

# The EU and US: Friends or Rivals?\*

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## Resumo

As boas relações entre a União Europeia e os EUA são essenciais para a estabilidade global. Mas as actuais relações transatlânticas permanecem constringidas sobretudo como resultado da guerra no Iraque e da abordagem unilateral da primeira administração George W. Bush. As divergências entre UE-EUA têm aumentado nas áreas políticas e estratégicas bem como nas áreas económicas e sociais. Uma das maiores divergências incide sobre a governação global e sobre o papel atribuído à ONU e a outras instituições multilaterais. Também existe um elevado grau de anti-americanismo (ou de oposição às políticas da administração Bush) na Europa, e de ressentimento para com a Europa (ou melhor, para com a França e Alemanha) nos EUA. A UE não tem ideia de como lidar com a única superpotência mundial. Normalmente prefere-se o bilateral aos canais europeus. Mas as actuais estruturas UE-EUA não permitem uma discussão séria sobre muitas destas diferenças. Nem a OTAN é uma estrutura adequada para um diálogo estratégico transatlântico, como o chanceler Schroeder referiu na Conferência Wehrkunde, em Munique, em Janeiro de 2005.

## Abstract

*Good EU-US relations are essential for global stability. But today transatlantic relations remain strained largely as a result of the war in Iraq and the unilateral approach of the first George W. Bush administration. The number of EU-US disagreements has increased and covers political and strategic issues as well as economic and social issues. One of the biggest divides is over global governance and the role to be accorded to the UN and other multilateral institutions. There is also a high degree of anti-Americanism (or rather opposition to Bush administration policies) in Europe, and continued resentment at Europe (or rather France and Germany) in the US. The EU has no concept of how to deal with the world's only superpower. Too often there is a preference for bilateral as opposed to EU channels. But the current EU-US structures do not enable a serious discussion of many of these differences to take place. Neither is NATO an adequate structure for a transatlantic strategic dialogue, as Chancellor Schroeder pointed out at the Wehrkunde conference in Munich in January 2005.*

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\* Presentation to the Portuguese National Defence Institute, 11 May 2005.

There is some evidence that the growing number and seriousness of these disputes, including over Iraq, the Israel-Palestine conflict, dealing with 'rogue states' and terrorism, global warming and arms control, may already be undermining the trust necessary to tackle global problems together. Furthermore, transatlantic disputes are having a major impact on European foreign and security policy, and even the process of European integration. Despite the fine words of President Bush when he visited Brussels in February, there are doubts whether the US is still committed to a strong, united Europe speaking with one voice.

The twin geopolitical earthquakes of the collapse of communism and the US response to 9/11 have had an inevitable impact on transatlantic relations. As the EU has grown in size and stature (single currency, enlargement) so it has taken on more responsibility for security in its neighbourhood. By and large the US has been supportive of this process, while stressing the continued importance of NATO. At the same time there is the reality of "a growing divergence between America's perception of its moral leadership and European perceptions of a military-minded America obsessed with rogue states and weapons of mass destruction"<sup>1</sup>.

Yet, despite all these problems it is essential that the EU and US find common ground to tackle an ever more complicated global agenda. The two blocks dominate world trade and provide by far the lion's share of economic, development and technical assistance. They account for over 70% of global expenditure on defence. They have worked together successfully in the Balkans and elsewhere. They must continue to seek to work together as partners of choice in tackling issues such as Russia, China, the Middle East, terrorism, proliferation and reform of the United Nations.

This paper assesses the nature of current EU-US disputes, considers public attitudes and the bureaucratic machinery responsible for EU-US relations, and suggests an agenda to rebuild trust and develop a genuine partnership. It suggests that the EU and US are likely to remain friends and rivals for some time to come.

## Introduction

There are many who forget that the 1990s were not exactly a decade of transatlantic bliss. Indeed many of the current disputes have their origins in the 1990s when, for

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1 Dominique Moisi, Financial Times, 27 August, 2001.

most of the decade, the Clinton administration faced a hostile Congress, largely uninterested in foreign policy, and European governments were deeply concerned at the 'hands off' approach of both the Bush senior administration and the new Clinton administration towards the Balkan conflict. While Bush senior won plaudits in Europe for his statesmanlike handling of the collapse of communism he was unwilling to engage the US in the Balkans. As Secretary of State, James Baker, remarked "we do not have a dog in that fight". Clinton continued this non-engagement and the 1992-94 period was a time of major crisis with the Europeans and Americans pursuing different policies in the Balkans. Eventually the US intervened militarily to secure the Dayton agreement and later again intervened to resolve the Kosovo crisis. The lesson was finally learned that the EU and US cooperating rather than competing brought peace to the Balkans.

Both Bush senior and Clinton recognized the growing potential of the EU as a partner for the US and were keen to provide some structure to EU-US relations. But the structures established in 1990 and 1995 were never given the necessary unstinting political support on either side of the Atlantic to ensure success. The 1990 Transatlantic Declaration committed the US and EU to regular political consultations at all levels (biannual summits, ministerial and senior official as well as working group meetings)<sup>2</sup>.

In 1995, the US and EU moved a stage further with the signing of the New Transatlantic Agenda (NTA) proposing joint action in four major fields:

- promoting peace and stability, democracy and development around the world;
- responding to global challenges;
- contributing to the expansion of world trade and closer economic relations;
- and building bridges across the Atlantic<sup>3</sup>.

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2 The flowery Declaration committed the EU and US "to further strengthen their partnership in order to: support democracy, the rule of law and respect for human rights and individual liberty, safeguard peace and promote international security, by cooperating with other nations against aggression and coercion, by contributing to the settlement of conflicts in the world and by reinforcing the role of the United Nations." Transatlantic Declaration on EC-US Relations, 1990, [www.europa.eu.int](http://www.europa.eu.int)

3 The NTA confidently affirmed that "the ties which bind our people are as strong today as they have been for the past half century. For over fifty years, the transatlantic partnership has been the leading force for peace and prosperity for ourselves and for the world. Together, we helped transform adversaries into allies and dictatorships into democracies. Together, we built institutions and patterns of cooperation that ensured our security and economic strength. These are epic achievements".

There is little doubt that the bureaucratic structures underpinning the NTA have been useful in discussing EU-US disputes and even helping to resolve some issues, mainly in the trade field. The Transatlantic Economic Partnership (TEP), which was launched in 1998 and works to open up markets and eliminate trade barriers between the transatlantic partners, is a visible manifestation of this new cooperation. But there has been no real substantive discussion at the highest political level, for example on threat perceptions, partly because of the inability on the EU side to speak with one voice on sensitive political, security and economic issues. The rotating six monthly EU presidency has not been conducive to promoting such a dialogue and many member states, not just the UK, prefer operating on bilateral channels. Indeed member state ambassadors are often judged at home by the length of audience they secure for their president or prime minister with the president of the US (visits to Camp David and Crawford count as bonus points!). On the US side, successive administrations have not viewed the EU as their prime or even principal interlocutor on foreign and security policy issues. Furthermore, the various attempts to involve business, consumers, environmentalists and others in structured 'people to people' dialogues have also had little sustained success.

Despite the difficulties on the structural side, the Clinton administration was overall pro-European. It had many people in its senior ranks with direct experience of the EU and Clinton himself was temperamentally inclined to European ideas and solutions. But there were disputes in several areas, including tackling 'rogue states', global warming, the ICC, the failure to ratify the CTBT and the treaty banning land mines. It is therefore wrong to believe that EU problems with the US started when George W. Bush took over the White House in January 2001.

There was considerable sneering in Europe at George W. Bush the candidate. He was widely portrayed in the European media as an unsophisticated cowboy, keen on the death penalty and unsympathetic to the environment ('The toxic Texan'). On taking office, these prejudices were confirmed as the new administration seemed to go out of its way to denounce the Kyoto protocol, sabotage the ICC, refuse to sign or ratify arms control agreements and proceed with national missile defence. European concerns were further heightened by the new administration downgrading the importance of the Middle East peace process and North Korea (both Clinton priorities). Global institutions were scorned. The best spin on working through international institutions came from Richard Haass, Head of Planning in the State Department, who talked of *a la carte* multilateralism. As far as Europe was concerned, there were very few in the senior ranks

of the administration with any direct experience of the EU (Bob Zoellick being a notable exception). The experience of Rice, Rumsfeld, Powell, Cheney, Wolfowitz, etc., was of Europe during the Cold War when NATO and bilateral relations played the dominant role. The new administration showed little desire to interact with the EU, a body that seemed to many to cause problems (eg. stopping GE/Honeywell merging, defeating the US in the WTO and preventing the import of GMO foodstuffs). It was no surprise when the Bush administration unilaterally decided to reduce the number of summits with the EU to one per year. Congress also showed little interest in maintaining close relations with the increasingly powerful European Parliament.

### **9/11: The Day that Changed America**

The terrorist attacks of 9/11 changed the US in a fundamental manner – but inevitably they did not have a similar impact on Europe. There was of course an immediate and genuine outpouring of shared grief and outrage epitomized by the famous headline in *Le Monde* ‘*We are all Americans*’ and the willingness to invoke article V of NATO. There was also support for the measured US response in defeating the Taliban regime in Afghanistan. For its part, the EU responded swiftly by agreeing on the introduction of a European arrest warrant, the adoption of a common definition of terrorism, agreeing new international legal instruments, combating the funding of terrorism and strengthening air security. But few Europeans really understood the mix of *angst*, desire for revenge and uncertainty pervading American society. Few Europeans grasped just how much 9/11 affected US thinking, especially on security policy. For the first time since Pearl Harbour, Americans had a sense of their own vulnerability. Bush declared a ‘war on terror’ and overnight national security became top of the agenda, domestic and foreign.

European hopes that 9/11 would temper US hostility to multilateralism were soon dashed. By early 2002 EU-US divergences became clearer with most European governments distancing themselves from the President’s ‘axis of evil’ speech and the new openly proclaimed pre-emptive strike doctrine. Many Europeans doubted whether military might alone could defeat terrorism or tackle the roots of terrorism. The US talked of a ‘war on terrorism’; Europeans talked of ‘a fight against terrorism’. Americans retorted that Europeans did not take defence seriously and pointed to the huge transatlantic gap in military capabilities. A related dispute concerned ‘rogue states’ with few Europeans even prepared

to use the term and preferring a policy of conditional engagement rather than a policy of isolation and sanctions. Such disputes, especially over US legislation on Cuba and Iran, had soured EU-US relations for several years. Oddly, there has never been a high-level EU-US discussion on the nature of the new security threats and how to deal with them. Instead there have been countless communiqués and statements pledging both sides ‘to combat terrorism and tackle the problems of WMD’.

### **What Common Values and Interests?**

During the Cold War common interests and shared values were widely assumed between Europe and the US. The two blocs shared the same commitment to democratic institutions, liberal values, human rights and regional stability. They had a common interest in an open international trading system, access to world energy supplies and preventing the spread of weapons of mass destruction. But there are many who question whether the EU and US still share a number of values, pointing to sharp differences on the death penalty, gun culture, violence, health care, social and economic models<sup>4</sup>. The growing influence of religion has also been highlighted as a major cultural difference impinging on politics.

Robert’s Kagan has described two worlds, that of a Europe which is “entering a post-historical paradise of peace and relative prosperity, the realization of Kant’s Perpetual Peace”. And that of the US which “remains mired in history, exercising power in the anarchic Hobbesian world where international laws and rules are unreliable and where true security and the defence and promotion of a liberal order still depend on the possession and use of military might”. He suggests that these differences are likely to endure<sup>5</sup>. Francis Fukuyama, another close observer of transatlantic relations, wrote “The End of History” 13 years ago, declaring “the triumph of common Euro-American values”. He now writes of the “deep differences” within the Atlantic Alliance and emphasizes that the current split in transatlantic relations is “not a transitory problem” as the US is at a different point in its history with regard to international institutionalism and international law<sup>6</sup>.

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4 See the popularity of Michael Moore’s books and films in Europe.

5 Robert Kagan, Power and Weakness, Policy Review No. 113.

6 National Interest, May 2003.

On the European side, Chris Patten, the former Commissioner for External Affairs, was a sharp critic of the US, and pleaded for the US to return to supporting the international “rule book” that it helped establish after 1945 to promote democracy, the rule of law and the opening of international markets. It had been a “pretty successful formula”, and one that people on both sides of the Atlantic have found it easy to identify with. So why, he asked, did some people now want to abandon it? The real future challenge for the US and EU was to try and better understand each other’s interests and concerns; and to make the global “rule book” more successful<sup>7</sup>. In an interview with the *Financial Times* Javier Solana attributed the widening gulf between the EU and US to a confrontation between the religious vision of world affairs in the White House and the secular vision of the Europeans. Solana stated that “it is a sort of binary model, it is all or nothing. For us Europeans, it is difficult to deal with because we are secular. We do not see the world in such black and white terms”<sup>8</sup>.

Certainly, since 9/11 Bush has divided the world into ‘good-versus-evil’ and asked countries if they ‘are with us or against us’. Religious exhortations abound in his speeches. For example, in his State of the Union address of February 2003 he stated that, “the liberty we prize is not America’s gift to the world, it is God’s gift to humanity”<sup>9</sup>. It is highly doubtful that any European politician would ever use such rhetoric. In his 2004 speech he devoted several paragraphs to the benefits of sexual abstinence and not a word about the Middle East peace process. In terms of their respective world view, therefore, there is a certain rivalry between the EU and US.

## US attitudes to Europe

The Iraq war has had a significant impact on how Americans view Europe. A 2002 poll conducted by the Council on Foreign Relations and the German Marshall Fund showed that Europeans and Americans shared a similar worldview in many respects. Americans preferred working through multilateral channels as much as Europeans. A clear majority of Americans would have preferred the US to have UN support for fighting in Iraq<sup>10</sup>.

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7 Speech by Chris Patten at the Chicago Council on Foreign Relations, Chicago, 3 October 2002.

8 ‘Solana fears widening gulf between EU and US’, *Financial Times*, 8 January, 2003.

9 State of the Union address, February 2003.

10 Worldviews 2002, European Public Opinion and Foreign Policy, The German Marshall Fund and the Chicago Council on Foreign Relations.

But with the wrangles in the UNSC over Iraq, and prompted by administration criticism of France and Germany, public attitudes also changed. Britain was perceived as a far more reliable ally than France or Germany. More recently, after Iraq, there has been a change in attitudes with a majority of Americans wanting to see a strong EU as a partner for the US in tackling global security threats<sup>11</sup>.

Congress rarely thinks of the EU as an entity. In addition to the well known adversity to foreign travel, only a handful of Congressmen have regular contact with their European counterparts. Europe-bashing is popular and brings some media attention. Views in the current administration are not dissimilar to those on the Hill. Rumsfeld has been particularly critical of old Europe (critical of US policy on Iraq) compared to new Europe (those supportive of US policy). He seemed to relish the disarray in the Union caused by the gang of 8 and Vilnius 10 letters.

Leaving Iraq aside, there is no single US reaction to the EU. There are still those who broadly support the twin goals of widening and deepening. Other who would prefer just widening and with Turkey included. Some are skeptical as to whether the EU can really move forward as a cohesive foreign policy actor. But there is a growing number who doubt whether such a move would be in US interests. They point to the problems the US has faced when the EU has managed to speak with one voice (ICC, Kyoto, Trade) and suggest the US should rather intensify its policy of divide and rule. What this implies is that the EU should do more to convince the US that the idea of uniting Europe is not at the expense of the US.

### **European Attitudes Towards the US**

European attitudes towards the US have changed dramatically due to the Iraq crisis. In 2002 there were clear majorities supporting US foreign policy. But in 2003, with the approach of war, there were massive anti-war demonstrations throughout Europe. Interestingly the largest anti war demonstrations occurred in the UK, Spain and Italy, the three countries that gave Bush the strongest support over Iraq. Post Iraq, there was an alarming slump in European public support for US foreign policy. On average only 25% favoured US foreign policy.

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<sup>11</sup> GMF poll of June, published September 2003.



There have been bouts of anti-Americanism in Europe ever since the 1950s. General de Gaulle proclaimed in 1965 that the “United States is the greatest danger in the world today to peace”, and left the NATO military structure in 1966. Opposition to the Vietnam war, deployment of cruise missiles in Europe, and Reagan’s talk of the Soviet Union as an ‘evil empire’ caused condemnation of the US<sup>12</sup>. But opposition to the policies of the current US administration have reached new heights.

European governments were sharply divided in their response to Iraq and other issues affecting EU-US relations. The UK has traditionally tried to maintain its ‘special relationship’ with Washington at the same time as acting as a bridge between the US and Europe. Germany, a traditional, uncritical ally of the US during the Cold War, caused consternation in America when its Chancellor successfully fought an election campaign on opposition to war in Iraq. France, usually the pack leader in opposition to US global hegemony, also angered Washington with its threat to use its veto in the UNSC to prevent UN approval of the US-led attack on Iraq. Apart from Iraq, member states have not always demonstrated solidarity or coherence on other issues. There have been divisions within the EU on how to respond to US plans for missile defence, to US attempts to sign bilateral treaties with accession states exempting them from the ICC and on trade sanctions. Member states missions in Washington usually give preference to bilateral issues over EU issues, a habit that is not exactly conducive to demonstrating EU cohesion to US interlocutors.

### **A Solid Economic and Trade relationship**

On the plus side, the US and Europe enjoy a very healthy and solid economic and trade relationship. Every day the two sides turn over more than €1.25 billion. Transatlantic trade comprises approximately 20% of each side’s overall foreign trade. European exports to the US totalled €260 billion in 2002 while imports from the US amounted to €195 billion. Mutual investments have contributed even more than actual trade to integration: more than 60% of foreign investments in the US come from the EU and roughly 45% of US foreign investments go to the EU.

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12 Interestingly, anti-Americanism and anti-Europeanism are at opposite ends of the political scale. European anti-Americanism is mainly to be found on the left, American anti-Europeanism on the right.

While trade conflicts regularly hit the headlines, they really only affect a very small percentage of the total trade flow (estimates range from 0.2% to 2% of the overall flow.) Given the size of the trade relationship it is important to recognize that there will always be some disputes. The trick will be to identify possible new disputes in good time and try and seek common ground. This applies particularly to 'new disputes' such as GMOs, competition policy, drugs, standards, banking and insurance. Three further issues could well upset EU-US relations in coming months. First, the probable lifting of the EU arms embargo on China. If this is done in the face of US opposition it could lead to the US imposing restrictions on defence technology cooperation with the EU. Second, the fight over the location of the new thermonuclear research centre with the US supporting Japan and the EU supporting France. Third, the question of public subsidies to Airbus and Boeing. In a number of trade issues it is clear that the EU and US are rivals but the depth of the economic relationship is a strong anchor for the overall relationship.

### **A New Partnership**

There are signs now that both sides are willing to accept that they have different views on major issues but also a desire to work together where possible. Tony Blair said after the Iraq war "If we are going to have a strategic partnership between Europe and America, we have to work out the basis of that and how we make progress on issues that are difficult between us"<sup>13</sup>. Javier Solana, in his European security strategy paper of June 2003, also emphasised the importance of a solid transatlantic relationship to tackle the shared threats of terrorism and WMD. It was also encouraging that the first overseas visit by Bush in his second term was to Europe. Largely as a result of the Iraq experience, there would appear to be a rethink in Washington of the importance of the EU and both Rice and Bush have made supportive statements of closer European integration. But there remain doubts as to whether the US will always see the EU as partner of first choice, or the individual member states. The temptation to divide and rule will always be there and it is important for the Europeans to stay united. After the shock of the Iraq war there are signs of the EU becoming a more cohesive actor. In the past 18 months the EU has agreed a security strategy, agreed a new constitutional treaty with far-reaching changes in foreign and security policy, agreed new

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13 Tony Blair Downing Street Press Conference, 25.03.03, <http://www.number-10.gov.uk/output/Page3347.asp>

ground rules for dealing with NATO, taken over the SFOR mission in Bosnia from NATO and played important diplomatic roles and dealing with countries as far afield as China, Iran and Ukraine.

Talk of a new transatlantic treaty or a new institutional relationship between the EU and US is premature. It will take time to heal the wounds over Iraq and it will take time for the EU to get used to its own new institutional structures, notably the EU foreign minister (Solana) and EU diplomatic service. Perhaps in four or five years time it will be opportune to revisit the question of a new transatlantic relationship. Then we will be faced with important questions including the future role of NATO? The future of the US forces commitment to Europe? The willingness and ability of the EU to take care of its own security.

### **Key Recommendations**

- Cool the rhetoric. Both sides need to stop hurling insults and treat each other like adult partners.
- No vindictiveness. Transatlantic relations are too important to be harmed by spite or vindictiveness. Threats of boycotts should be firmly rejected by political leaders on both sides. Statesmanship is required. The EU and US need to work together, and with the UN, to rebuild Iraq.
- Work together where possible; differ when necessary; but try and narrow the areas of divergence. Summits need more focus. Discuss big issues such as future of China and Russia and failed states.
- Continue the good work in areas of cooperation (Balkans, Afghanistan, HIV/Aids in Africa). Plus economic agenda - regulatory cooperation, financial services, civil aviation, digital economy, competition policy.
- Jointly maintain pressure to continue the Middle East Peace Process. The US and EU are the two most important members of the Quartet.
- Ensure a successful outcome of the Doha Development Agenda.
- US should reiterate its unambiguous support for a strong, united Europe.
- The EU needs to improve its foreign policy coordination and implementation.

- Congress and the European Parliament need to upgrade their relations. There should be more exchanges and more use of video links.
- Exchange views on threat perceptions and how to deal with 'failed' and 'rogue' states, as well as terrorism and WMD. Nation building is a priority.

## Conclusion

The transatlantic relationship is under the greatest strain since 1945. But no one can doubt that the partnership remains indispensable. The existing community of shared interests and shared values needs to be formed into a community of action. Both sides have to overcome the distrust that occurred over Iraq and look to the future. The range of pressing global problems means that the EU and US have to act in a statesmanlike manner. Vision and understanding are called for. The new enlarged EU is inevitably preoccupied with internal problems but enlargement has also brought in a group of countries who instinctively see the US as a force for good in world affairs. This will not be uncritical support because the accession states, like current EU member states, are firmly committed to multilateral institutions. If the US demonstrates a renewal of faith in multilateral solutions then a new partnership should be possible. A precondition will be a stronger and more coherent EU as a foreign policy actor – something more difficult with the failure to ratify the Constitutional Treaty. There are encouraging signs that both sides may be drawing lessons from the Iraq crisis and are ready to move ahead. At the same time the US also needs to make a psychological adjustment to accept the EU as a global partner, a partner of choice in tackling international problems. Certainly it will not be an easy adjustment on either side. But the stakes are too high to fail. For the foreseeable future, therefore, the EU and US are likely to remain both friends and rivals.