Senior European Experts

The EU & the United States

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Summary

The United States supported European integration from its beginnings after the Second World War despite domestic concerns that Europe was creating a trade grouping that would disadvantage the US. The EU-US partnership is a critical one in many policy areas, notably trade and security. Although the relationship has waxed and waned from time to time as a result of changes of attitude in the US or Europe, the fundamental ties of history and values have ensured that while it is often difficult, it endures.

This paper covers some of the historical background and takes a detailed look at the politics involved. The sometimes controversial trading relationship is discussed in more detail in the SEE paper, 'The EU-US Trade Talks.'

The US & European Integration

In the aftermath of the Second World War and in the face of the Communist threat the US offer of Marshall Aid funds to help rebuild Europe contributed significantly to the emergence of European co-operation. Early attempts at co-operation were stymied by fears of a revived Germany but when the Schuman Plan proposed a supranational body for the coal and steel industries it was strongly supported by the United States.

US support for European integration has continued ever since despite occasional periods of doubt, usually prompted by specific disagreements over policy or sometimes bitter trade disputes. Whilst the United States has largely supported European integration they have not always liked dealing with a single EU. Sometimes the US will complain that Europe does not speak with one voice; on other occasions they find the effectiveness of a single EU message (*e.g.* over climate change) uncomfortable.

Controversy & Co-operation: The Trading Relationship

The EU and the US are each other's largest trading partners – about a third of world trade is between them – and the relationship is just as strong in foreign direct investment (FDI) where the EU and the US are also each other's largest overseas investor.[1]

The sheer volume of trade creates its own pressures. US suspicions of the single market took many in the EU by surprise in the run up to its introduction by the end of 1992 but it reflected a longstanding concern in the US that a "fortress Europe" was being constructed that would be protectionist.

[1] See Eurostat, *International trade and foreign investment, 2013 edition*, 29 April 2013

Trade issues of relatively minor importance in themselves have dominated disputes between the EU and the USA for many years. The EU-wide ban on adding any hormones to beef resulted in a ban on the import of most US beef from 1988 to 2012, one of the longest running international trade disputes ever (the EU now permits the import of a substantial quota of untreated US beef, tariff free). A second major dispute arose over the EU's policy of giving preferential access to bananas grown in the Caribbean because of their connections to the Netherlands or the UK; this was not resolved until after the World Trade Organisation ruled the EU quotas as such illegal in 1997 and agreement was finally reached in 2001.

Two disputes are outstanding: The EU's reluctance to allow genetically modified crops, a position which the US regards as unscientific and an illegal barrier to trade (in which they have been upheld by the WTO); and the dispute over large commercial aircraft subsidies (essentially US complaints about government launch aid for Airbus, with the EU counterattacking over US indirect subsidies to Boeing through Defense Department and NASA spending).

Political relations

Both the EU as such and its Member States have political relations with the US covering a wide variety of political, security and strategic issues. The UK/US relationship, which includes both nuclear weapons collaboration and a unique intelligence relationship, is obviously a key one and probably the most wide-ranging. But other bilateral relationships are also important, notably the US's relations with Germany and France. The interplay of these bilateral relationships affects the health and effectiveness of the EU-US relationship.

A further complication is that much of the European (as opposed to EU) defence and security relationship takes place in NATO, of which 22 out of 28 EU Member States are also members, along with the US, Canada and Turkey. As the EU itself has in recent years become more and more involved in security issues, the EU-NATO relationship has also become correspondingly important, although handicapped by the Greco-Turkish dispute over Cyprus. Not to be forgotten as well is the relationship created by common membership of the G8, composed of the major European states (France, Germany, Italy, UK plus the EU Commission and the President of the European Council), the US, Canada, Japan and Russia. The G20, a meeting of finance ministers and central bank governors from a group of "systemically important industrialised and developing economies", plus the EU, (which also meets annually at Head of State/Government level), has now become the most important forum for global economic discussions and both the US and the EU are active participants along with France, Germany, Italy and the UK.[2]

The EU's Member States (with the UK very much to the fore) have long wanted and worked for a distinctive and unified European political influence in the world to complement the EU's influence in the trade field. NATO could not be the forum for such a dialogue because of its exclusively defence role and the predominant position of the US. So over the years an important EU-US political dialogue has developed paralleling the dialogue on trade issues

The formal arrangements for this include annual summits involving the US President and the Presidents of the Commission and the European Council, and the missions that the EU and

[2] See Margaret Blakers, *An Introduction to the G20: Australia's G20 Presidency in Context*, Green Institute, 31 January 2013

the US have had in each other's capitals for over 50 years. But as important is the network of ad hoc arrangements, the phone calls and informal meetings as well as the confidence and intimacy of the relationships between individual leaders and countries on any given issue at any given time. This is inevitable and natural given the wide range, complexity and importance of the issues on which consultation is needed. Some of them are handled in NATO as well (*e.g.* Afghanistan), or in groupings outside but related to the EU and/or NATO (*e.g.* the Contact Group on the Balkans) and the EU3 (France, Germany, UK with Cathy Ashton as High Representative/Vice President on Iran), or bilaterally outside either grouping (Iraq). Much depends on the willingness of leaders to use the available mechanisms let alone to use them effectively for genuine consultation with a view to common approaches.

The US as a superpower has a wider strategic world view than most Europeans, some of whom are rather regional or parochial in outlook, it has generally been less reluctant to see military force as an instrument of policy and more sceptical about multilateral UN-agreed solutions to international problems than the Europeans. But the EU is not without influence. Its gradually increasing ability to combine the "hard power" of military force (supported by closer EU-NATO co-operation), and economic sanctions, with "soft power" expertise in trade, development, justice and human rights, gives it influence in a world where military force is not enough on its own.

EU-US relations have been through a difficult period over the last decade, with deep divisions within the EU over the US-led invasion of Iraq in 2003. Early in his first term, President George W Bush appeared to be much more interested in his domestic agenda than in foreign policy. (It was as much his domestic as his foreign policy agenda that led President Bush to reject climate change). 9/11, with its sense of America under attack, indeed at war, transformed that. It opened the way for the "neo-cons" in his administration, up to that point with no great influence, to come to the fore with their belief in American exceptionalism and need to act in America's interests with or without the support of allies and irrespective of the UN. Europeans generally supported over Afghanistan, but Iraq opened up a deep and long-lasting rift, not the least damaging part of which was contempt in the administration for many Europeans. In his second term President Bush rowed back some way, recognising, if belatedly, that the US needed the legitimisation of wider international support, preferably at the UN, in order to achieve its foreign policy objectives.

But it was not until the election of President Obama in 2008 that Europeans felt able to look with hope to a US that would act more in tune with their foreign policy aspirations, notably on climate change and the Middle East. President Obama's decision to withdraw US troops from combat operations in Iraq and Afghanistan and his encouragement to European countries to enforce a no-fly zone over Libya in 2011, rather than the US taking the leading role, marked a change in the direction of US foreign policy compared to the George W Bush era. But his leadership has at times and on key issues appeared vacillating and indecisive, notably in relation to Israel (although there may still be hope for the current peace negotiations in Washington) and more recently over Syria. And his pivot to China and the Far East, while a natural American response to where they see the greatest threat to their interests, has been interpreted, no doubt unfairly, as declining interest in Europe. This has not been helped by European military incapacity or by the inability of the Europeans to respond effectively to the Obama administration's encouragement of a European lead in its near neighbourhood, notably following the events of the Arab spring

The Obama years have coincided with the changes in the EU's structure and organisation brought about by the Lisbon Treaty. The appointment of a single post holder to deal with external relations has been welcomed by the US and seen as helpful by both sides in making the EU-US relationship work more smoothly and on occasion more effectively.

The Future

A key development of 2012/13 was the agreement of the EU Member States and the US to launch trade talks with a view to achieving a comprehensive trade and investment agreement between them. This was a landmark decision but the negotiations are likely to be fairly lengthy and difficult (see the separate SEE paper on this topic).

In political relations, after initial expectations of a transformation in EU-US relations after the election of Obama had receded, both sides have seen good reason to value the relationship. From the US perspective the failure to achieve the improvement in relations with Russia, one of the objectives of Obama's first term, only highlighted the need for the US to have dependable allies in Europe. The on-going need for dialogue over Iran and its nuclear ambitions also reinforced the value of EU-US co-operation. The EU has particularly welcomed the President's commitment to reviving the Middle East peace process in his second term. On the other hand, recent revelations about the interception activities of US intelligence agencies in Europe, including the accusation that the US has spied on EU institutions, have led to resentment in several EU countries, notably Germany. The handling of the Syrian crisis has also raised problems on both sides of the Atlantic but has not, so far at least, given rise to major tensions between the EU and the US.

As for the EU, Member States need to recognise, as the divisions over Iraq a decade ago vividly demonstrated, that they are more likely to influence America if they speak on the basis of a common approach, not least towards the US itself and if they have the will and the capacity to make a difference. A common EU position is more likely to influence Washington than a range of opinion. Whatever the differences that from time to time arise between Member States they will serve Europe's interests better if they emphasise the benefits of close EU-US co-operation to both sides.

Where the US and Europeans can work together, they can achieve much, while conversely if they pull in different directions, they achieve little: and the world's most pressing problems, from the several crises in the Middle East to climate change require them to work together.

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Senior European Experts

The Senior European Experts Group is an independent body consisting of former high-ranking British diplomats and civil servants, including several former UK ambassadors to the EU, and former officials of the institutions of the EU.

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