

Global Challenges: How should the European Union best respond?

Speech by Lord Hannay of Chiswick, University of Kent at Brussels: 2 October

It is one of the paradoxes about the European Union that, while opinion polls consistently show wide support for stronger, more unified European policies in the fields of foreign policy and security, indeed wider support than for many of its other policies, its actual performance falls far short of that it achieves in other fields. Put frankly, it consistently underperforms in meeting almost all the external challenges it faces. Why should this be so? Does it matter? And if, as I believe it does, what can and should be done about it? This is a good moment to be posing and trying to answer these questions, irrespective of the fate of the Lisbon Treaty, (about which I will have something to say at a later point), because the world around Europe too is facing a series of unprecedented challenges in a period of rapid and often bewildering transition.

Part of the answer to the first question, why this underperformance in external policies, lies in history. When the European project was first launched in the 1950's and indeed for many years after that, not a word was breathed about foreign policy cooperation. It was just too sensitive, too close to what was then considered as the heart of national, sovereign decision-making. The only external policy embedded in the project from the outset was trade policy, on which the European Union has now been operating as a single unit for more than forty years, to the considerable benefit, despite the remaining protectionist blemishes of the Common Agricultural Policy, both of its own citizens and those of the wider world. And throughout the Cold War period the priority for most European governments was on NATO solidarity and not on European individuality. In that they disagreed fundamentally with General de Gaulle, whose priorities were exactly the contrary and whose efforts at European foreign policy coordination were therefore divisive and were resisted. So European foreign policy cooperation got off to a late, initially divisive and hesitant start. Such progress as was thereafter made tended at first to be at the declaratory, rhetorical end of the foreign policy-making spectrum – non-binding votes in the UN General Assembly, statements of goodwill or mild criticism seldom backed up by concerted action. And progress tended to be interrupted either by major policy differences among the member states, as for example occurred in 2003 over the invasion of Iraq, or, far more often, by irresponsible grand-standing by individual national leaders, particularly those of the larger member states, eager to emphasise their relationships with the leaders of the day in other prominent world powers such as the United States, Russia or China rather than their solidarity with each other.

Nevertheless, despite all those setbacks and deficiencies, over the years foreign policy cooperation has gradually metamorphosed into substantial elements of a Common Foreign and Security Policy. One policy, by definition unique to the European Union, that of enlargement to take in new members from first Southern, and then from Central and Eastern Europe, has proved to be an exceedingly powerful foreign policy tool, transforming a whole range of countries from totalitarian dictatorships with inefficient command economies into relatively stable, prosperous democracies, to the huge benefit both of their own citizens and of our own future peace and prosperity. The EU is an integral part and is playing a leading role in the effort to thwart Iran's nuclear ambitions. The EU has become the engine-room of the drive for effective multilateralism at the UN and elsewhere, providing nearly one half of the resources the

UN needs and backing many of the ideas for reform without which the UN would have no hope of adapting itself to meet changing threats and challenges. As so often therefore we are looking at the half empty or half full glass dilemma, or perhaps even more at the man half way across a fast flowing river who has the choice between pressing on or returning defeated to the bank where he began.

Now for the second question, does it matter that the EU is somehow stuck in the foreign policy mid-stream, frequently underperforming and underrated, both by allies and by adversaries? If you look at the major global challenges which we face, then I believe you get a pretty clear answer. Take the need for freer and fairer trade; or for action to check global warming and climate change; or for effective policies against the proliferation of weapons of mass destruction and against terrorism; or for action against poverty, malnutrition and contagious diseases in the developing world; or for responding to the need for peace in the Middle East; or for developing policies towards the rising powers of China, India, Brazil and others, and the newly re-assertive Russia. I could go on. The list is a very long one. And every one of the items on it has one thing in common, that no individual European country acting on its own can hope to protect and further its own interests on these issues, let alone seriously influence the outcome of the global negotiations needed if solutions are to be found. A second common feature is that, although there may be differences of emphasis or nuance between individual European countries, there is, I would argue, no fundamental conflict of interest or contradictory perception between us. And, when we do act together, we can make a difference. Look at the way world trade has been liberalised over the last half century; look at the leadership which Europe is already providing in the post-Kyoto negotiations on climate change; look at the work that has already been done to stabilise the Balkans after that miserably ineffective start in Bosnia in the early 1990's. So the case for pressing on towards the far bank of the river would seem to be unanswerable.

That then leaves the third question I have posed, what can and should be done about it? The answer broadly divides into two parts, institutions and policies. Neither can be fully effective without the other.

Let us take institutions first, since they are very much at the top of the agenda, with the ratification of the Lisbon treaty and its eventual entry into force still hanging by a thread as we meet. The present institutional arrangements in the European Union for dealing with external policy questions are pretty dysfunctional. In the hands of the Commission you have many of the levers of economic power and influence. In the hands of the governments, acting inter-governmentally and jealously guarding their prerogatives, you have what can loosely be described as the classical instruments of foreign policy, the decisions on peace and security, the network of diplomatic missions. And to pull that all together, you have the pantomime-horse of the rotating presidency moving responsibility every six months to countries as disparate in weight and world-wide representation and influence as Malta and Luxembourg on the one hand and Germany, Britain and France on the other, with the baton due to come to each country now only every thirteen and a half years. That is surely no way to run a railroad.

The external policy aims of the Lisbon Treaty are not to revolutionise these arrangements and certainly not to bring about some massive transfer of power from national governments acting collectively to the more supra-national institutions of the

Commission and the Parliament; if anything the shift is a little bit the other way; the aim is to sort out some of the most dysfunctional elements of the present arrangements, and to make them more coherent and more effective. So the rotating presidency would go, at least so far as external policy is concerned; and it would be replaced by a full time President of the European Council and a High Representative for Common Foreign and Security Policy who would be answerable to the governments acting collectively and would also be Vice President of the Commission with oversight on its external policies. To back up this duo there would be an External Action Service which would bring together the existing overseas missions of the Commission and the Council and which would include diplomats from the member states on secondment. How this would all work remains to be seen. But it does seem to me to offer the promise of more effective action so long as unity of purpose at the policy level can be achieved and sustained. That is the case for the Lisbon Treaty in the course of whose approval by the House of Lords I sat through seventy-five hours of debate and spoke and voted against a whole range of wrecking amendments.

And policies of course are the key to everything, not just the drawing up of some overall blueprint or grand design, although the plan to review the 2003 European Security Strategy at the end of this year does make a good deal of sense, but the hammering out of joint responses to the burning questions of the day and of the decade, the energetic and united pursuit of objectives agreed in common. That is a lot more demanding than any set of institutional changes and a lot more important to the eventual success of the project. Here are a few thoughts on a non-exhaustive list of those policies.

First, enlargement. Following the big bang enlargement of 2004 and last year's sequel of Bulgarian and Romanian accession, a certain air of enlargement fatigue prevails in Brussels. This is only too likely to intensify as the global economic slowdown takes its toll. But it would be a fundamental mistake if that fatigue were to be allowed to persist for long and, worse still, if it were to infect the fragile democracies of south-eastern Europe whose future prosperity and stability – and here I am speaking not only of the Balkan countries but also of Turkey – depends crucially on the continuing viability and credibility of their EU accession option. Recent events in and around Kosovo should have reminded us of just how transient the gains of recent years could prove to be; and of how working with both Serbia and Kosovo on their perspectives of accession is going to be an essential part of overcoming the present turbulence. The case of Turkey is even more sensitive, given the opposition to Turkish membership of at least one of the EU's major member states. Reviving Turkey's own drive to reform, making a success of the new glimpse of light towards a solution of the Cyprus problem following the Presidential election there in February, and pursuing Turkish accession negotiations with determination and in good faith will all have a role to play in the years ahead. Now that the cloud over Turkey's constitutional future seems to have dissipated it is really important to achieve some early forward progress in those negotiations.

Then, second, freer and fairer trade. As the Doha Development Round of world trade negotiations lives on, at best in intensive care, with hopes of an early breakthrough once again frustrated a few weeks ago, it might seem like a triumph of hope over experience to be promoting this issue high up the EU's list. But experience actually tells us that the Doha Round's predecessor, the Uruguay Round, was pronounced dead any number of times and yet it survived, succeeded and provided the underpinning of the long period of world economic expansion which has only recently showed signs of

flagging. And experience should also tell us that, in the 20's and 30's, it was when a world financial crisis was followed by a surge of trade protectionism that irremediable damage was done to the whole structure of collective security. So the EU needs to press on firmly with its Doha Round objectives however discouraging the short term prospects may look; and it needs too to be looking carefully at how this year's mid-term review of agricultural policy and the recent dramatic rise in world food prices can be put to good use in reducing barriers to agricultural trade and the level of subsidisation.

Third, there is climate change. The Bali conference last December was the end of the beginning, not the beginning of the end of the attempt to replace the Kyoto Protocol with something more adequate and more effective to meet the challenge the world faces. Recent shifts in domestic politics in Australia and now, increasingly, in the US, mean that the two main developed country hold-outs from Kyoto will be ready to negotiate seriously about the future. But the negotiations leading up to the Copenhagen conference at the end of 2009, which has been set as the target for reaching post-Kyoto arrangements, will be difficult indeed. There will need to be binding target limits for emissions, a substantial effort to transfer energy saving technology to the developing countries and an equitable balance between the different obligations of developed and developing countries; and there will need to be a new, probably UN-based, institution to watch over and encourage the fulfilment of the obligations entered into and to help over their implementation. All this will require a leadership role from the European Union if the overall effort is to be successful. No one else is going to step forward to provide that leadership if Europe falters. But to provide it requires the European Union to sort out its own internal tensions and contradictions. That will be the test for the next few months.

Fourth, the targets set in the UN's Millennium Development Goals of 2000 for achievement by 2015 are still far from being met. We are now over half way through that period but we are nowhere like half way to the goals, in sub-Saharan Africa, in particular. The world in which we live will be neither secure nor prosperous if what has been called the "bottom billion" are simply left to their own devices. The European Union's and its member states' development policies are second to none in the world but more and better targeted efforts will be needed in the future. This is another area where the EU is already giving a lead. It will need to get more effective too at assisting the efforts to prevent states in the developing world slipping towards failure and helping them recover when they have gone over the edge. These failing and failed states are beyond the reach of normal development policies. They require efforts at conflict prevention and peacekeeping to which the EU is only just beginning, so far in a fairly piecemeal and haphazard way, to turn its attention.

Fifth, 2008 is seeing the election of new presidents in Russia and the United States. With neither country is the EU's present relationship anything like adequate or designed to best protect its interests. The Putin/Medvedev Russia, buoyed up by high oil and gas prices, is re-asserting itself on the international scene, often pugnaciously and often at the expense of European interests. It is not in Europe's interest either to slip back into old Cold War policies of containment or to opt for simple appeasement; but nor is it in its interest to remain so disunited in this area as to make itself an easy prey to Russia's policies of divide-and-rule. We need to find a policy line between the two extremes, one which engages with Russia constructively over the medium and long term while defending our shared European interests robustly in the short term. Nowhere is this more true than over energy security where our interests and Russia's are intertwined but

fraught with difficulty. If we are to defend our interests in this field effectively we do need a common EU energy policy comprising a much greater degree of liberalisation than we have at present, more interconnections between national markets making it more difficult for us to be picked off one by one, and a significantly greater diversification of external supply sources so that we do not depend too heavily on any single supplier, thus inviting opportunistic blackmail.

Europe's relationship with the United States is, of course, of a quite different nature from that with Russia. We remain close allies; and we share most, if not all, of the same values. When we work together we can achieve much; when we get at cross purposes we have a remarkable capacity to frustrate each other's objectives and to delight our adversaries. While there is no going back to the comfortable certainties of the Cold War period, we surely must try to move away from the friction caused by the Iraq war and the Bush administration's unilateralist policies. There are already welcome signs of the presidential candidates reaching out to Europe across that divide and Europe must be ready to respond when the American people have had their say. It will not be easy to dampen down the symptoms of anti-Americanism which are currently so prevalent in Europe; and we will not agree on everything, right across the board. But we must learn to work together again more systematically than we have done in recent years; and we must learn also to disagree in a more civilised manner than we have done of late.

No policy area will be more important for Americans, Europeans and Russians than to work together for a renaissance in multilateral disarmament. Since the turn of the century we have had nothing but the deconstruction of existing agreements and unilateral decisions. We need to get back onto a cooperative track, bringing the Comprehensive Test Ban Treaty into effect following US and other ratifications of it, negotiating a Fissile Material Cut-Off Treaty, backing the renewed agreements on short and intermediate range nuclear missiles and on START, finding a way of reconciling differences over anti-missile defence systems; and working together through the IAEA to provide uranium enrichment and reprocessing services to civil nuclear users which will obviate the temptation of developing new nationally controlled enrichment and reprocessing plants – the shortest cut to weapons grade material. It will only be through a resumption of steps towards nuclear disarmament by the recognised nuclear powers that we will be able to achieve on a global basis those strengthened non-proliferation policies which will help to stop countries like North Korea and Iran developing nuclear weapons. It is only in that way that we will avoid the Nuclear Non-Proliferation Review Conference of 2010 becoming a fiasco like its predecessor in 2005 with damaging consequences for global security.

Well those seven areas of policy might seem quite a lot for the European Union to be getting on with, but they would not be complete without two others, one institutional and the other substantive – the Middle East and steps to strengthen Europe's defence and security capabilities.

It is certainly not easy to be optimistic about the present state of the Middle East Peace process following the Annapolis meeting. Three much weakened governments – in Israel, in the United States and on the West Bank – are struggling to make a reality of the negotiations which, quite rightly, they began at the end of last year, but far too late. The chances of a successful outcome this year must be close to zero. But the need for a process which can be carried over the period of the US electoral process, which can resist anything that the extremists throw at it in the meantime, is truly imperative. And

the process must become more inclusive. The policy of squeezing Gaza and boycotting Hamas is getting nowhere. It is one thing to require maintenance of the ceasefire and an end to the rocketing of Israel from Gaza, quite another to refuse even to talk to Hamas at all let alone to negotiate with it. The best way forward may well be for a resumption of the attempts to form a national unity government in Palestine which briefly resulted in the Mecca agreement early last year. And the Europeans do need to speak up on this and other aspects of the process, not just bob along in the wake of the US super-tanker.

Then lastly European defence and security cooperation. New and encouraging possibilities seem to be opening up here. The President of France would like to see his country back fully in NATO. That would surely be a plus for countries like Britain and the US, which have always put NATO at the forefront of their defence alliances, particularly if burden-sharing in Afghanistan could be more equitably managed. But it is better understood now than it has ever been in the past that strengthening NATO and strengthening European defence cooperation are not a zero-sum game, one in which one has to lose if the other gains. Enabling the European Union to mount complex peace operations, with a combination of military and civilian assets, may well require some strengthening of the present EU machinery in Brussels. If so, why not? We in Britain really must stop allowing a hysterically Euro sceptic press to frighten us with phantom "European armies" which nobody is even dreaming about creating.

I have deliberately not said much about the current crisis in the financial markets, partly because I lack any serious expertise in that field but partly also because I doubt if this is the moment when it is particularly useful for outside observers to offer either nostrums or platitudes. Suffice it to say that the European Union's increasingly integrated financial market is a major world player. It can neither be immune from nor can it stand aside from financial events elsewhere. As the move to remedy the regulatory and other shortcomings of the markets gets under way, in this field as in others I have mentioned in more detail, the European Union will need to get its act together and play an active role in the search for solutions or it will simply be buffeted about to its own and the world's detriment.

Well, I have tried your patience long enough, perhaps too long. I hope I have demonstrated what the European Union's role could be in facing up to the global challenges we face and how the organisational changes in the Lisbon Treaty could equip it to do so. But I hope I have also demonstrated that, irrespective of the fate of the Lisbon Treaty, Europe really must get to grips with the need for more effective external policies if it is to be taken seriously as a global player. The review of Europe's 2003 Security Strategy this December will provide an early opportunity to demonstrate a renewed intention to do just that; and to demonstrate too to the newly elected President of the United States that Europe remains a valuable potential partner in managing all these challenges. Whether it will proceed along that path will depend on the political will of the governments of its 27 member states who are still the people who call the shots.