Support for business sector
- NGO support
- Information society
Asia

- The EU’s economic and commercial relations with Asia are of great importance for EU’s own prosperity.
- Asia as a whole accounts for 21% of the EU’s external exports, and is its third-largest regional trading partner, after Europe outside the EU (31%) and NAFTA (28%).
- Asia also accounts for a significant share of EU foreign investment flows, while certain Asian countries are important investors in the EU.
- Within the WTO, Asian countries play a very important role, and China’s entry into the WTO helps strengthen that body further.
Relations with Asia

- The latest Communication on relations with Asia was published on 4 September 2001. It has four key points:
Key points

- Strengthen the EU's political and economic presence across the region, and raise this to a level commensurate with the growing global weight of an enlarged EU.

- "Enhanced partnerships" underlines the fact that Asia is a geographical area and recognizes that there are many "Asias."

- Move from a strategy based on 'aid and trade' towards recognition of the importance of a fast developing Asia for the EU. The new strategy encompasses and strikes a better balance between the economic, political, social and cultural elements.

- This is a partnership based on equality.
Six objectives

- Contribute to **peace and security in the region and globally**, through a broadening of EU engagement with the region.
- Further strengthen EU’s **mutual trade and investment flows** with the region and the Union’s dialogue on economic and financial policy.
- Promote the **development of the less prosperous countries** of the region, addressing the root causes of poverty.
Six objectives

- Contribute to the protection of Human Rights and to the spreading of democracy, good governance and the rule of law.
- Build global partnerships and alliances with Asian countries, in appropriate international fora, to help address both the challenges and the opportunities offered by globalization, and to strengthen our joint efforts on global environmental and security issues like climate change, migration and terrorism.
- Help strengthen the awareness of Europe in Asia (and vice versa). The opening of new Commission delegations in Asia is an example of concrete action to achieve this objective.