CHAPTER 17

The European Union and the USA

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▌ Summary

The USA has always been the most 'significant other' of the European integration project in the world arena. This chapter explores the implications of this factor for the international relations of the European Union (EU), first by introducing the key features of the EU–US relationship and by considering the ways in which these raise issues of analysis and policy. Second, the chapter explores the ways in which the EU–US relationship reflects and affects the workings of the EU as a system of international relations. Third, the chapter focuses on the ways in which the EU–US relationship affects the broader process of international relations in a world where change and challenge are pervasive. Finally, the chapter evaluates the ways in which the roles of the EU as a 'power' in international relations are shaped, and perhaps limited, by its relationship with the USA, and the ways in which this moulds the EU's role in pursuing international order within a changing world arena.

Introduction

The EU (and previously the European Community, EC) has been intimately entangled with the USA since the very beginnings of European integration in the 1950s. In the areas of trade, monetary relations, and economic management this gives the USA a key role not only in the international policies of the EU, but also in the management of both the European economy and the broader global political economy. In the area of security, the European project has always been linked to and embedded in the European and world security order, while politically the EU and its predecessors have been a key part of the US-led group of liberal democracies. US influence stimulated the European project in two senses. On the one hand, the US federal system was an inspiration to European leaders such as Jean Monnet and to Americans who saw the European project as a means of creating a United States of Europe. On the other hand, European integration was inspired to a substantial extent by the desire to match US and Soviet superpower, or at least to create a 'third force' in international relations (DePorte 1987; Ellwood 1992; Winand 1993; Heller and Gillingham 1996). This ambivalence—the USA as a key partner and leader but also as a potential rival in world politics—has been central to EU–US relations and to the international relations of the EU ever since (M. Smith 1984; M. Smith and Woolcock 1993; M. Smith 1998a; McGuire and Smith 2008, Chapters 1 and 2).

These two dynamics, producing what can be called 'competitive cooperation' (M. Smith 1998a) in a world of 'competitive interdependence' (Sbragia 2010; Damro 2016), are visible in all three of the core components of transatlantic life. Separate but increasingly interconnected economic, political, and security relationships define transatlantic relations and go a long way towards shaping both EU politics and the changing global order. In this context, dealing with the USA has been one of the key tests of the extent to which the EU has developed into an effective international actor with a distinct set of policy positions and instruments. Partly as a consequence, the EU–US relationship has, some would say increasingly, been a subject of political and policy debate, attracting the attention and disagreement of those involved in shaping the key questions of world order (Kagan 2003; Todd 2003; M. Smith 2004a; Alcaro, Peterson, and Greco 2016).

This chapter aims to explore the ways in which EU–US relations enter into the international relations of the EU, and to assess the implications for key areas of the EU's growing international activity. In the first section, the focus is on the changing shape and focus of the transatlantic relationship as it enters into economic, political, and security questions. The following three sections address the key themes raised by this volume as a whole, by successively dealing with the impact of EU–US relations on the EU's system of international relations, on the EU's role in the processes of international relations, and on the EU's position as a 'power' in international relations.

The changing shape of EU–US relations

Economic interdependence has always been at the core of the EU–US relationship. European integration itself was closely connected with the economic reconstruction of Europe through the Marshall Plan in the 1940s and 1950s, and the European project has been closely linked to both the evolution of the 'Western world economy' during the Cold War and to 'globalization' in the 21st century. The destabilizing impact of the 2008–9 financial crisis, which started with bank collapses in the USA, followed by bank runs across the UK, eventually contributing to sovereign debt crises across the eurozone, reaffirmed the extent to which globalization has prompted interdependence of economies not only across the Atlantic but around the globe. Within this general context, Box 17.1 summarizes a number of features of this relationship and some key trends of the past two decades.

The very intimacy of this relationship, and the depth of its historical and institutional roots, give rise to a number of important trends in EU–US economic relations. First, there has been a consistent growth of the economic links between the EC/EU and the USA and a continuous deepening of economic links over a more than 50-year period. These links have notably continued to deepen and widen even when transatlantic political or security relations have been troubled (for example, during the later years of the Cold War, or during the period leading up to the war in Iraq during 2002–3). A second trend concerns the ways in which the EC/EU, through processes of economic growth and enlargement, has increasingly come to be seen as an economic superpower. Both the EU and the USA are advanced industrial and service-based economies of continental size, and both are deeply entangled both with each other and with the development of the global economy. In other words, the EU–US relationship has become a partnership of equals, at least in economic terms (Peterson 1996; Guay 1999; M. Smith 2009a), and has contributed to the sense that transatlantic economic relations are increasingly integrated (Hamilton and Quinlan 2016).

But this evidence also raises a number of questions about the nature of EU–US economic relations. Given the continuous widening and deepening of the relationships, is it fair to see the EU and the USA as effectively 'integrated' within an Atlantic political economy? On the other hand, how far is it possible to see the EU and the USA as global economic rivals, given the simultaneous rise of disputes and more extensive conflicts over trade, investment, competition, and other areas of regulatory policy, and what are the implications of this? Is the EU, despite its apparent equality with the USA in quantitative terms, actually able to mobilize its economic resources to achieve equal influence with the USA, within both economic and other contexts—and how might this EU–US balance be affected by the rise of other major economies such as China and India? These and other economic issues will be addressed later in the chapter.

The EU–US relationship also reflects a number of fundamental political forces (Peterson and Pollack 2003; McGuire and Smith 2008; Alcaro, Peterson, and

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BOX 17.1   The EU–US economic relationship in the 21st century

By the early 2000s, according to European Commission figures (European Commission 2003b), this deeply embedded economic relationship accounted for 37 per cent of world merchandise trade and for 45 per cent of world trade in services (2002 figures). These figures had decreased slightly by 2007 to 33 per cent of world merchandise trade and 42 per cent of world trade in services, but the EU and the USA clearly remained each other's single largest trading partner. In 2007, two-way cross-border trade in goods and services (imports and exports) between the EU and the USA amounted to more than €707 billion (€440 billion in goods and €267 billion in services). By 2014, transatlantic imports and exports held steady at 30 per cent of global merchandise trade and 40 per cent of world trade in services. In 2002 these trade figures represented about 21 per cent of each partner's trade in goods alone and approximately 39 per cent of EU and 35 per cent of US total cross-border trade in services, and this amounted to 36 per cent of total bilateral trade in goods and services. By 2007, however, the EU was recording trade surpluses in both goods (€80 billion) and services (€11 billion), and China had replaced the USA as the number one importer into the EU. By 2013 the USA was again Europe's largest trading partner with 15 per cent of the EU's overall trade to China's 14 per cent. In 2015, the EU had a €122 billion trade-in-goods surplus with the USA, while in 2014 it had a €6.6 billion trade-in-services surplus. The EU was still (in 2013) the top trade partner for 45 out of 50 US states. The larger value of the EU–US relationship arguably rests on foreign direct investment (FDI). The EU and the USA in 2000 accounted for 54 per cent of total world inflows of FDI and for 67 per cent of total world outflows. By 2001, the USA absorbed 49 per cent of the EU's outward investment flows, and the EU 46 per cent of US outward flows; EU investment was 54 per cent of total investment in the USA, and US investment in the EU was 69 per cent of the total. Over a more extended period, nearly three-quarters of all foreign investment in the USA in the 1990s came from the EU. As a result, the total accumulated investment by the EU in the USA and the USA in the EU amounted by 2001 to €1500 billion—by far the largest investment relationship in the world. This trend continued throughout the 2000s. In 2007 EU investment flow to the USA was €112.6 billion while US investment to the EU was €144.5 billion. EU investment outflows represented 42 per cent of inflows to the USA, and the EU was the recipient of half of all private direct investment from the USA. By 2015, inward stocks of investment in the EU from the USA amounted to €1,810 billion, and EU outward stocks in the USA to €1,985 billion. European firms were responsible for 70 per cent of US inward FDI and the USA was the destination for 32 per cent of outward EU FDI in 2012. Although these figures cover different periods, they accurately convey the breadth and depth of the transatlantic economic relationship in the 21st century.

Greco 2016). In this sense, the foundations of the European project and the transatlantic relationship were as much political as they were economic. The defeat of almost all of the European states during the Second World War, the delegitimization of governments and underlying regimes in all parts of Europe, coupled with the looming threat of Soviet political domination in Eastern Europe, played a key

role in shaping the political complexion of the 'new Europe' after 1945. A fundamental US commitment to a Western market system was thus paralleled by the desire to promote the strengthening of liberal democracies in Europe. The development and consolidation of anti-communism in the 1950s, the development of European socialisms and 'Euro-communism' in the 1970s and 1980s, and the spread of free market and liberal ideas in the 1980s reflect key phases in the development of the political relationship (Ellwood 1992; Heller and Gillingham 1996). It is difficult to establish the extent to which these events affected American engagement in Europe, but it is clear that consistent and deep relationships between European and American political and diplomatic elites underpinned Cold War Europe.

The political changes initiated by the end of the Cold War promised (or threatened) to transform the character of EU–US relations. While the removal of the Soviet hold over Central and Eastern Europe created new scope for the extension of liberal democracy and market ideas, it also revealed some of the fault lines and key policy questions that had been at least partly masked by the Cold War. To what extent did the EU and the USA really share common values? Was it possible for the EU to develop and export a different brand of democracy, underpinned by economic success and by the mechanisms in the Common Foreign and Security Policy (CFSP)? How would this find its expression in the economic and security challenges likely to face the 'winners' in the contest between Western democracy and communism? These were not simply analytical or academic questions: they reflected the uncertainties of political and policymaking elites on both sides of the Atlantic (Haftendorn and Tuschhoff 1993; Smith and Woolcock 1993; Peterson 1996). As Box 17.2 shows, the sheer range of areas covered by political initiatives in the immediate post-Cold War period raised important questions of transatlantic coordination, not only among foreign ministries and the EU's external relations apparatus but also in areas previously seen as 'internal' or 'domestic' in their political impact. Here, as elsewhere, the EU–US relationship demonstrated in

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BOX 17.2   Examples of transatlantic political initiatives (post-Cold War)

- Declaration on combating terrorism.
- Energy research cooperation agreement.
- Statement on communicable diseases in Africa.
- EU–US Biotechnology Consultative Forum.
- Declaration on the responsibilities of states on transparency regarding arms exports.
- Declaration on common orientation of non-proliferation policy.
- Precursors chemical agreement.
- Joint initiative on trafficking in women.
- Caribbean drugs initiative.
- Joint statement on developments in the Asia-Pacific region.

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concentrated form the questions that had to be addressed by all political leaders and foreign policy officials.

Inescapably, the economic and political factors outlined have been linked to the security question (indeed, many of the initiatives listed in Box 17.2 are security issues in many respects, as well as indicators of political cooperation). The EU can plausibly be analysed as a 'security community', as it gathers societies together in a pluralistic yet common framework, within which war between the members is effectively unthinkable. More directly, there are two standard explanations for the origins of the European project: on the one hand, Franco-German rapprochement and the creation of a new framework for the prevention of armed conflict in Western Europe, on the other hand the creation of economic and political conditions that would buttress the West in the conduct of the Cold War. Here, of course, the EC/EU was not and is not the only game in town. American influence over its European allies was well and truly cemented with the creation of the North Atlantic Treaty Organization (NATO) in the 1950s, embodying what has been seen as a transatlantic 'security community' (Sloan 2005).

For this purpose, it is possible to see the European integration project as part of the institutional underpinning of the Cold War in general and the EC as part of the jigsaw that constituted the Western alliance—in many ways, as an integral part of a transatlantic security community (Risse 2016). But the EC was and remained throughout the Cold War a 'civilian power', contained as well as supported by the Western alliance and subject to US security dominance, especially at the 'hard security' end of the spectrum. The security dominance of the USA extended also to the economics of military production and the development of defence industries.

The EU–US relationship in security was thus both intimate and uneven during the Cold War, and it can plausibly be argued that the trend lines of European and US strength within the relationship were far apart—in contrast to the relative and growing equality of the two parties in the economic sphere and the diversity at many levels of political organization and ideas. But here too the end of the Cold War, combined with the development of new EU capacities, raised fundamental questions. How far might and should the EU aim to duplicate, complement, or even supplement the USA in European security issues and in the broader security debate within the global arena? How far was the notion of 'civilian power' in the European project simply a reflection and rationalization of subordination and containment by the USA, and how far might that rationalization be challenged as the Cold War structures themselves were challenged? Did the EU—or could it ever—represent an alternative model of security politics as well as a possible alternative economic or political model for the organization of the post-Cold War world?

It is not surprising that the development of EU–US relations has been accompanied by debate, controversy, and the proposal of different, often strongly conflicting, models of the way the relationship could or should develop. As the European integration process gained momentum and spread into areas of foreign

policy cooperation during the 1970s and 1980s, speculation about the future of the relationship became a focus of policy debate among political and economic elites on both sides of the Atlantic (M. Smith 1984, 2015). The end of the Cold War posed new challenges and opportunities for the economic, political, and security domains, and in many cases linked them together in new and potent ways. It affected both the composition and the conduct of the relationship, which for the purposes of this chapter raises important questions about how we interpret the transatlantic alliance and the EU's position within it:

- If we conceive of the EU as itself being a system of international relations, how exactly does this system relate to the presence of the USA, to its dominance in key areas of policy development, and to the inevitable collision between the EU and the US systems of policymaking and policy coordination?

- If we analyse the EU as part of the wider process of international relations, how do we factor in the ways in which the EU and the USA interact, the changes that have occurred in these interactions, and the balance sheet of advantage and disadvantage across the economic, political, and security domains?

- Finally, if we conceive of the EU as a power in international relations, how exactly does this power relate to the USA and to US power in the 21st century, and how can this relationship help us to understand key questions and disputes over the establishment of international order, both in the global political economy and in the global security arena?

EU–US relations and the EU's system of international relations

In earlier chapters, this volume has presented the EU's international relations in part as expressing a system of international relations within the EU itself and in part as a subsystem of the broader international system. In other words, the EU's member states and institutions comprise a complex and multilayered system within which national policies are adjusted, 'European' policy positions are developed and revised, ideas are shared, and actions are produced in a number of coexisting and overlapping contexts (see Chapter 2). This has important consequences for the ways in which the EU enters into and conducts international relationships, and many of the chapters in this volume bear witness to the ways in which this can be demonstrated. For the purposes of this chapter, the most important focus is upon the ways in which the EU–US relationship shows the operation of the intra-EU system of international relations and, by implication, also the ways in which the USA can enter into that

system both as a contextual factor but also as, in some instances, a participant in the system itself.

The multilevel governance literature provides a logical analytical starting point for a discussion about the complex relationships between EU member states, European institutions, and the USA. According to this literature the EU is characterized by shared authority and policymaking competencies across multiple levels of government—subnational, national, and supranational (see also Marks, Hooghe, and Blank 1996; Hooghe and Marks 2001; Hodson and Peterson 2016). This has important effects on EU external policies, and it is not surprising that the 'US factor' inevitably enters into the many different levels at which EU policies are made (Pollack and Shaffer 2001). In the first instance, there are formal diplomatic relations between the EU and the USA, especially via the Commission in the field of external economic policies. The member states also retain important economic relations with the USA, and in a number of areas these national interests and policies are at least as significant as those determined collectively. This is especially true in monetary and investment policy, which differs greatly depending on membership or non-membership of the eurozone. The coexisting and overlapping policy arenas allow the US administration, US state governments, and private companies to intervene in many different areas. Many large US companies are so long established in the EU that they are effectively 'European' in terms of their interests and their ability to exert pressure. This means that in terms of international economic relations, the USA can be seen almost as a direct participant in the EU's multilevel system (McGuire and Smith 2008, Chapter 2).

Interestingly, the USA too can be seen less and less as a unitary state, and more as a multilevel system of economic policymaking, even if it has the federal structure that the EU still lacks. It is thus important to highlight the shared competencies between separate national as well as state institutions in US foreign policymaking (M. Smith 1998a; Peterson and O'Toole 2001), which will not necessarily always agree among themselves about the positions to be adopted in relation to the EU. 'Cooperative federalism', in which powers and competencies are shared and treated as shared between levels, is another way of characterizing the US decision-making structure (Nicolaïdis and Howse 2001). Shared authority affects the capacity of the USA to exercise international relations, because as Peterson and O'Toole (2001, 300) argue, 'federalism usually gives rise to less formal intricate structures within which a large number of actors, each wielding a small slice of power, interact'. It is not clear how and to what extent this enables the EU collectively or through its many possible agents to intervene in US domestic economic and political processes, but it is clear that there are important respects in which the changing nature of the global political economy has led to a convergence of state forms on the two sides of the Atlantic.

What happens when we look at the EU's system of international relations in the more political and security-related domains? Here we have to consider the notions that statehood and strategic action by major players still shape a large number of international patterns, including those in which the EU and the USA are increasingly

engaged as part of the global security system. The relationships between the EU and its member states are very different in political and security concerns from those that have developed in the political/economic domain, as is the capacity of the USA to intervene and to exert influence in the system. More specifically, the US ability to incite defection from common EU positions, to develop 'special relationships' with member states, and to undermine the solidarity of the EU is greatly increased (see also Hardacre and Smith 2009; M. Smith 2011). This need not be a matter of conscious or explicit US policies; it can simply be a reflection of the different incentives and natural political leanings shaping the policies of the member states, as well as an indication of the more intergovernmental nature of the EU's institutional setup in the areas of CFSP and European Security and Defence Policy (now Common Security and Defence Policy, CSDP after the Lisbon Treaty) (Hyde-Price 2007; see also Chapter 15).

There are thus effectively two parallel and linked narratives of the EU–US relationship when we examine the EU's system of international relations (McGuire and Smith 2008, Chapter 2). On the one hand there is the political economy narrative, which stresses the ways in which the EU has developed a powerful set of institutions and resources that can be used to undertake collective action in a range of contexts. These contexts are often 'domestic' as well as 'international': thus EU–US interaction occurs via many agents at a range of levels, from the global (for example, in the World Trade Organization, WTO) through the European and then the national to the subnational and the local. In the political security domain, however, the narrative is very different. Although in many respects the EU's CFSP and CSDP have been developed because of the USA—as a means of filling the gaps in US policies, or responding to the challenges of successive US administrations, especially during the 1990s and 2000s—they are also severely constrained by the dominance if not hegemony of the 'only superpower' when the questions are those of crisis and conflict, and of the commitment of real resources to the conduct of war or near-war operations. The incentives for EU member states to act collectively are very different in the two areas, with the balance between solidarity and defection or abstention only shifting slowly in the political and security area towards the 'European' level.

Examples of this contrast have been legion since the end of the Cold War, with the most important of them emerging from the 'war on terror', the invasion of Iraq, and conflict in the Ukraine (see also Chapters 14, 15, and 16). Whereas in all of these cases the EU could maintain solidarity in the economic sphere, with the imposition of sanctions or the implementation of reconstruction programmes, the EU's system of international relations became subject to strains if not to disintegration as soon as of international relations became subject to strains if not to disintegration as soon as the issues became those of 'hard security'. The collapse of European solidarity at the height of the Iraq crisis, leading to the stand-off between 'old' and 'new' Europe and to intense frictions between Britain and France in particular, seemed to indicate that whenever the USA placed intense demands on the EU's foreign policy system there would be the likelihood of disintegration rather than a great leap forward in

cooperation (Peterson and Pollack 2003; McGuire and Smith 2008, Chapters 8 and 9; Alcaro, Peterson, and Greco 2016).

But this is not the whole story: one of the other strands of development since the 1990s has been the growing scope of areas of 'soft security' and security activity engaging the 'internal' mechanisms of both the EU and the USA (Rees 2011a, 2011b; see also Chapter 16 in this volume). This picture highlights very different results from the story of EU–US security cooperation and competition. The EU's system in such areas as justice and home affairs, or environmental protection, or civil administration in the aftermath of conflict, possesses far greater resources for interaction with the USA. Indeed, some have argued that in these areas the EU has a comparative advantage over the USA bestowed by the enduring traces of 'civilian power'.

What implications does this system of shared competency, of penetrated decision-making, and of competing 'languages' of international relations carry for EU collective action? First, it is clear that the overlapping decision-making competency between the internal and external spheres of politics complicates the process of collective action. It is still difficult to gauge 'who speaks for Europe' (Allen 1998; Meunier and Nicolaïdis 1999; Meunier 2000). Although the Commission is able to exercise strategic authority in some areas of policymaking, it is clear that institutional deficits and the lack of a single EU negotiating authority mean that the EU often suffers from a 'capabilities-expectations gap' (see Hill 1993a, 1998) (and even a simple 'capabilities' gap because there are just no instruments available), particularly in the foreign and security policy area. This gap has been visible even during many EU–US economic policy crises including those surrounding the Blair House agreement in the course of the Uruguay Round (1992), the failed New Transatlantic Marketplace agreement negotiations (1997–8), and most EU–US trade disputes (Peterson 1996; Pollack and Shaffer 2001; Petersmann and Pollack 2003; Young and Peterson 2014). As noted, it is starkly apparent in areas where the issues are those of 'high politics' and 'hard security', where the stakes are different if not higher and where the USA's decisional capacity and institutional strength act as a competitive advantage. These 'gaps' in EU capacities for collective action are likely to be severely tested by EU–US relations, given the range and intensity of the encounters and their significance for 'internal' parties as well as the broader world arena (M. Smith 2004b, 2006; Alcaro, Peterson, and Greco 2016).

While the USA has repeatedly expressed frustration with the EU's inability to reach decisions and thus provide real burden sharing in the hard security area, it has also made strategic attempts to use European disintegration to its advantage in other areas of foreign policy. This mixed view of European integration has led the USA to play an unintentional role as a 'regulator' of European integration (Peterson and Steffenson 2009). In their efforts to solicit internal security cooperation in tracking transnational terrorist cells, US negotiators have attempted to leverage special relationships with not only the UK but also with several newly admitted Eastern European member states. Transatlantic negotiations over passenger name records, visa waivers, money laundering, and mutual legal assistance have exposed divisions

between old and new member states, prompting an invitation to the Commission to explore the possibilities of further European integration in these areas of judicial and police cooperation. Thus, US efforts to divide and rule may have inadvertently motivated the member states to close policy gaps in pillar three, by transferring more powers to the EU for Justice and Home Affairs under the Lisbon Treaty—but this has not disposed of the issues.

The Lisbon Treaty thus represented a much more significant attempt to close capability gaps and to establish a single European voice in external and internal security. However, the creation of new EU foreign policy roles exacerbated the problem of 'who speaks for Europe?' by establishing a new semi-permanent President of the European Council and a new High Representative for Foreign Affairs and Security Policy/Vice-President of the Commission (HRVP) without eliminating the rotating Council Presidency and the External Trade Commissioner. The Treaty also granted the European Parliament new foreign policy powers, which it exercised in 2010 when it refused to give consent to the interim agreement on banking data transfers (known as the SWIFT (Society for Worldwide Interbank Financial Telecommunication) agreement) signed by the USA and the Council (Monar 2010). The capacity of the European Parliament legally to make void the Council agreement exacerbated tensions with the USA, as did later disputes within the EU about data protection and transfer during 2015–16.

EU–US relations and the processes of international relations

It will be evident from the argument so far that the transatlantic relationship is central to the broader processes of international relations. Despite the growing challenges from China, India, and others such as Brazil (see Chapter 18), the EU and the USA are the two dominant actors in the capitalist world economy. They are central to the institutions of the global system, and they contain many of the leading military powers, including the dominant military power in the post-Cold War world. Thus, the development of transatlantic relations themselves is of great importance to the process of world politics, and their engagement with the wider world is highly significant to the operation of a host of broader economic, political, and security processes.

A number of key analytical dimensions connect EU–US relations and the processes of international relations. First, it is important to look at the nature of the transatlantic relationship itself. Not all European–US relations are centred on the EU, and the persistence and evolution of NATO in particular means that the EU–US relationship is part of a 'multi-institutional' transatlantic system (Sloan 2005). Nonetheless, the EU–US relationship has been consistently at the core of this system, and has arguably become more central and more dominant as the EU has developed its

foreign and security policies (Peterson 2016). During the 1990s, there was a consistent effort on both sides of the Atlantic to institutionalize EU–US relations and to provide a framework of rules and procedures, which would make them easier to manage (Pollack and Shaffer 2001; Steffenson 2005; Peterson and Steffenson 2009). At the outset came the Transatlantic Declaration (TAD) in 1990, which established some broad principles of organization. This was followed in 1995 by the New Transatlantic Agenda (NTA), which greatly expanded not only the scope of the arrangement but also included more detailed areas of joint action between the EU and the USA, and in 1998 by the Transatlantic Economic Partnership (TEP), which focused more specifically on the achievement of Mutual Recognition Agreements (MRAs) and other technical agreements dealing with the management of trade and competition. One of the most significant outcomes of these transatlantic agreements was the establishment of an institutional structure to manage bilateral transatlantic relations, including an EU–US summit plus a host of transgovernmental dialogues designed to bring together a much larger range of foreign policy actors from the USA, the Commission, and the Council. As Figure 17.1 shows, the 'intergovernmental' and 'transgovernmental' arrangements were accompanied by efforts to construct

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FIGURE 17.1 Transatlantic institutions (selected)

TAD, NTA, TEP Institutions	EU–US Summit, Ministerial Meetings, Troika Working Groups, Senior Level Group, NTA Task Force, TEP Steering Group, TEP Working Groups, Transatlantic Legislators Dialogue
High Level Political Dialogues the EU–US Energy Council and the High Level Working Group on Jobs and Growth	Transatlantic Economic Council Policy Dialogue on Border and Transport Security, Dialogue on Climate Change, High Level Regulatory Cooperation Forum
Expert Level Regulatory Dialogues the Cyber Dialogue	Financial Markets Regulatory Dialogue, Insurance Dialogue, Task Force on Biotechnology Research, Dialogue on Innovation Exchange
Expert Level 'Global Challenges' Dialogues	Dialogue on Terrorist Financing, FBI-Europol Exchange Judicial Cooperation and Joint Investigation Teams, Transatlantic Development Dialogue, Dialogue on Customs Cooperation
People-to-People Dialogues	Transatlantic Legislators Dialogue, Transatlantic Business Dialogue, Transatlantic Consumer Dialogue, Transatlantic Higher Education Dialogue

FBI = Federal Bureau of Investigation

non-governmental transatlantic dialogues and networks between business, environment, consumer, and labour groups (Pollack and Shaffer 2001; Steffenson 2005).

One implication of shared competency at different levels of decision-making is that it gives rise to 'intense transgovernmentalism' (see Wallace and Wallace 2000; Wallace, Pollack, and Young 2015). The intra-EU process of decision-making is reflected in the way the EU forms relations with external partners, and there is no more convincing demonstration of this than in transatlantic relations. The EU–US process of institutionalization has created a dense structure of decision-making processes that mirror in many respects the competencies of the EU. For example, the TAD, the NTA, and the TEP have established three branches of governmental dialogue to accommodate the different competencies of EU external negotiators (Pollack and Shaffer 2001; Steffenson 2005). There is also a dense network of economic and political working groups, such as the NTA task force and the TEP working groups (see Figure 17.1). The TEP was revitalized and refocused during 2007, as the result of an initiative by the German EU Presidency, and a Transatlantic Economic Council was established consisting of high officials from both sides of the relationship. The creation of the Transatlantic Economic Council as well as other high-level issue-specific dialogues, such as the one established to manage EU–US interactions on climate change, was intended to increase the political weight behind transatlantic discussions. A range of complementary regulatory dialogues was created to include US regulatory agencies in discussions on transatlantic market-opening strategies. In this way, it could be argued that the EU–US relationship in political economy was 'deepening', with potentially far-reaching implications for the broader process of global governance and regulation. At the same time, however, the emergence of new economic powers challenged the 'privileged partnership' of the EU and the USA in new ways (M. Smith 2009a), and the intensification of 'competitive interdependence' in the global political economy was seen as creating new areas of EU–US rivalry (Sbragia 2010). In 2013, the EU and the USA agreed to begin negotiations for a Transatlantic Trade and Investment Partnership (TTIP) (see Box 17.3), which carried with it implications not only for EU–US economic relations but also potentially for the world economy more generally, and which reflected this complex mixture of background conditions and motivations (Morin et al. 2015; De Ville and Siles-Brugge 2016).

Transgovernmental networks are also prominent in the security relationship. However, the trajectory of development and the broader institutional context in this area are very different in some respects, which again raises questions about the extent to which the security domain, with its distinctive set of EU–US relations, power distribution, and external challenges, can be governed, especially through joint processes in which the EU and the USA act as relative equals. While a number of new political dialogues have emerged to facilitate EU–US counterterrorism cooperation, decentralized internal security coordination on both sides of the Atlantic has inhibited effective information sharing. Institutional reorganization after 9/11 consolidated many US internal security agencies under the new US Department of

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BOX 17.3   The Transatlantic Trade and Investment Partnership

In 2013, building on a series of partial or unsuccessful attempts to create a deeper transatlantic partnership between the EU and the USA, negotiations began with the aim of concluding a TTIP. Such an agreement would be the largest free trade agreement ever concluded, accounting for around a third of world gross domestic product and about the same proportion of world imports and exports. Quite apart from this, TTIP was distinctive in terms of its depth and coverage: it aimed to deal with three key sets of issues: 1) Market Access (including tariffs), 2) Regulatory Issues and Non-Tariff Barriers, and 3) Rules (such as those relating to intellectual property rights, customs, and those relating to trade and sustainable development). By the summer of 2016, 14 rounds of negotiations had been completed, and many areas had been agreed in outline; but others including some of the most challenging remained.

The aims of TTIP were primarily those of 'deep' trade and investment liberalization, and thus the generation of jobs and growth (indeed, the proposal had emanated from the High level Working Group on Jobs and Growth set up a few years before). But they were also political, in terms of regenerating the transatlantic partnership, and for some even geopolitical, reflecting efforts to restore the predominance of the transatlantic partners in the global institutions for the setting and application of trade and investment rules. The negotiations also reflected the fact that the EU had gained competence over investment in the Lisbon Treaty, and the US desire to gain additional access to parts of the EU market that were currently difficult to penetrate.

Given the extensive scope and 'reach' of the negotiations, they also aroused intense interest among two groups of non-governmental organizations. On the one hand, manufacturers, exporters, and service providers on both sides of the Atlantic became mobilized, and formed coalitions—often on a transnational basis—to promote their favoured elements of liberalization. On the other hand, social movements both in the EU and in the USA became mobilized because of perceived threats to jobs, to the environment, and to public services. The mobilization was especially notable in the EU, and particularly in Germany and Austria, where TTIP was seen as a threat to cherished standards and as a licence for the dominance of large multinational businesses. Attention focused among other things on the threat from 'investor-state dispute settlement' provisions, which it was thought would allow multinationals to sue governments and demand the privatization of key public services such as those in health and education. Such changes were seen as an unacceptable price to pay for the promised boost to jobs and growth in both the EU and the USA.

Homeland Security, which in turn required adjustments to the membership of transatlantic institutions such as the political dialogue on border and transport security (see Pawlak 2007). The EU also sought to increase coordination between the member states, despite lacking the power to consolidate internal security agencies, through the creation of an EU Counter-Terrorism Coordinator and the European Police Office's counter-terrorist task force. However, these institutions have limited capacity to overcome barriers to information sharing stemming from

distrust within and between the member states' decentralized law enforcement agencies (see Chapter 16).

The institutional changes introduced by the Lisbon Treaty initially became a wider source of uncertainty and confusion in transatlantic relations. In 2010 a diplomatic row broke out after President Obama's decision not to attend the EU–US summit in Madrid. Obama advisors were quoted as saying that the President had not found the previous summit meetings useful and that the creation of new European foreign policy actors had created confusion about the role of the new Lisbon institutions in Europe's foreign policy structure. One EU–US summit was held in 2011 and then not again until 2014, effectively ending the biannual summit arrangements created by the NTA in 1995. Significantly, the resumed summit process centred on the key new post-Lisbon actors in the EU: the President of the Commission and the President of the European Council, with the HRVP in attendance (M. Smith 2011).

Beyond the transatlantic arena, the post-Cold War period has clearly introduced new dimensions into the processes of international relations. In a number of areas the EU and the USA often find themselves working in competition, rather than in some kind of strategic partnership. Take, for example, policies towards developing countries, where the EU has developed a wide-ranging and highly institutionalized set of relationships with the African, Caribbean, and Pacific Group of States, and where as a result there is a tendency—not least within the EU itself—to see the Union as a 'development superpower' with an advantage over the USA (see Chapter 13, Holland and Doidge 2012). With regard to global environmental management, the EU has at times acted as the leader of a broad coalition in the face of US intransigence and refusal to ratify major instruments such as the Kyoto Protocol (Bodansky 2003; Bakker and Francioni 2016; see also Chapter 12 in this volume).

The unpopular, often unilateral, policies of the Bush Administration presented an opportunity for the EU to exercise its soft power, allowing it to engage other partners such as China and Russia in fighting transnational challenges. This trend continued after the 2008–9 global financial crisis when Obama faced a hostile EU, China, and Russia at the G20 meetings. The EU, led by France and Germany with the noted absence of UK solidarity, was joined by China and Russia in calls for a new global financial regulatory system. The USA shied away from the idea of any such system, focusing instead on the need for a strategy that would limit the role of the EU due to its lack of fiscal federalism. Significantly, however, when crisis erupted within the eurozone during early 2010 because of the problems of the Greek economy, the USA was prominent in proposing international solutions involving the International Monetary Fund and other financial institutions but also major injections of liquidity through the European Central Bank. The USA was notably frustrated with the EU's austerity plan and with EU efforts at financial reform, implying increased regulation, in the eurozone (Renard and Biscop 2012).

The EU's ability to shape key processes of global governance was called into question again after the United Nations (UN) climate change meeting hosted in

Copenhagen in December 2009 (see also Chapter 12). The Obama Administration managed to intervene decisively at the end of the conference and upset Europe's plans for a new binding global climate change treaty when the President convinced the BASIC (Brazil, South Africa, India, and China) countries to agree to his alternative plan for a non-binding Copenhagen Accord. To add insult to injury, the European leaders felt compelled to endorse the agreement, despite their open irritation with Obama's diplomatic coup, even though it did not come close to their outlined targets. In this case the EU was left looking like a junior partner; this suggests that while in this and other areas of 'soft security' EU–US competition is conducted on changing terms, with the EU's strategic assets becoming increasingly visible and important, it is open to question how far the EU can mobilize those assets in any given negotiation, especially in the new international constellation of emerging powers. The major climate change agreement reached in Paris in December 2015 displayed further complexities: getting India and China to commit to the framework was a big win for the USA, but the EU took a leading role, especially in forming and negotiating with the coalition of developing countries (Bakker and Francioni 2016).

The terms of engagement change again, often dramatically, when the focus turns to 'hard security'. Here, in relation to the process of international relations, the EU has much less leverage. Some would argue, indeed, that US dominance in this field allows the EU to evade responsibility for international security processes, leaving it free to focus on those areas where its assets count (Kagan 2002, 2003). Bush's inability to rally the Europeans to donate more troops to Afghanistan after the dispute over Iraq was not a unique problem; getting the Europeans to contribute continued to be a source of tension for the Obama Administration. In 2010 and 2011 and later when he retired from office, US Secretary of Defense Robert Gates repeatedly warned the Europeans that NATO's budgetary crisis was a matter of 'life or death'. He acknowledged the unprecedented level of burden sharing in Afghanistan but noted that the security organization would face long-term systemic threats if European allies failed to heavily invest in their defence budgets. Equally, when it comes to the management of international conflicts, the past decade has made it abundantly clear that the EU is unlikely to act collectively or to exercise influence when the stakes are high. While the EU might be seen as the kinder, softer partner, it is not seen as a real player in many areas of 'hard security' and conflict management.

This conclusion seems to be borne out by the historical record. In successive conflicts during the 1990s, the Europeans passed up opportunities to contribute collectively to conflict management (Rees 2011b, Chapter 3). For example, many Americans felt, particularly in the early stages, that the conflict in former Yugoslavia was an opportunity for Europe to exercise its common foreign policy. In the end, successive failures of EU collective action led the USA, with support from NATO allies and varying degrees of legitimation from the UN, to take decisive action (Zucconi 1996; Peterson 2003). Likewise the successive US engagements in the Gulf, leading eventually to the Iraq conflict of 2003, saw the EU left on the sidelines and hardly involved in either the military action or the postwar reconstruction

and stabilization. Former NATO Secretary General Lord Robertson made repeated comments at the time blaming the EU member states for reinforcing a culture in which 'Americans fight wars and Europeans do the dishes' (Black 2002; see also Peterson 2003).

Since the early 2000s, there have been continuing tensions between the EU's efforts to resolve international conflicts through largely 'civilian' means and the US propensity to resort to more coercive means (along with some of its allies who are also EU member states). Most notably, in the Arab Spring uprisings and subsequent conflicts since the beginning of 2011, the EU despite its long-term involvement in its 'southern neighbourhood' has found itself incapable of intervening in any 'hard power' activities, while the USA and some EU member states (notably France and the UK) have been able to do so, not necessarily with long-term success. Equally, the EU's inability to intervene decisively in the conflict in the Ukraine after 2014, in which the potential for EU membership was a key precipitating factor, was a source of further frustration for Washington but reflected the Union's lack of resources beyond economic sanctions with which to confront Russia and punish it for the annexation of Crimea and its support of rebel groups in eastern Ukraine. It must not be forgotten, though, that the Obama Administration itself was severely criticized for its 'leadership from behind' in the Libyan crisis and for its failure to intervene more actively in Syria after 2011.

Despite their shortcomings, it can be argued that the EU's attempts to participate in international security processes are not completely ineffective. For example, rather than just 'doing the dishes', Brussels is well equipped to deal with post-conflict management. The EU has led reconstruction efforts in the Balkans with the EU Force (EUFOR) mission in Bosnia and the EU Rule of Law Mission in Kosovo (EULEX Kosovo). In both instances Europe demonstrated its capacity as a regional security actor through its nation-building activities and its willingness to dangle EU membership as a carrot to Serbia. The EU has played an important part in the post-conflict reconstruction of Afghanistan, and indeed there is a sense that the EU is the only actor that could do so.

There has also been significant—and increasingly EU-centred—engagement with conflicts beyond the European continent independent of the USA (see also Chapter 15). The EU peacekeeping mission in Chad and the Central African Republic forms one example where the member states have been able to take advantage of historical links with local parties. The EU's commitment to provide security and humanitarian assistance, with UN approval, to nations coping with refugees spilling out of the Darfur region in Sudan demonstrated its growing legitimacy if not its capabilities as a security actor. Its legitimacy via the USA in the international system made it the only actor capable of exercising quick diplomacy when fighting broke out between Russia and Georgia in 2008. While the USA was quick to condemn Russia from afar, demand the withdrawal of its forces from the region, and quickly move to publicly support Georgia's application for NATO membership, EU negotiators quickly flew to the region to broker a peace deal. Russia allowed EU observers into the region, and

coincidentally announced that they would provide air support for the EU mission in Chad. The EU presence failed to eliminate hostilities in either of these conflicts, but these cases do demonstrate that the EU has an important role to play in international security. As with all external policy areas, the size of its role is predetermined by the commitment of its member states to act collectively (see Chapter 15); the Georgia example, which showed elements of competition between the French Presidency of the EU, acting on its own behalf, and other EU institutions, shows both the advantages and the limitations of the EU's processes. As already noted, the EU has made active efforts through the HRVP to broker peace talks both in the Middle East and over the Ukraine crisis, but these have also been accompanied by bilateral efforts initiated by EU member states such as France or Germany.

One way in which the EU can be seen as offering a different perspective on the process of international relations is through the exercise of its normative influence, which has led some to argue that the EU embodies a normative or 'civilizing' process in the broader world arena (Manners 2002; Linklater 2005, 2011; Sjursen 2007; Whitman 2010—see also Chapter 19 in this volume). Many of the EU's most important disputes with the USA reflect underlying value differences—for example, the conception of risk as it relates to the precautionary principle, environmental burden sharing and consumer protection with regard to data privacy and food safety (for further examples in the trade and environment fields see Chapters 10 and 12). There are also varying views among the member states on issues of neutrality and security (focused partly on the EU's internal security policy developments but also on external policies such as those towards the Middle East and the successive US plans for a missile defence system). In a number of areas this translates into quite profound differences about the power of 'critical dialogue' or the comparative merits of sanctions, force, and diplomacy (Lindstrom 2003, Chapters 1 and 2; Alcaro, Peterson, and Greco 2016). For instance, in approaching the problem of relations with 'rogue states' or the so-called 'axis of evil' to which the Bush Administration referred, the EU has shown a consistent tendency to emphasize the merits of critical dialogue in contrast to the US focus on more coercive measures including ultimately the threat of force.

More generally, it can be argued that the EU places more emphasis on ideas and processes of conflict prevention in international relations rather than coercion or even pre-emption as preached and sometimes practiced by the USA. Iran is a case in point. As the champion of 'effective multilateralism' the EU was uniquely positioned to assume the role of mediator between the USA and Iran during the P5+ 1 nuclear talks, and eventually played a significant role in setting up the agreement on a Joint Plan of Action in 2015. Significantly, the US administration played a key role in getting the eventual agreement, but then faced difficulties in getting Congress to give its approval (see Box 17.5). In another policy domain, the EU's efforts to pursue international, regional, and bilateral cooperation are strongly shaped by ideas about 'best practice' within the EU, which in turn feed into distinctive EU perspectives on the importance of multilateralism and the benefits of global governance (McGuire and Smith 2008, Chapter 7; Bouchard, Peterson, and Tocci 2013; Alcaro, Peterson,

BOX 17.4	Areas of EU–US cooperation on combating terrorism

- Support for UN conventions on terrorism.
- Financial action task force on terrorist financing.
- Work towards laws and regulations enabling asset freezing.
- Strengthening regulation of financial institutions.
- Increased law enforcement cooperation and intelligence.
- EU–US agreements on extradition and mutual legal assistance.
- Increased security of international transport: container security, passenger records.
- Promote development, democracy, and good governance.

and Greco 2016). There is a conscious effort to export the model (or at least some of the key principles and structures) of European integration in developing regions such as Central and Eastern Europe and Latin America. The externalization of practices used within the Common Market also applies to the EU's relations with major trading partners. For example, in the case of the expanding network of MRAs for a range of products and processes, it is often the EU, not the USA, that takes a lead in the negotiations. The contrast between the discourses of EU and US policies can be found in very powerful ways when it comes to handling interregional issues of human rights or environmental matters (see Alecu de Flers and Regelsberger 2005). As in the case of the areas mentioned earlier, it can be argued quite strongly here that the EU possesses and can exploit a form of comparative advantage in processes of international relations, many of which have become markedly more prominent in the post-Cold War world.

In terms of broader approaches to global governance and the role of institutions, two important questions are shaped by the development of transatlantic relations. First, to what extent does the EU shape the agenda of international institutions, and how does that bring it into collision with the USA? Second, to what extent has the EU developed a distinctive role and identity in areas where it interacts with the USA (that is to say, in almost all areas of its activity)?

What is clear is that the capacity of the EU to act is wide-ranging but often conditional, and its performance is subject to a variety of contextual variables (Jørgensen and Laatikainen 2013). Thus, there are some international organizations within which the Commission can speak and negotiate on behalf of the EU's members, such as the WTO and a number of global environmental organizations, but there are others where the EU's representation is mixed and its voice is less unified or consistent as a result. Although the Lisbon Treaty endowed the EU with 'international personality' for the first time, it has clearly not done away with this mixed system of representation. This means that on the one hand there are organizations where the EU as a whole can take a key role in agenda setting, in negotiation, in coalition building, and other aspects of international institutional life, and there are others where in order to achieve EU solidarity there has to be a continuous process of internal coalition building and management. In addition, there is often some discursive confusion about not only who speaks for Europe but also whether there is any EU message, in terms of values or of expectations, to communicate. For example, in international monetary and financial institutions, there are effectively 'three EUs' for different purposes: the EU of 'Euroland' comprising the eurozone member states, the EU of 28 member states agreed on certain economic and financial positions, and the EU's member states as independent financial and monetary authorities with voices and votes of their own. This kind of divided 'voice' was especially evident in some phases of the 2008–9 financial crisis, which prompted an internal debate between eurozone and non-eurozone states over the need to close the internal gap through EU-wide regulation of financial services, or when responding to the Mediterranean migration crisis in 2015. While the Lisbon Treaty addresses this problem of consistency in a number of areas, it is far from clear that it will eliminate them in the short term (see Chapters 5 and 6).

There is a more general question about the ways in which we can characterize the EU's participation in international organizations. Do the member states have a higher capacity for collective action given their experience with European integration? Sbragia and Damro (1999) argue that the EU is able to adjust policies over time to international cooperation because the member states already have experience of working cooperatively. Nicolaïdis and Egan (2001) argue that in terms of regulatory cooperation—a policy area where the member states have a considerable level of integration—the EU has initiated the exporting of its policies in order to benefit from 'first mover advantage'. This means that in studying the EU as a contributor to international relations it is important to examine it as a model of governance. As the most advanced international organization, it has become both a target for anti-globalization groups and an archetype of governance, given its emphasis on the participation of civil society. It has also arguably become a major player in the 'management of globalization' both on its own account and in terms of its engagement with global institutions (Jacoby and Meunier 2010). The issue here is the extent to which these kinds of assets and trends bring the EU into collision with the USA, and the ways in which these encounters are managed. What impact does EU–US discord have on the process of international relations as a whole? One set of implications relates to the EU's developing international role and the fact that in many areas of activity its international initiatives inevitably and immediately run into the positions and actions of the USA. The EU has proceeded in part by trying to rival the USA, in part by trying to contain it, and in part by trying to create new foundations for EU–US cooperation (see for example Sbragia 2010 and Damro 2016). The development of the EU's international role, and thus its contribution to the processes of international relations in a wide range of arenas, has been driven to a significant degree by this ambivalent relationship with the USA, by the EU–US encounters to which it gives rise, and by different approaches to multilateralism in the EU and the USA more generally.

In the context of this role initiation and role development, it is important to remember that in many respects the US role in the post-Cold War era has also been

conditioned by the existence and the widening impact of the EU. There is a sense in which the EU takes up important elements of burden sharing that the USA is either unwilling or unable to sustain, both within the global political economy and the diplomatic or security arenas. As can be seen from Box 17.4, in the area of counterterrorism activity, the EU has been able to enter into a wide range of activities alongside the USA and in the context of a variety of international organizations. It is arguable that in key areas the EU has a greater 'capacity to cooperate' and to play constructive roles in newly developing international processes or institutions than does the USA. The EU has gained legitimacy in a variety of international contexts, not only from its internal integration process but also from its representation of an increasingly distinctive 'European' position. One could draw the conclusion that the evolution of individual EU and US discourses and practices has had significant restructuring effects on the broader world arena—in other words, that the EU has begun to establish itself as an independent and influential force in the definition and development of global governance systems. Equally, one might conclude that the deepening of EU–US partnership in a number of fields might lay the foundations for a strengthening of a form of joint leadership in which they could act as the core of new international regimes. But one must never forget the problems that arise for the EU at the 'hard' end of the spectrum, or from the increasing securitization of a range of issues since the turn of the millennium. Inexorably this point leads to the consideration of EU–US relations in the context of understandings about the EU as a 'power'.

EU–US relations and the EU as a power in international relations

The evolution of the EU as a 'power' in international relations has inevitably become a point of tension with the USA (Kagan 2002, 2003; Kupchan 2003b; Gordon and Shapiro 2004). As pointed out many times in other chapters of this volume (see especially Chapter 4), and in the preceding section of this chapter, the development of EU power resources and the processes by which they are mobilized and deployed has followed a distinctive path, conditioned by the fact that the EU is an organization that is ultimately founded on states. This accounts for the conditional grants of foreign policy power to the EU and for the ways in which the member states have retained their own distinct national preferences, positions, and resources. In other words, it explains the fact that in many respects, the EU continues to be a 'civilian power' in the international arena and that its influence is largely confined to those areas that fall outside the realm of hard security and high politics.

As noted, this has important implications for the ways in which the EU and the USA interact, both in areas affecting the EU's system of international relations and in areas that relate more to the broader process of international relations. In this part of the chapter, the emphasis is rather different. Here the focus is on the ways in which the EU and the USA express apparently different types or 'mixes' of power, on the ways in which this enters into EU and US discourses, and on the ways in which this affects EU–US relations. The EU–US relationship encompasses a number of profound ambiguities emerging from the internal evolution of both parties and their shifting roles in the broader world arena.

One of these ambiguities has centred on the idea that the EU was constructed around a predominantly 'soft' notion of power, focusing and rationalizing the Union's interests as a 'trading state' with key interests in the economic and social realms. By focusing on soft power, the EU could logically focus on ways to achieve both economic gains and key welfare objectives, as Filippo Andreatta and Lorenzo Zambernardi point out in Chapter 4. More negatively, it has been argued by some that the EU version of power was a rationalization of the Union's essential weakness and that it had been so since the beginnings of the European integration project. EU leaders thus settled for a second-best version of power, built on its comparative advantages, because they could not hope to match the major military powers in matters of 'hard security'. In any case these judgements were not just empirical: they were also essentially moral, on the one hand identifying the Europeans as more likely to compromise with bad regimes and bad leaders than those who saw the real nature of the international power game, and on the other seeing them as eschewing militarism and aggression. A phrase often quoted in the early 2000s was, 'Americans are from Mars and Europeans are from Venus', and there was no doubt for many US commentators where virtue lay when confronted with the 'axis of evil' and other threats to the new world order (see Kagan 2002, 2003; M. Smith 2004a).

By contrast, the logic of American power was seen as essentially rooted in the 'hard' end of the spectrum. It had resources and could address problems in a way that the Europeans simply could not envisage. During the 1990s, this disparity was most apparent in the capacity to intervene on a global scale. It was also made very apparent much closer to home for the EU, when the Union had to rely on the USA to inject a large number of troops and other matériel into the former Yugoslavia at short notice (Zucconi 1996). The key here, however, is not just what happened in practical policy terms, but also what effect this had on the expectations and understandings of policymakers on both sides of the Atlantic. Quite simply, the mindset of policymakers in the USA, especially but not only during the first George W. Bush Administration of 2000–4, was one that accommodated the possibility and even the probability of the use of military power (including its unilateral use), whereas such options were effectively foreclosed at the collective EU level (M. Smith 2004a, 2009b). As explained earlier, this has had a significant effect on the ways in which major EU member states have perceived the incentives to operate at the EU level and has also conditioned their readiness to defect at crucial moments of crisis and conflict management. Indeed, EU member state divisions over the 2011 military action in Libya, with several states supporting US military action through NATO, led many

to speculate about the death of the CFSP. How far does this power disparity extend, and how far are its effects felt in the area of non-military power?

It is clear that the EU is still predominantly an economic power, or as Chad Damro argues, a 'market power' (Damro 2015a), now with some additional diplomatic clout, and that it most legitimately rivals the USA in international economic arenas. The EU's economic position makes it a viable foreign policy actor, especially where the use of economic sanctions, aid, or other inducements is in question; it has also invested considerable effort in its capacity to act as a soft power in terms of aid and development assistance and to operate in arenas where institutions and regimes are still being formed, such as in the environmental domain. As a result, it is possible to argue that the EU can exert a growing amount of 'institutional power' through international regimes and organizations, and that its capacity to construct wide-ranging international coalitions on certain issues gives it influence comparable to if not more impressive than that of the USA. The EU is less able to establish collective preferences and understandings in the security field, but there is a sense in which the EU has inserted itself into an increasing range of situations as a diplomatic actor, and in which it might develop considerably greater capacity to supplant the USA either with US agreement or with US 'absence' (cf. the situation in the Balkans).

To what extent does the USA—in the shape of its political leaders and commentators or analysts—perceive the EU as a major power? There is a sense in which the answer to this question has remained constant since Henry Kissinger pronounced it as 'civilian' and 'regional' in the early 1970s. The EU is also increasingly seen (both by its member states and by outsiders) as a 'soft security actor', with a significant role in the European order and an increasing but often frustrating role in the broader diplomacy of world order. For example, the EU has functioned as a full contributing member of the so-called 'Quartet' group on the Middle East (with the USA, the UN, and Russia), helping to produce the 'road map' for an Israeli–Palestinian peace settlement that was published in 2003—but the Quartet's diplomatic success has been distinctly limited, especially in the aftermath of the 'Arab Spring' since 2011. The creation of the HR for CFSP—the post first held by Javier Solana, and then developed into a key institutional aspect of 'European foreign policy' by the Lisbon Treaty in the shape of the HR for Foreign Affairs and Security Policy/VP of the Commission—means that the EU is equipped to play a more significant role in international diplomacy (see Chapter 5). A key question, though, is whether other key actors perceive the EU as a persuasive voice in international affairs. The EU has established a role in Afghanistan that might be seen as parallel to that assumed in the later stages of the Balkans conflicts, but do diplomatic and reconstructive functions give the EU equivalent status to that enjoyed by the USA? Equally, the EU has a well-established role in the G7/8 groups of leading industrial countries, but it is not clear whether this has reinforced or weakened the perception of the Union as a key player in Washington or indeed in the capitals of some member states who are also G7/8 members. As noted previously, the effective replacement of the G7/8 by the G20 in 2009–10 created new questions about the extent to which the EU

collectively could be seen as a leading member, and its fluctuating record of success and failure in international climate change negotiations has raised further doubts (see also Chapters 11 and 12).

This in turn generates major questions about the EU's role in the broader international arena. First, can the EU be plausibly seen as an alternative player to the USA for diplomatic or even security purposes in situations of regional or local conflict? This possibility has at least been raised by the EU's actions in a number of conflicts, for example in sub-Saharan Africa, during the early years of the new century. Or, second, should the EU be seen as a balancing force for the USA in a variety of institutional and other contexts, providing the 'soft cop' to balance the USA's 'hard cop'? Take for example the case of Iran's nuclear policies (see Box 17.5 and Everts 2004). This case seems to indicate that there was at least initially a tacit division of labour between the EU (especially three of its leading members) and the USA in trying to handle and to defuse the possibility of Iran obtaining nuclear capacity. While this one episode cannot be seen as typical, it is important at least to raise the possibility that the EU and the USA could be more complementary than competitive in their uses of international power (Moravcsik 2003).

A third possibility was especially apparent under George W. Bush's Administration: that the EU would be ignored, and even 'disaggregated' either as the result of deliberate US policies or as the result of the inevitable tensions between different positions within the EU, for example on Iraq (Howorth 2003; Lindstrom 2003; M. Smith 2004b). In this case, the distinction notoriously made in 2003 by Secretary of Defense Donald Rumsfeld between 'old Europe' (France, Germany, and their supporters) and 'new Europe' (the UK, Spain, and many of the newly acceding states from Central and Eastern Europe) was intended to convey US opposition to apparent European feebleness, but also to detach some of the more significant prospective new member states such as Poland.

It is apparent that the EU has faced, is facing, and will always face a problem with the management of US power. It might also be argued that the USA has a growing problem with the management of the EU's power and that both of these facets will profoundly affect the EU's developing international relations. The USA is clearly a major factor in the uneven development of the EU's own international power position, both structurally and as the result of successive policies emanating from Washington. The USA is also, as noted earlier, present in the EU itself, both as the result of the US stake in Europe and as the reflection of the place Washington and its power occupy in the minds of European political leaders and officials.

In consequence, when discussion turns to the 'capability–expectations gap' in EU policies (Hill 1993a, 1998), Washington is both a major incentive for the gap to be closed and a major reason why in certain areas it may never be closed. This does not mean that the EU is not a 'power' in the international arena, but rather that its status has been, and most likely will continue to be, embedded in a US-dominated Western or global order. The President of the European Commission from 2004 to 2014, José Manuel Barroso, during his first confirmation hearings, felt the need to make two

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BOX 17.5   The EU, the USA, and Iran's nuclear programmes

During 2003–4, differences surfaced between the EU member states and the USA over how to handle nuclear weapons programmes in Iran. These tensions reflected a long-standing divergence of approaches, with the Europeans having emphasized the value of 'critical dialogue' with Tehran and the Americans having adopted a strategy based on containment or even 'rollback', Iran being one of the members of the so-called 'axis of evil'. The problem was also underlined by the transatlantic disagreements that had emerged during the build-up to and the conduct of the US-led attack on Iraq in 2003. In the case of Iran, however, there was a united EU position in favour of diplomacy and a multilateral solution; the UK, which had been the most loyal and substantial of the USA's allies in the Iraq action, pursued a strongly 'Europeanized' line on Iran, and played a leading role through what became known as the 'EU3' group along with France and Germany. Having secured Iranian agreement to adhere to the Nuclear Non-Proliferation Treaty during 2003, the EU3 (supported by Russia) then decided to offer Iran incentives to suspend its work with enriched uranium, and to multilateralize the process through the involvement of the International Atomic Energy Agency in monitoring and surveillance. However, the Bush Administration did not endorse the package and explicitly canvassed the possibility of coercive sanctions or even a pre-emptive attack on Iran's nuclear facilities. The victory of George W. Bush in the US Presidential election of November 2004 created further tensions between the EU focus on 'soft power' and multilateral solutions, and the US emphasis on 'hard power' and the possibility of force. The EU's preference for using multilateral channels coupled by internal divisions among European foreign policy actors seemed unlikely to lead to EU–US convergence over Iran even after Obama took office. During his campaign, Obama had stressed the importance of abandoning the Bush Administration's policy of isolation in favour of diplomatic engagement with states such as Iran. In early 2010, however, the EU and the USA were still divided on how to approach Tehran after Iran publicly defied the international community with a series of weapons tests. After months of going back and forth over the need for diplomacy through the UN, it was announced in March that consensus had been reached on the need for a new UN-led action. Failed UN talks resulted in both the EU and the USA imposing sanctions in 2010 followed by more sanctions and an EU oil embargo in 2012. In July 2015 a deal was finally reached and the EU moved quickly to approve the agreement in the Council and lift its sanctions. The Obama Administration approved the deal, but it was unable to convince Congress to support it. In February 2016 the US Congress voted to impose new sanctions on Iran, undermining the credibility of the US position.

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apparently conflicting points during his testimony. On the one hand, he attacked the arrogance of the USA and called for a more equal relationship between Brussels and Washington; on the other hand, he was at pains to emphasize his 'Atlanticist' credentials, his support for the US attack on Iraq, and his commitment to support US policies in the 'war on terror'. To a greater or lesser degree, all EU leaders have had to reconcile these components in the attempt to pursue the EU's international role after 9/11, and not just with respect to the Bush Administration; with the accession of the

Obama Administration in January 2009, the Commission and a series of national leaders in the EU were concerned both to emphasize the EU's status as a key partner for the USA and to stress to varying degrees their separateness from the USA on key issues. Despite the fact that Obama's candidacy had been supported by overwhelming public and elite opinion in the EU, this did not mean that EU–US diplomacy became notably easier to conduct, and the tensions noted here continued throughout the Obama years (M. Smith 2011).

The USA has also given EU institutional actors a mixed reception in the foreign policy arena. In addition to confusing the established channels of transatlantic diplomacy, the election of Herman van Rompuy as the first semi-permanent President of the European Council was met with disappointment in the USA by those who would have preferred to see a pro-US foreign policy personality such as former British Prime Minister Tony Blair take up the post. Similar criticisms surrounded both the creation of the HR post and its initial occupation by former Commissioner Catherine Ashton, although when she left the post in 2014 and was replaced by the former Italian foreign minister, Federica Mogherini, the complaints were not by any means as notable. The perceived initial 'failure' on the part of the EU to fill these posts with political heavyweights reflected Washington's ongoing struggle to understand the internal dynamics of the EU; from an 'internal' EU perspective, these choices could be seen as a delicate step towards further integration through quiet diplomacy inside the EU, because neither van Rompuy nor Ashton ran the risk of directly overshadowing the foreign ministers of the member states. The same could be said about their successors, EU Council President (former Polish Prime Minister) Donald Tusk and Mogherini.

The controversy surrounding the ambiguity of the EUs post-Lisbon foreign policy makes it unlikely that it will transform into a power capable of directly rivalling the USA. Political scientist Stephen Walt argued not only that Obama was right to absent himself from the 2010 EU–US summit in Spain but that he should also scale back on European commitments more generally; often, this kind of argument was coupled with the view that US policy should focus much more on China and other emerging powers than on the EU (see Chapter 18), which eventually produced the Obama Administration's 'pivot' to Asia-Pacific. Others in Washington feared that the Lisbon Treaty constituted a dramatic step taken by the European elites towards achieving their goal of a European superstate, which would rival the USA even in terms of hard power. Reports such as those made to Congress by Heritage Foundation analyst Sally McNamara did little to acknowledge what a small step the introduction of majority voting rules in the CFSP pillar was in relation to the wider capabilities gap that would need to be closed in order for Europe realistically to assume that role (McNamara 2009; Walt 2010). As might have been predicted, the reality of the EU–US power relationship during the two Obama Administrations revealed neither that the EU was a superstate in the making nor that it was totally powerless in diplomatic and 'high policy' domains (M. Smith 2012). Despite the ambiguities and tensions noted here, the Obama Administration remained committed to dealing with the EU as a

collective in key areas of international relations, and played an active (if sometimes controversial) role in supporting the 'Remain' campaign in the 2016 UK referendum on EU membership. The extent to which Brexit and a change of administration in the USA will erode this commitment remains an intriguing but (at the time of writing) unexplored issue.

A final dimension of the EU's status as a 'power' in and through its relationship with the USA must be noted here. Both the EU and the USA are challenged by the emergence of new 'powers' in the world arena, and not surprisingly they have responded to the challenge in different ways (see Chapter 18). For the purposes of this chapter, the key question that arises is whether such responses will strengthen or weaken the EU's capacity to operate in and through the transatlantic relationship. Under the Obama Administrations, the US performed a 'pivot' to Asia-Pacific in security terms, and in economic terms the challenge of China in particular became central to US policies and political debate. For the EU, the challenge was that of retaining solidarity in the face of challenges that were defined differently by different member states, and at the same time engaging with the changing positions of the USA. The results by 2016 were indeterminate, but the policy dilemmas were all too apparent (Howorth 2016).

Conclusion

This chapter has explored four key topics: the evolution of EU–US relations, the ways in which EU–US relations enter into the EU's system of international relations, the impact of EU–US relations on the EU's role in the process of international relations, and the ways in which the EU–US relationship feeds into the part played by the EU as an international 'power'. The key findings are as follows:

- The developing EU–US relationship has been a key force in shaping the development of the EU's international relations, but it is a force full of contradictions.

- In many respects, the USA (both as a governmental and a private actor) is 'present' in the EU's system of international relations, and the EU–US relationship has played a key (and contradictory) role in development of the EU's foreign policy mechanisms.

- The EU–US relationship has been crucial in conditioning the development of the EU's participation in international processes, and it will continue to be a central factor shaping the EU's role in many international contexts, including key global institutions. In this way also, it is a key element in the search for a new international order to reflect the emergence not only of a 'new' EU but also of other new economic and political forces.

- As a result of the factors previously mentioned, the EU's role as a 'power' in international relations must be seen at least partly in the light of its relationship with the USA. This is so not only because of the dominant American position in a number of areas of international life, but also because of the way in which the USA enters into the expectations and understandings of those making policies within the EU as well as their key international partners. To put it directly, the fate of the EU as a 'power' is intimately related to its success in constructing an effective partnership with the USA.

The overall conclusion from this discussion is necessarily nuanced and reflects a number of contradictory lines of development. In terms of international relations theory, it is clear that any analysis of EU–US relations raises major questions about 'power and interdependence' and the extent to which different worlds of international relations can coexist. EU–US relations also generate and crystallize key questions about the role of institutions in world politics and the ways in which they can be seen as sources of legitimacy as well as sources of information, support, and influence. More specifically, they also raise in a highly concentrated form questions about the possibilities and limits of collective action in international relations, both at the EU and at the global level. The EU and the USA exist in conditions of intense yet uneven integration, within an international context full of uncertainty, and dealing with its most 'significant other' will remain a dominating item on the EU's international agenda. Such a judgement was underlined by the election of Donald Trump as US President in November 2016. During the election campaign, Trump proposed policies that would lead to the abandonment of the TTIP negotiations, to a fundamental reassessment of the security relationship between the USA and Europe, and to an 'America First' policy in many areas that was bound to affect the EU if implemented. Such a challenge was not wholly unprecedented in EU–US relations (compare the early Reagan years) but was stated with such force that it would create uncertainty for the EU in all of the areas discussed in this chapter.

→ **FURTHER READING**

There is a vast literature on the general area of transatlantic relations, which has been a key focus of scholarship and debate since the 1940s. The list provided gives a sample of the more recent commentaries and of the literature relating EU–US relations to broader problems of international relations. Peterson (1996), Guay (1999), McGuire and Smith (2008), and Alcaro, Peterson, and Greco (2016) provide historical reviews as well as dealing with contemporary policy issues; each of them also links EU–US relations to issues of international relations analysis. The more specific debates about the end of the Cold War, the conflicts of the 1990s, and the tensions over Iraq are dealt with by Gordon and Shapiro

(2004), Kagan (2003), Lundestad (2008), Peterson and Pollack (2003), Sloan (2005), and Smith and Woolcock (1993). Issues of political economy are covered by the general texts cited previously and by Pollack and Shaffer (2001). The possible futures of EU–US relations are covered by many of the texts and specifically by Moravcsik (2003) and Alcaro, Peterson, and Greco (2016).

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WEB LINKS

The most useful sites for information about EU–US relations in general are the Commission's Europa site (**http://ec.europa.eu**), especially the trade and CFSP pages, and the website of the Commission delegation in Washington, DC (**http://www.eurunion.org**). See also the various US government websites including that of the US Mission to the EU (**http://www.useu.be/**) and that of the State Department (**http://www.state.gov**). There is of course a huge variety of both governmental and commercial sites dealing with the wide range of EU–US issues: see for example the site of the Brookings Institution Centre on the USA and Europe: **http://www.brookings.edu** or the site of the Institute for International Economics: **http://www.iie.org**, or the site of the Johns Hopkins University Centre for Transatlantic Relations, which houses the American Consortium for European Union Studies: **http://transatlantic.sais-jhu.edu/partnerships/eu-us-partnership**.