



**Robert Schuman**

*The External Relations of the  
European Union towards the United States:  
How Relevant is the European Union in  
Constraining or Replacing U.S. Hegemony?*

-Roberto Domínguez Rivera



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## The Jean Monnet/Robert Schuman Paper Series

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8. The role of a politically and economically integrated in Europe in the governance of the world.
9. How important is European integration to the United States today?
10. The failure of a necessary partnership? Do the United States and the European Union necessarily have to understand each other? Under what conditions?
11. Is it possible to conceive a strategic partnership between the United States, the European Union and Russia?
12. Russia: a member of the European Union? Who would be interested in this association?

Miami European Union Center  
University of Miami  
1531 Brescia Avenue  
Coral Gables, FL 33146-3010  
Phone: 305-284-3266; Fax: 305-284-4875  
E-Mail: [jroy@miami.edu](mailto:jroy@miami.edu)  
Webs: [www.miami.edu/international-studies/euc](http://www.miami.edu/international-studies/euc)  
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United States: How Relevant is the European Union in  
Constraining or Replacing U.S. Hegemony?**

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Roberto Domínguez Rivera \*

The Jean Monnet Chair  
University of Miami  
Miami, Florida  
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\* Roberto Dominguez-Rivera (B.A., International Relations, National Autonomous University of Mexico, 1993; M.A., International Relations-European Studies, Fundación Ortega y Gasset, Spain, 1998) Ph.D. Candidate in the Department of International Studies at the University of Miami. He was professor at the UNAM, Universidad Iberoamericana and the Center for Transatlantic Studies in Maastricht, Holland. He was also research assistant at The North- South Center, editor of the Journal *Relaciones Internacionales* (UNAM, 1996-1999) and has coordinated the books: with Joaquín Roy, *Relaciones Exteriores de la Unión Europea* (México, UNAM-Plaza y Valdés, 2001) and with Alejandro Chanona, *Europa en Transformación: procesos políticos, económicos y sociales* (México, UNAM-Plaza y Valdés-UQROO, 2000). He also published *Cooperación e Integración en la Organización Regional Europea* (México, UNAM, 2000).

# **THE EXTERNAL RELATIONS OF THE EUROPEAN UNION TOWARDS THE UNITED STATES: HOW RELEVANT IS THE EUROPEAN UNION IN CONSTRAINING OR REPLACING US HEGEMONY?**

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## **Introduction**

Europe and the United States have yielded hegemony in international relations for several centuries. In the XIX century, Europe was the hegemonic power. In the midst of the XX, the leadership of World Power was conquered by the United States, and nowadays the United States has an unquestionable hegemony in international relations. Defeated by its own ambitions of dominance, Europe learned the lessons of World War II, began a period of reconstruction, and created a new political and economic process to eradicate the possibility of a new war within its borders: European integration.

In the wake of the XXI century, the United States maintains its prominent role in international affairs. On the east side of the Atlantic Ocean, individual European countries cannot seriously challenge U.S. power, neither in military nor in economic affairs. In some cases, only two or three countries are able to raise their voices in disagreement to the United States and sometimes they are heard by the American hegemon. However, the equation of power in the transatlantic area changes relatively when the fifteen EU members are able to join their national interests under a common front.

The study object of this paper is the external relations of the European Union towards the United States. The core question of this essay is not the U.S. hegemony by itself; in fact, both parties agree on a myriad of issues, share common values, and keep intensive and active economic and political exchanges. The 1950s and 1960s were witness to the shining power of the United States and Europe was willing to receive U.S. aid through the Marshall Plan. The problem arises when U.S. policies affect Europe and the EU is not able to provide concrete actions to reverse them. At this point, one inquiry is the focus of the analysis: How relevant is the EU in constraining or replacing U.S. hegemony? A simple answer is insufficient to shed light on this question. Most scholars underline the shortcomings of the EU and the influence of the United States in determining EU external relations. However, the EU in 2002 is quite different from the European Community at the beginning of the 1990s. Although reactive to international and regional, political and economic stimuli, the EU has forged informal and formal practices to provide coordinated positions. Depending on the specific area, the EU's performance is more or less successful. Whereas in economic issues the EU has been able to respond to the U.S. in trade disputes, in political and security affairs the panorama is mostly discouraging.

Accordingly, the hypothesis of this paper is: The more the EU is able to encapsulate the interests of the fifteen member states in a common front, the greater are the opportunities for more beneficial agreements with the United States, and to constrain or replace the actions or inactions of U.S. hegemony. In order to support this proposition, four areas of the transatlantic relationship are examined in this paper. The first part focuses on the current theoretical debate on the transatlantic relationship. Secondly, the paper analyzes the different natures of both foreign policies, emphasizing the problems

associated with the European (intergovernmental and supranational) model to design its external relations. The third section describes the relative balance between the US and the EU on economic terms, and considers the benefits of having international institutions to regulate trade practices. Finally, the imbalance in security affairs is depicted, highlighting the new institutional developments in Europe to participate in regional crises with or without (but not against) the United States.

### **Some Theoretical Notes about the Transatlantic Relationship**

As the analysis of international relations is multidimensional, there are countless interpretations of it. Depending on the author, three broad theoretical perspectives about international reality can be generally identified: conservative (realist), liberal, and revolutionary (transformational) world-views.<sup>1</sup> Perceptions and understandings of world affairs are deeply influenced by the position of states in the international arena. Third world countries are prone to denounce inequalities, whereas developed ones highlight the virtues of democracy and free markets. Although after the end of the Cold War the political discourse has narrowed its polarization, the need to bridge the gap between poor and rich countries persists.

Despite the cultural differences among the 16 countries involved in the EU-U.S. relationship, both societies share the "Euro-American way of life",<sup>2</sup> namely, closely intertwined values as well as political and economical principles based on common premises (free markets and political democracy). Development, political stability, and welfare are some of the distinctive characteristics of the societies on both sides of the Atlantic. Derived from those characteristics, the internal dialogue between the U.S. and the EU is basically North-North oriented, whereas the external contacts with other parts of the world have a different agenda, being West-East or North-South oriented.

Consequently, the transatlantic relationship relies on liberal-realist worldviews, which can be explained as follows: "Realism emphasizes the enduring propensity for conflict between the states; liberalism identifies several ways to mitigate these conflictive tendencies".<sup>3</sup>

In addition to this first delimitation that helps to put in context the transatlantic relationship, both sides of the Atlantic have different ways of practicing the liberal and realist principles. Intentionally, Robert Kagan<sup>4</sup> has "caricaturized" the US and Europe. "Americans generally see the world divided between good and evil.... favor policies of coercion rather than persuasion... (While) Europeans insist they approach problems with greater nuance and sophistication... They generally favor peaceful responses to problems preferring negotiating, diplomacy, and persuasion than coercion".<sup>5</sup>

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<sup>1</sup> Joshua S. Goldstein, International Relations (Brief Edition) (United States: Longman, 2002); James E. Dougherty and Robert L Pfaltzgraff, Contending Theories of International Relations. A Comprehensive Survey (New York: Longman, 2001).

<sup>2</sup> The common ground that Transatlantic societies share is the source of the "Eurocentric diffusionism", concept presented particularly by James Morris Blaut in two books: The Colonizer's Model of the World (New York: The Guilford Press, 1993), and Eight Eurocentric Historians (New York: The Guilford Press, 2000).

<sup>3</sup> Stephen M. Walt, "International Relations: One World, Many Theories," International Relations (Spring 1998).

<sup>4</sup> Robert Kagan, "Power and Weakness," Policy Review 113 (June/July 2002).

<sup>5</sup> Ibid.

From the perspective of the present essay, the problem must be focused on the liberal and realist positions that both parties assume in particular contexts. Kagan's picture depicts general trends of both behaviors, and to some extent oversimplifies the relationship, as Kagan himself acknowledges. What is beneath his argument is that the European as well as the American histories have modeled two different societies, which offer two competing or cooperating positions on particular themes. However, when the discussion about the excesses, limitations or failures to act by the U.S. comes to the floor, the response from Europe differs depending on the issue in question. The actions and non-actions of the hegemon are not effectively challenged merely with speeches in opposition to its foreign policy. Power makes possible the achievement of foreign policy objectives to counteract or fill the vacuum left by the hegemon.

Power is a key concept in international relations. The European hegemony was built under different premises of power than the American one. Violent territorial conquests were replaced by the sophistication of technology, multinationals, and "global culture". At the same time, particularly during the XX century, the international society developed different types of cooperation through the emergence of norms, regimes, and institutions. Despite the fact that the most important international institutions such as the United Nations or the World Trade Organization are highly determined by U.S. policies, those and other organizations have gained autonomous capacity in constraining, although not always successfully, the U.S. or the European unilateralisms. In other words, the international context and the nature of the European hegemony were quite different from the current one of the United States.

Considering the ambience in which the United States has yielded power, since the inception of the European integration, Europe has increased its capabilities to leverage U.S. decisions. Currently, not only are "high politics" (military capabilities) important, but also "soft politics" (economic capabilities). According to this broader understanding of power, Roy Ginsberg analyzed the political impact of the EU on the United States from 1990 to 1999. His results point out that "the EU had nil impact in seven areas (10 percent of total), marginal impact in ten instances (14 percent), considerable political impact in twenty-five instances (35 percent), and significant political impact in thirty instances (42 percent)".<sup>6</sup>

From the above mentioned, one preliminary and general speculation, which will be tested in the next pages, comes into sight. Parallel to the common values shared by the EU and the United States, there are different perceptions in approaching the bilateral agenda, and the creation of power capabilities is a key element to enable the EU to influence the United States.

A step forward in the present analysis is to explore some of the ideas of theoreticians about the transatlantic relationship. In explaining the dynamic of the transatlantic relationship, the perspective of security communities offers a helpful framework in understanding this relationship in the long-term. In using this perspective, Karl Deutsch characterized the EU-U.S. relationship as a Pluralist Security Community<sup>7</sup> in the mid-1950s. Within this community, war was not considered an instrument of

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<sup>6</sup> Roy H. Ginsberg, *The European Union in International Politics. Baptism by Fire* (Lanham: Rowman & Littlefield Publishers, 2001), p. 181.

<sup>7</sup> Karl Deutsch, *Political Community in the North Atlantic Area* (Princeton: Princeton University Press, 1957).

rational politics. Theoretically, a security community can be of two types -amalgamated and pluralistic- "while both have dependable expectations of peaceful change, the former exists when states formally unify, the latter when states retain their sovereignty".<sup>8</sup>

Even though the analytical scheme of security communities has been frequently used as a framework to study the transatlantic relationship, it is important to point out that this concept was put in question at the end of the Cold War. Before the fall of the Berlin Wall, according to Ole Wæver, "What is called in the literature a 'security community' is really a *non-war community*, and therefore if we accept a concept of security wider than a non-war there can be (non-military) security problems and security dynamics in a security community".<sup>9</sup> In other words, one should consider the concept of security community in a broad sense and realize that security community includes not only studies on NATO, but also on trade and the consolidation of the integration process.

Emanuel Adler and Michael Barnett have attempted to update Deutsch's framework. These authors state that between neo-realism and constructivism there is a continuum. On the one end, neo-realism conceives the structure of international politics defined to a great extent by the distribution of power. The neo-liberal institutionalism and the English School, in the middle of this continuum, focus on how states construct institutions to encourage cooperation, even though they share with neo-realism the assumption of anarchy. Under this perspective, Hedley Bull states that international society has developed the transatlantic state system, "in which cooperation and sociability between states has largely superseded traditional *realpolitik* instincts".<sup>10</sup> At the other end of that continuum, constructivism recognizes that "international reality is a social construction driven by collective understandings, including norms, that emerge from social interactions".<sup>11</sup>

The uncertainty stemming from the disappearance of external threats questioned the future role of the EU-U.S. and provoked different explanatory approaches. From a pessimistic standpoint, John J. Mearsheimer stated that Germany and Russia would return to the classic alliance patterns of the nineteenth-century.<sup>12</sup> Stephen M. Walt points out that there are deep structural forces that are beginning to drift Europe and America apart. Walt argues that three traditional unifying forces have begun to disappear: A) where there is no threat, there is no cohesion –security--, B) both parties are drifting apart in terms of international trade, C) there are growing differences among the elite of both parties as a result of generational and demographic changes in the United States.<sup>13</sup>

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<sup>8</sup> Emanuel Adler and Michael Barnett, Security Communities (United Kingdom: Cambridge University Press, 1998), p. 5.

<sup>9</sup> Ole Wæver, "Insecurity, Security, and Security in the West European non-war Community," in Security Communities Emanuel Adler and Michael Barnett, p. 71.

<sup>10</sup> Adrian Hyde-Price, "The New Patterns of International Relations in Europe" in Rethinking the European Union. Institutions, Interests and Identities eds. Alice Landau and Richard G. Whitman (New York: St. Martin Press, 1996), pp. 23-24.

<sup>11</sup> Emanuel Adler and Michael Barnett, p. 10.

<sup>12</sup> John J. Mearsheimer, "Back to the Future: Instability in Europe after the Cold War," International Security 15, 1 (Summer 1990).

<sup>13</sup> Stephen M. Walt, "The Ties that Fray. Why Europe and America are Drifting Apart," The National Interest (Winter 1998/1999).

Under the realist approaches, the Grand Strategy of the United States opens a relevant question with regard to Europe: what must be the role of the United States in European affairs, particularly in military terms? According to John Mearsheimer, the United States should maximize relative power to gain security in order to avoid the instability resulting from multipolar systems. The U.S. behavior has been consistent with the Grand Strategy of keeping its primacy during and after the Cold War. Opposed to this argument, Christopher Layne recommends that the United States should follow the “offshore balancing” strategy, disengaging U.S. military commitments in Europe and Asia, rejecting its commitment to economic interdependence, and abstaining from ambitions to perpetuate hegemony. Aside from the obvious differences of both realist approaches, it seems that they coincide in the evidence that “the US insists that European integration, and ESDP, can occur only within this Atlantic Community framework”.<sup>14</sup>

Nonetheless, throughout the 1990s the bilateral relationship overcame or postponed difficulties about the consensus of the “New World Order”. Encouraging facts have nourished some voices less skeptical about the future of this bilateral relationship. Joseph Nye has replied to Mearsheimer and Walt’s point of view arguing that “to venture a prediction of what US-European relations will look like a decade from now, it is more likely that they will fundamentally resemble the current state of relations rather than be radically different”.<sup>15</sup>

Nye responds to Walt’s view saying that a) NATO and the U.S. have redesigned their objectives, b) trade inevitably produces some degree of friction, and c) there are some important channels of communication between both parties. Nye’s perspective seems more congruent with the scope of the present essay, although Walt’s arguments should be considered as a possible future trend of the bilateral relationship. In support of a less conflictive perspective of the bilateral relationship, Zbigniew Brzezinski states that the U.S. does not fear the emergence of a rival (the EU), because 1) integration has not reflected unification as the ultimate goal of the European process, 2) Europe will grow horizontally (enlargement-amalgamation) rather than vertically, 3) the creation of the ESDP does not represent a threat to NATO and, 4) NATO and the EU should enlarge at the same time.<sup>16</sup>

## **EU Foreign Policy in the Making and U.S. Foreign Policy**

In order to analyze the bilateral transatlantic agenda, a description of the different natures of both foreign policies as well as their most recent achievements are essential for the analysis. There are three main features to be considered. The first is that foreign policy is one of the most sensitive areas of the Westphalian version of the state. However, as a second aspect, the European integration process has forced an advance in the coordination of 15 states’ foreign policies, particularly at the end of the 1990s. And third, up to now, while the United States maintains the Westphalia model in foreign policy, in the EU there is a redefinition of the still strong state capabilities level and the attributes of the regional institutional level. Regardless of the confusion between the

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<sup>14</sup> John J. Mearsheimer, *The Tragedy of Great Powers Politics* (New York: W.W. Norton, 2001) and Christopher Layne, “The ‘posterchild’ for Offensive Realism: United States as Global Hegemon”, Paper presented at The Miami Theory Group, November 30, 2001.

<sup>15</sup> Joseph S. Nye Jr., “The US and Europe: Continental Drift?” *International Affairs* 72, I (2000), p. 59.

<sup>16</sup> Zbigniew Brzezinski, “Living With a New Europe,” *The National Interest* (Summer 2000), pp. 17-33.



state and the regional level resulting from the speed of the transformations, the New Transatlantic Agenda constitutes the recognition of the EU as interlocutor aside from the European states.

### *Is there an EU Foreign Policy?*

Since the Treaty of the European Community of Coal and Steel was signed, the number and capabilities of the countries involved in the integration process have grown. It is not an isolated fact that the European integration has increased its members from six to fifteen in five decades, and considering the current enlargement process, to possibly more than 27 by 2010. Enlargements are not only the expansion of a regional organization, they also represent a free decision of the applicant members to be part of the benefits of integration, although sometimes the social, political, and economic prices of the transformation are costly in the short term.

In comparison to U.S. foreign policy, the external relations of the EU have characteristics that set them apart from traditional state foreign policy. The external relations of the EU have two sides of the same coin. On one side, the EU shows the Common Foreign and Security Policy (CFSP), which is basically intergovernmental. The CFSP as such was established in 1991, institutionalizing a common policy for the Union within a single framework. CFSP's objectives as clarified by the Amsterdam Treaty of 1997, are to safeguard the common values, fundamental interests, independence and integrity of the Union in conformity with the principles of the UN Charter; strengthen the security of the EU; preserve peace and international security; promote international cooperation; and develop and consolidate democracy and the rule of law, with respect for human rights and fundamental freedoms.<sup>17</sup> On the other hand, the EU works as a supranational entity through its external trade policy led by the Commission, although constrained by the decisions of the Council of the EU. To make the picture more complex, there is a vivid and permanent debate between governments and the Commission, which is based on the struggle for competences.

From a conceptual point of view, it has been argued that European foreign policy has presented a challenge to traditional foreign policy analysis, particularly to the dominant realist view with its state-centric focus. Since the EU is not a state, the argument follows, the value of foreign policy analysis tied to state-centric realism is limited in the analysis of European foreign policy. At the same time, the focus on EU foreign policy – as advanced by institutionalist perspectives – is also inadequate because while covering the cooperative or integrative behavior at the European level, it downgrades the significance of the different foreign policies of the member states, which are not regarded as part of European foreign policy. Instead, a more comprehensive definition of European foreign policy would include Community foreign policy, which includes the Common Commercial Policy and trade and development issues; Union foreign policy, with its more “political” focus; and national foreign policies of the member states. As Brian White suggests, a framework more suitable for the analysis of European foreign policy would focus on interrelated elements – actors, processes, issues, instruments, context, and outputs – that constitute a foreign policy system in action. This more eclectic and interdisciplinary approach, White argues, provides a new research agenda as well as augments the more established approaches in

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<sup>17</sup> European Commission. ([http://europa.eu.int/comm/external\\_relations/cfsp/intro/index.htm](http://europa.eu.int/comm/external_relations/cfsp/intro/index.htm))

the discipline.<sup>18</sup> While the Community foreign policy, which essentially constitutes foreign economic policy, can be called truly “common,” the CFSP is by no means “common” in the same way: it is developed intergovernmentally and it is not seen as a substitute for national foreign policies.

When the external relations of the EU are evaluated in view of their leverage on international relations, they have been explained in the following way: “while the prospectus of EU becoming a major military superpower is uncertain, its status as an economic superpower is no longer in doubt”.<sup>19</sup> The problem of these two parallel facts is that they are part of the same integration process and have to be coordinated. The pulling tendency is that as more commitments are made (within the fifteen countries toward integration), the greater is the need for building a common external identity to the world.

With regard to security-military issues, the reluctance of individual states to give up their power is reflected in the slow and tenuous development of CFSP, which is one of the three pillars of the EU.<sup>20</sup> Unlike pillar one (supranational), the CFSP (pillar two, intergovernmental) is less supranational in implementing a common policy on a given issue in this area. Legally, one could think that the division between the first and the second pillar is clear. The EU’s Commissioner for External Relations, Chris Patten, has stated “the Commission has no competence and no ambition in the military area”.<sup>21</sup> Nonetheless, the daily performance of the EU shows that this bifurcation is extremely connected. Commissioner Patten has also stated “in order to have an operational and effective policy of security and defense, it needs the support of complementary bases... The Commission has an important role to play in promoting a favorable environment in Europe... there will always be a substantial non-military component before, during and after a crisis”.<sup>22</sup>

The above argument explains why the Commission’s role in the performance of the CFSP development is crucial in providing coherence to the external relations of the European Union. Thus, the external relations of the EU have two parallel paths extremely linked (intergovernmental and supranational) and both have to complement each other. In a way, the EU is in fact a security community that presents some features of amalgamated (communitarian policies) and pluralistic (CFSP) societies.

Perhaps the greater danger perceived by the United States, is that the CFSP will become sufficiently binding to the EU member states by the “lowest common denominator”, so that it will prevent them from bilateral initiatives with the US, while simultaneously the EU will remain an ineffective partner on the world stage.<sup>23</sup>

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<sup>18</sup> Brian White, “The European Challenge to Foreign Policy Analysis,” European Journal of International Relations 5, 1 (1999), pp. 37-66.

<sup>19</sup> John McCormick, Understanding the European Union. A Concise Introduction (New York: Saint Martin Press, 1999), p. 214.

<sup>20</sup> John McCormick, The European Union: Politics and Policies (Boulder, Co.: Westview Press, 1996), p. 282.

<sup>21</sup> Christopher Patten, “The Future of the European Security and Defense Policy (ESDP) and the Role of the European Commission. Conference on the Development of a Common European Security and Defence Policy –The Integration of the New Decade,” (Berlin, December 16 1999), p. 6.

<sup>22</sup> Ibid.

<sup>23</sup> Mark Nelson and John G. Ikenberry, Atlantic Frontiers: A New Agenda for US-EC Relations (Carnegie Endowment for International Peace, 1993) qtd. in A New Era in US-EU Relations? The Clinton

Furthermore, the institutional complexities of the EU and the overlapping competencies result in time-consuming and painstaking decision-making processes, aimed at achieving unanimity. However, it should be considered that in the Amsterdam Treaty a mechanism known as “constructive abstention” was devised. According to Martin Walker, “constructive abstention could become a legitimate excuse for the absence of such as common policy, since, in effect, nations states would be acting for reasons of national interest rather than European interest... Still, for all its complications, the Amsterdam Treaty does make coherent European foreign policy possible and its implementations practicable, without subjecting the Union to the stresses and frustrations imposed by the old rule of unanimous approval”.<sup>24</sup>

The complex bureaucratic mechanism in Brussels lends to the conclusion that “the Maastricht structure might almost have been designed to make a common foreign policy almost impossible.”<sup>25</sup> Finally, from the U.S. perspective, the CFSP is unlikely to become a strong force mainly because the foreign and security policies of the member states differ considerably and are unlikely to be relinquished to a significant degree.<sup>26</sup>

### ***U.S. Foreign Policy***

Although viewpoints differ about the durability of the present situation, one of the prevailing assumptions is that the United States has emerged as a hegemon in a militarily unipolar and economically multipolar world. Much of the debate is between those who believe that American interests and security are best preserved through international balance and accommodation, and those who seek global prevalence and hegemony. The preponderance of the U.S. has given it a tremendous freedom of action along with the realization that there is less to be gained on the international stage, thus, reinforcing the unilateralist and isolationist segments within the political establishment.

The process of foreign policy making in the United States involves rational behavior by actors, bureaucratic politics, as well as public opinion. For example, the current Administration so far has shown a remarkable degree of divergence in statements made by the President, Secretary of Defense, and Secretary of State. In addition to pressures from interests groups, U.S. policies are likely to be affected mainly by two factors: public opinion changes in the long run and, most importantly, Congressional changes.

Despite its low interest in foreign affairs, the U.S. Congress has become more assertive on what are considered to be national security issues, affecting the ability of the executive branch to pursue new initiatives and exert strong international leadership. To some extent, this circumstance could strengthen the isolationist position of the US not only in the public opinion, but also in the view of some decision-makers. If one takes into account the role of the U.S. Congress it is possible to identify this local

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Administration and the New Transatlantic Agenda ed. Anthony Laurence Gardner, (Brookfield: Ashgate, 1999), p. 26.

<sup>24</sup> Martin Walker, “The Future of Europe’s Foreign Policy” in Europe in the New Century. Visions of an Emerging Superpower ed. Robert Guttman (Boulder Co.: Lynne Rienner, 2001), p. 74.

<sup>25</sup> Edward Mortimer, “Euro-structures Under One Roof” The Financial Times 3 May 1995 qtd. in Gardner, p. 27; Nouray Ibyamova, “US-EU Relationship: US perspective”, unpublished paper, May 2000.

<sup>26</sup> Martin Walker, “The New European Strategic Relationship,” World Policy Journal 16, 2 (1999), p. 26.

proclivity. “Two-thirds of the Republicans elected to Congress in 1994 reportedly did not have passports, and Majority Leader Richard Armey (R-Tex.) has proudly declared that he has no need to visit Europe because he has already been there once”.<sup>27</sup>

Congress is more likely to sustain cooperation with the EU on issues such as non-proliferation, terrorism, and international crime, but less willing to do so on many humanitarian issues. Moreover, it sees multilateral efforts as a way for the United States to lose its decision-making prerogatives while keeping all the costs. Evidence for the pitfalls of that can be found in the words of the former Secretary of State Albright, namely, that “when Europe does less, it provides a rationale for Congress to do less, which may cause Europe to slow down even further. This is a cycle that leads to disaster”.<sup>28</sup> Other factors contributing to the negative influence of the legislative branch include the role of party affiliations and “cohabitation” with the administration. In sum, while Europe continues to occupy a favored place in US national security, new commitments are less likely to be taken on unless they are perceived as high national security stakes.<sup>29</sup>

One of the most important ways in which Congress can influence foreign policy is through the provision – or lack thereof – of financial resources. The number of experts on the EU in any administration has been limited to several dozen spread out between the various agencies, including the State Department, National Security Council (NSC), and the CIA. This number went down further during the Clinton Administration, when the White House budget and staff, including the NSC, underwent a cutback of one-quarter. This serious understaffing was partially solved by reliance on short-term detachments of Foreign Service Officers and military and civilian personnel from the Pentagon, most of whom had professional experience in politics and security, but not economics or trade. Thus, their orientation tended to be more NATO-centric than EU-centric. In addition, several political appointees brought their perspectives on the EU dating from their experiences under the Carter Administration, and therefore, quite outdated.<sup>30</sup>

The Clinton Administration made two specific moves in order to face the challenges caused by the emergence of a European foreign policy. The first was to impel NATO enlargement for Poland, the Czech Republic and Hungary. The second was that “the United States agreed that NATO assets could be used for purely European operations that did not require U.S. troops, under the formula that European missions and forces would be ‘separable but not separate’ from NATO”.<sup>31</sup>

Even though it is early to forecast possible trends of the new Bush Administration attitude towards Europe, it is feasible to speculate that taking into account the magnitude of the relationship, Europe will continue to be at the top of the agenda. When the Bush Administration entered office in 2001, the U.S. economy was

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<sup>27</sup> Ibid, p. 65.

<sup>28</sup> Madeleine Albright, remarks at Aspen European Dialogue.

<sup>29</sup> Jeremy D. Rosner, "The American Politics of the Transatlantic Relationship." EU-US Relations: Balancing the Partnership, ed. Christofh Bail, Wolfgang H. Reinicke, Reinhardt Rummel (Baden-Badeb: Nomos Verlagsgesellschaft, 1999), pp. 110-4.

<sup>30</sup> Anthony Laurence Gardner (ed.). A New Era in US-EU Relations? The Clinton Administration and the New Transatlantic Agenda. Brookfield: Ashgate, 1999., pp. 15-6.

<sup>31</sup> Martin Walker, “The Future of Europe’s Foreign Policy” in Europe in the New Century. Visions of an Emerging Superpower, ed. Robert Guttman (Boulder Co.: Lynne Rienner, 2001), p 75.

on the verge of recession and the first military action was taken jointly with the United Kingdom against Iraq, provoking disagreements from France, since it was not previously notified. However, this first message to the international community as well as the “new division of labor” supported by the Bush presidential campaign seems to have waned with regard to the more prudent and credible statements made by Secretary of State Colin Powell<sup>32</sup> in the sense that any withdrawal from the Balkans will be subject to extensive consultations with Europe.

The new Bush Administration brought with it an easily discernible realist agenda, abandoning the neoliberal institutionalist approach adopted by the Clinton Administration. Although it is early to draw conclusions, the Bush Administration appears to fall into what Robert Zoellick described as the principles of Republican foreign policy, which essentially is a neorealist framework. For instance, we have seen more emphasis on power in military terms, i.e., strengthening military capabilities in pursuit of perceived national interests. Further, as was suggested by the Secretaries of State and Defense, NATO is seen as the bedrock of the relations with Europe; there are signs that the ESDP is looked upon negatively, while burden-sharing is emphasized. It should be noted, however that the last argument has widespread, bipartisan support and it is not strictly related to party affiliation. In fact, during the Clinton Administration Congress regularly demanded more burden-sharing by the EU and other international organizations, accompanied by vociferous critique of the United Nations, effectively putting the advancement of common interests on the willingness of “Europe to take on greater responsibilities.”<sup>33</sup> The recent withdrawal from the Kyoto Protocol, and unilateralist tendencies in general,<sup>34</sup> are likely to further increase the tensions with the European allies. There are signs that with the end of the Cold War, the United States became less attentive to the sensitivities of its allies, which in turn results in a sense of resentment from its European counterparts, leading to increasing frictions in trade and defense.<sup>35</sup> This tendency of the United States to be a “more circumspect and more self-centered partner” has been one of the arguments in support of strengthening the Common Foreign and Security Policy of the European Union.<sup>36</sup>

### *Strengthening Diplomatic Relations: NTA*

EU external relations as well as U.S. foreign policy were under a period of redefinition during the early 1990s. Whereas both actors were planning their own strategies towards different regions of the world, the North Atlantic relationship also demanded new mechanisms to face the end of the Cold War.

Facing the arrival of the Clinton Administration as well as its anxiety to conclude the North American Free Trade Agreement and strengthen the relations with the Pacific Basin, the EU called for negotiations of the Transatlantic Free Trade Agreement. This initiative was not achieved because of the complexity of the bargaining process, but it could also be interpreted as the diminishing role of the WTO

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<sup>32</sup> Ivo H. Daalder and James M. Goldeier, “Putting Europe First,” *Survival* 43, 1 (Spring 2001), pp. 71-91.

<sup>33</sup> Marten van Heuven and Gregory F. Treverton, *Europe and America: How Will the United States Adjust to the New Partnership?* (Santa Monica: RAND National Defense Research Institute, 1998), p. 1.

<sup>34</sup> Robert B. Zoellick, “A Republican Foreign Policy,” *Foreign Affairs*, 79.1 (2000), p. 69.

<sup>35</sup> Nye, pp. 56-7; Peterson, p. 105; Gardner, p. 25, 31; Rosner, p. 113; Ullman, p. 135.

<sup>36</sup> Alasdair Smith and Helen Wallace, “The European Union: Towards a Policy for Europe,” *International Affairs* 70, 3 (1994) pp. 436-7.

in international trade. As an alternative, Leon Brittan proposed the highly flexible framework of a Transatlantic Economic Zone.<sup>37</sup>

As a result of these initiatives and in order to formalize the relations, the New Transatlantic Agenda (NTA) was signed in 1995. It outlines four areas for cooperation: a) peace, stability, democracy and development, b) responsiveness to global challenges relating to issues such as environment, terrorism, and international crime, c) world trade, and d) bridge-building across the Atlantic in cultural and educational domains.<sup>38</sup>

To some extent, the NTA constitutes an umbrella of negotiations where the U.S. and the EU share the same goals on foreign policy, at least in rhetorical and diplomatic terms. It also facilitates the bilateral relations since it is less complex to reach a consensus between two parties (US-Commission) than among seventeen (US-Commission and 15 EU countries). Nonetheless, in practice some problems arise when the means to meet these goals differ and when the EU is not able to reach a common position.<sup>39</sup> In addition, NTA has an obvious weakness because it does not include two important areas of the bilateral agenda: monetary and security issues.

Monetary aspects of the relationship have fallen to the way side because the U.S. prefers to deal with them under the G-7 agenda, yet it should reconsider this position because of the strong bilateral trade relations. Even though the euro currency has gradually been devalued, there is still uncertainty about the future trends on monetary issues. Nonetheless, the euro calmed down financial speculations during the Asian crisis and it is expected to be a primary reserve currency in the future and a key player in addressing global financial problems. Security issues, on the other hand, are still delicate and undefined areas, addressed in the NTA only for cooperation to fight terrorism and international crime.

Aside from the governmental initiatives to improve the bilateral relation, there is a driving force to boost bilateral communication through the Transatlantic Business Dialogue (TABD), in which a business-driven vision of transatlantic commerce can be developed and specific recommendations for removing barriers devised. In addition, the TABD has played a crucial role in completing the Customs Cooperation and Mutual Administrative Assistance Agreement and an Anti-Bribery Agreement. Thus, the TABD has become a relevant actor in the mutual relation as Franklin Vergo points out: "No other forum has risen so rapidly to become as affective as the TABD. It has become the single most important channel through which business can influence the bilateral trade and commercial agenda of the U.S. Government and the European Commission".<sup>40</sup> To some extent, the TABD showcases the communication between transnational groups as part of the networks of the pluralistic security community.

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<sup>37</sup> Desmond Dinan, Ever Closer Union. An Introduction to European Integration (Boulder: Lynne Rienner), pp. 540-541.

<sup>38</sup> Christopher Piening, Global Europe. The European Union in World Affairs, (Boulder: Lynne Rienner, 1997), pp. 108-112.

<sup>39</sup> Roy H. Laurent, "U.S. Relations: The Commercial, Political, and Security Dimensions," in The State of the European Union, Vol. 4: Deepening and Widening, Pierre-Henri Laurent (Boulder, Lynne Rienner, 1998), p. 309.

<sup>40</sup> Quoted by Robert D. Blackwill and Kristin Archick, US-European Economic Relations and World Trade (New York: Council of Foreign Relations, April 15, 1998). (<http://www.cc.columbia.edu/sec/dlc/ciao/conf/blr01/blr01.html>)

## **Economic Dynamic: There is not a Lonely Superpower**

The U.S.-EU trade relations draw the attention of scholars from both sides of the Atlantic Ocean due to the magnitude of bilateral exchanges as well as several turbulent current disputes. When the transatlantic trade relationship is evaluated considering exclusively press news, the outcome may be sort of pessimistic. The press does not always report good news or normal economic performances. Fortunately, if the bilateral trade issues were quantitatively assessed, the result would show that disputes should not be overestimated, since they represent a very small share of the transatlantic trade, less than 2 per cent.<sup>41</sup>

Trade is a key ingredient in international relations because societies interact and develop links not only in terms of merchandise, but also through culture and customs. The United States and the EU share the basic premises of the relevance of trade and the best indicator of this is represented in the 500 billion dollars in annual trade between both parties. Thus, considering the magnitude of normal and day-to-day trade exchanges and the scale of commercial disputes, it could be assumed that trade has strengthened the transatlantic economic regime, which is mostly stable.

Within this framework of stable mutual commercial exchanges, the bilateral relationship has undergone several transformations during the five decades of the European integration process. Particularly, there is a constant distribution and creation of economic capabilities on both sides of the Atlantic. Featherstone and Ginsberg identify three periods in the U.S.-EU economic relationship since 1945.<sup>42</sup> The first is from the aftermath of World War II to the mid-1960s and is characterized by U.S. economic dominance and the steady recovery of European economies. The second includes the period from 1966 to 1986, when the U.S. experienced a relative economic decline in comparison with the ascent of Europe, Japan, and other Asian economies. During this period, the United States became the world's largest debtor, enhanced protectionist practices (Section 301 of the U.S. Trading Act), and was less tolerant towards the EC trade restrictions. The third period began in 1986 with a relative economic balance between the U.S. and the EU. Two major events characterize this period: the end of the Uruguay Round of negotiations and the launch of the Single European Act. Whereas the former represented a mutual commitment to open markets through multilateral mechanisms, the latter was the firm objective of the EC to reach the internal market by 1992.<sup>43</sup> Thus, at the beginning of the 1990s the transatlantic trade relationship involved two actors with similar economic capabilities: the United States and the European Union.

In addition to the structural changes in both economies, the institutional architecture of the EU provides the European Commission the instruments to represent the fifteen countries on trade issues. In comparison with other aspects of the European integration, trade is one of the areas in which the EU talks with a single voice. Despite the fact that trade in services or trade-related aspects are still national competencies, the

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<sup>41</sup> Pascal Lamy, "Trade Commissioner, Pascal Lamy, addresses Trans-Atlantic Business Dialogue (TABD)", Brussels, May 23, 2000 ([http://europa.eu.int/comm/trade/speeches\\_articles/spla21\\_en.htm](http://europa.eu.int/comm/trade/speeches_articles/spla21_en.htm))

<sup>42</sup> Kevin Featherstone and Roy Ginsberg, The United States and the European Union in the 1990's: Partners in Transition (New York: St. Martin's Press, 1993).

<sup>43</sup> Mark A. Pollack and Gregory C. Shaffer, "Transatlantic Governance in Historical and Theoretical Perspective," in Transatlantic Governance in the Global Economy, ed. Mark A. Pollack and Gregory C. Shaffer (Boulder: Rowman & Littlefield Publishers, Inc., 2001), pp. 7-17.

Commission's competence to negotiate and conclude international trade agreements provides the EU with a stronger voice and more articulated performances when a position with regard to international trade issues has to be taken. Thus, both increasing structural economic capabilities and institutional developments make the EU a strong partner in the transatlantic relationship.

In analyzing the bilateral trade dynamics, at least five main characteristics can be identified. The first is that this trade relationship emerges from the premise that both actors have intense economic exchanges resulting from their high production capacity. In terms of world trade, 38% in merchandise and 42% in services is exchanged between the EU and the United States.<sup>44</sup> Thus, taking into account the large bilateral trade dimension, the emergence of disagreements and frictions are to be expected.

Derived from the preceding paragraph, the second feature is related to the dichotomy between disputes and arrangements on trade relations. Not only are trade disputes characteristic of commercial relations, but also their resolutions. Despite the fact that some trade disputes have convoluted negotiations (bananas, genetically modified organism or foreign sales tax corporation), there is an ongoing process for overcoming disputes in the U.S.-EU relationship. Sooner or later, trade disputes will be solved in a satisfactory or unsatisfactory way and new disputes will emerge. The umbrella of the international trade regime, assured by bilateral and multilateral (WTO) mechanisms, is vital to keeping a degree of order and mutual confidence in the transatlantic relationship.

The third characteristic is that any dispute between the EU and the U.S. has a direct impact on international trade as a whole. To a great extent, the performance of both parties in the current and coming disputes on tariffs, quotas, extraterritoriality of laws, regulatory issues, and information revolution,<sup>45</sup> exert pressure on the international trade system because of the economic power concentrated in the transatlantic area and the magnitude of mutual trade exchanges. In fact, the beginning and conclusion of international trade rounds within the WTO are mostly determined by the agreement between the two trade partners. This assumption can be clearly corroborated by the role played by the United States and to a lesser extent the EU in the processes of the accession of China to WTO, the launch of the Doha Round in 2001 or the probable upcoming negotiations to accept Russia in the WTO.

As a fourth point it might be said that although mutual trade is highly significant, both parties are also competitors in the international trade arena. For the United States, the relations with NAFTA countries and the Pacific Rim remain very relevant, whereas for the EU trade with its central and eastern neighbors has become a priority over the past decade. Thus, there is a twofold process in this relation. On one hand, both parties have fostered and institutionalized (WTO and NTA) their mutual relations throughout the 1990s. On the other, they are competitors in establishing free trade agreements or any other sort of arrangements for opening new markets, especially in Asia and Latin America. This regional strife can be observed in the initiatives of both parties in those regions: EU-MERCOSUR, EU-Mexico or EU-China relations, on one

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<sup>44</sup>European Commission, "Bilateral Trade Relations. USA", April 2000. (<http://www.europa.eu.int/comm/trade/bilateral/usa/usa.htm>)

<sup>45</sup> Dinan, Chapter 18.



side, and NAFTA as well as the Free Trade Agreement of the Americas, on the other, are examples of this tendency.

Finally, as a fifth point, it could be said that the development of mutual consultation bodies at different levels has had an important effect on preventing or solving some trade problems without resorting to the WTO. The intergovernmental level (heads of governments) is supplemented by transnational contacts (officials and competition authorities) as well as transnational private cooperation (Transatlantic Business Dialogue).<sup>46</sup> Recently, at the governmental level, both parties agreed to replace “Megaphone Diplomacy” by “Telephone Diplomacy” in order to settle all trade disputes on a case-by-case basis under WTO rules,<sup>47</sup> avoiding the contamination of the trade agenda as a whole. Although this could sound rhetorical, at least in the official speech it seems that there is a good will to bilaterally solve trade differences.

Although there is a pending agenda to enhance the transparency and reform of the WTO dispute settlement procedures, so far the WTO establishes the commitments and obligations to be respected in international trade, and constitutes an improvement in comparison with the GATT scheme. With the crucial participation of the United States and the EU, the transformation of the GATT into the WTO reflects a gradual transformation of the traditionally “power-oriented” international trade relations into “rule-oriented” policies under international organizations, namely, the WTO. To some extent, the “rule-oriented” approach enhances predictability and legal security, limiting the risk of abuse of power characteristic of the “power-oriented” perspective.<sup>48</sup> Thus, the Dispute Settlements Body establishes panels for solving disputes, which may arise among the WTO members, and diminishes and punishes unilateral actions.

The best example of the shift from the “power-” to “rule-” oriented approach in international trade is the creation of the WTO, which has been requested to solve disputes on more occasions than its predecessor, the GATT. Petersmann states that since the time the EC Treaty became effective in 1958 until 1980, “the EC initiated only four dispute settlement proceedings under GATT Article XXIII as a complainant (three against the United States) but was a respondent in fourteen Article XXIII GATT dispute settlement proceedings (five of which were initiated by the United States)”.<sup>49</sup> Consistent with the transformations of the economic role of both the United States and the EU in international trade relations, unilateral foreign barriers challenged the economic system more frequently, and the percentage of total GATT cases in which the EC was a complainant doubled in the 1980s. Interestingly, the U.S. used Section 301 less against the EC than in the case of Japan and the Asian economies.<sup>50</sup> After a period of mutual complaints, in 1992 the reform of the Common Agricultural Policy (a never-ending nightmare for trade specialists) made possible the Blair House Agreement, which

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<sup>46</sup> Ernst-Ulrich Petersmann, “Dispute Prevention and Dispute Settlement in the EU-US Transatlantic Partnership,” in *Transatlantic Governance in the Global Economy*, eds. Mark A. Pollack and Gregory C. Shaffer (Boulder: Rowman & Littlefield Publishers, Inc., 2001) p. 73.

<sup>47</sup> “Press Conference by William Clinton, Antonio Guterres, and Romano Prodi,” Lisbon, Portugal, May 31st., 2000 (<http://www.useu.be/SUMMIT/confo0500.html>)

<sup>48</sup> Ernst-Ulrich Petersmann, “The Dispute Settlement System of the World Trade Organization and the Evolution of the GATT Dispute Settlement System since 1945,” *Common Market Law Review* 31 (1994), p. 1161.

<sup>49</sup> Petersmann, “Dispute Prevention and Dispute Settlement in the EU-US Transatlantic Partnership”, p. 75.

<sup>50</sup> Pollack and Shaffer, “Transatlantic Governance in Historical and Theoretical Perspective”, pp. 10-17.

provided for gradual reduction and limitation of agricultural subsidies.<sup>51</sup> In the medium term, this agreement facilitated the way to the creation of the WTO in 1995. In comparison to the GATT, in the period 1995-2000 the WTO has established 24 panels in which the EU is a complainant and 11 in which it is defendant.<sup>52</sup>

Derived from the intense trade relationship, the scope of frictions, issues and cases is broad and complex. In order to have an initial image of the trade disputes, at least two classifications can be made. The first is elaborated with reference to the WTO: many of the trade conflicts have been submitted before the WTO (issues concerning bananas, beef hormone and taxes on U.S. corporations), others maintain a low to medium profile (Helms-Burton Act, D'Amato Act and Airbus), whereas others are taking some shape (Carousel Law). The second classification is based on the nature of the conflicts and can be divided into trade disputes in a non-tariff-cultural area (data protection, food safety and quality, aircraft noise hushkits) and in a classical commercial one (banana, FSC).

The attempt to analyze the whole trade dispute transatlantic agenda goes beyond the aims of this paper. Each case is relevant by itself and would include among others: Section 110 (5) of the U.S. Copyright Act; Section 211 Omnibus Appropriation Act; Section 306 of the U.S. Trade Act of 1974, and Continued Dumping and Subsidy Offset Act of 2000. However, due to the high profile of the issue involved, the number of actors affected or amount of the retaliations allowed, a selection of cases may illustrate the current trade disputes in the transatlantic relationship: bananas, steel, foreign sales corporation, and genetically modified crops.

In some cases, both parties follow a similar pattern when a dispute arises. Once the interest groups or the sector affected exerts pressure on a government, that party interprets the WTO regulations according to its own interests, and appeals to public opinion that its unilateral actions are supported by the legality of international trade. Subsequently, if the confrontation is not solved bilaterally, the WTO rules inconsistency of one of the parties. At that point, the party affected by the WTO's decision usually postpones or insufficiently modifies the domestic regulations to restore the normalcy of the trade system in the specific issue. However, each case has its own particular development.

The banana conflict is one of the most quoted cases in the literature on transatlantic relations. The banana divergence emerged as a result of the EU's system of quotas for banana imports established on July 1, 1993. The EU import regime gave preference to bananas from ACP countries under the Lome Convention, affecting U.S. multinationals (Dole and Chiquita), which have banana operations in Latin America. Under the rules of the GATT, the United States won two judgments, "but because that institution could not enforce its rulings, the EU was able to ignore them".<sup>53</sup> The U.S., jointly with Ecuador, Guatemala, Panama, Honduras, and Mexico requested the establishment of a WTO dispute settlement panel. In April 1999, the WTO panel ruled that the EU's banana regime continued to be inconsistent with WTO rules, and compensation in the amount of \$191.4 million was awarded in favor of the U.S. for lost

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<sup>51</sup> Dinan, p. 538.

<sup>52</sup> European Commission, *Dispute settlement: A cornerstone of the WTO*, Brussels, October 2001.

<sup>53</sup> Terrence R. Guay, *The United States and the European Union. The Political Economy of a Relationship* (England: Sheffield Academic Press, 1999), p. 77.

banana sales. Thus, the U.S. imposed tariffs equivalent to the same amount, which affected imports from Europe of Scottish cashmere sweaters, Italian hams, and pecorino cheese, among others commodities.<sup>54</sup>

Under the Bush Administration, another case has been in the headlines. Although there was some evidence of probable divergences on the steel sector at the beginning of the new century, this issue became a trade dispute in the bilateral relationship in 2002. Pascal Lamy has reminded that during the 1990s European steel sector restructuring was not based on direct intervention but instead on a package of measures to encourage capacity reductions. The result was that in the period 1992-1996 this sector underwent a sharp reduction in volume, limited government intervention, and kept the market open.<sup>55</sup> On the other hand, the U.S. steel firms faced difficulties during the 1990s, and they decided to postpone a reform in the “European style”. Thus, by the end of 2001 the International Trade Commission recommended to President Bush to impose tariffs on foreign steel. The President raised safeguard tariffs up to 30% on March 20, 2002, which were not applied to Mexico and Canada, both NAFTA members. From the European perspective, President Bush’s decision is making others pay for American steel sector reform. In order to prevent a flood of steel imports being diverted into the European market as a result of President’s Bush decision, the EU established quotas with regard to 2001 import levels within which steel imports will be treated as normal, and beyond those limits imports will be subject to additional tariffs of 14.9 – 26 percent. With regard to the United States, the EU considered imposing tariffs on a list of export products coming from sensitive electoral districts to President Bush, from textiles (affecting North Carolina) to Tropicana orange juice (hurting Florida).<sup>56</sup> This probable retaliation reflects a better understanding by the EU of the complex decision making process in the United States as well as the best and most effective way to exert pressure on key areas of the American political system. At the same time, it showcases that domestic politics are not constrained at the border anymore.

The U.S. export subsidies under the U.S. Foreign Sales Corporation Replacement Act is one of the top issues on the bilateral dispute agenda. This topic is particularly relevant due to both the calculated amount of damages that reaches around \$4 billion, and the modification in the domestic tax system of the United States on this issue demanded by the WTO. This scheme provides for an exemption from the general rules established in the U.S. Internal Revenue Code, which results in substantial savings to U.S. companies. This mechanism allows hundreds of U.S. companies, including Boeing, Microsoft, Eastman Kodak, Cisco, Motorola, General Motors, and about 7,000 other firms doing business overseas to save billions of dollars each year.<sup>57</sup> It is estimated that in 1999, some U.S. companies using legally sanctioned offshore tax heavens like the Virgin Islands, Barbados and Guam saved 4.5 billion dollars.<sup>58</sup> This estimated damage is considered as one of the highest in the short life of the WTO since

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<sup>54</sup> Charles E. Hanrahan, “RS20130: The U.S-European Union Banana Dispute”, CRS Issue Brief for Congress, (Washington, D.C: The Committee for the National Institute for the Environment, April 8, 1999).

<sup>55</sup> Pascal Lamy, “US Steel: A Warning about Perverse Signals”, Speech to the UK Steel Association Annual Forum, (London, 13 September 2001).

<sup>56</sup> “Trade Disputes. Dangerous Activities”, The Economist, May 9th 2002.

<sup>57</sup> Barry James, “U.S. and EU Seek to Cool Trade Fires After Ruling”, International Herald Tribune, January 16, 2002.

<sup>58</sup> “US-European Union Dispute is Growing”, The New York Times, May 30, 2000, (<http://www.nytimes.com/yr/mo/day/news/financial/eu-tax-dispute.html>)

this quantity "is a sum almost 10 times greater the trade impact of banana, beef hormone, and aircraft hushkit disputes combined".<sup>59</sup> On January 14, 2002, the WTO confirmed that the FSC Replacement Act was incompatible with the WTO.<sup>60</sup>

Genetically modified (GM) food has arisen as one of the most complex dispute areas in the U.S.-EU relationship because it involves differences that go beyond strictly economic matters. The treatment of GM foods reflects "broader differences in regulatory cultures and safety laws on either side of the Atlantic"<sup>61</sup> as well as different food cultures. The U.S. food safety laws are organized around scientific methods of risk assessment by independent regulatory agencies, such as the Food and Drug Administration. In the case of the EU, the participation of different levels of governance in the policy making frequently produces delays and contradictions in their performances. National governments often take into account social factors as well as scientific assessments in making the food regulation. At the community level, the EU regulation in this area is relatively recent because it was not until January 2000 when the Commission proposed both the adoption of more than 80 new measures to integrate the food regulation of products and the creation of a European Food Authority.

In the same area of modified food, the export of U.S hormone-treated beef to Europe has been a major trade dispute. In 1995, the United States took legal action against the EU before the WTO, arguing that the EU's ban on U.S. hormone-treated beef was inconsistent with the 1994 WTO Agreement on the Application of Sanitary and Phytosanitary Measures.<sup>62</sup> The WTO agreed with the United States that the EU's ban constituted a disguised barrier to international trade. The United States retaliated on May 17, 1999, with tariffs of \$116.8 million against specific EU products such as foie de gras, Roquefort cheese, and Dijon mustard. However, the situation worsened in 1999 when U.S. beef imports claiming to be hormone-free were found to contain hormones.<sup>63</sup>

With regard to GM crops, Pollack and Shaffer consider that by 1999, about 57% of soybeans, 50% of cotton, and 50% of corn grown in the United States was from GM seeds. Despite the increasing role of these products, and unlike the meat hormone disputes, the United States has avoided bringing a WTO claim over the EU restrictions on GM products basically due to for four reasons: a) U.S. recognition of European consumer opinion and the potential of a populist backlash, b) spillover effects of EU policy in the United States, c) fallout of the anti-WTO Seattle demonstrations, and d) the January 2000 Biosafety Protocol.<sup>64</sup>

The unilateral extraterritoriality of laws is a major risk to the multilateral trade system. It represents the imposition of one perspective as well as non-recognition of

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<sup>59</sup> Guerter Burghardt, "Prospects for US-US Trade Relations", Conference at Duke University, February 15, 2001.

<sup>60</sup> European Commission, "EU Welcomes Definitive Confirmation that Export Subsidies (Foreign Sales Corporations) are Illegal, and Calls on US to comply with WTO Findings", Press Release, January 14, 2002.

<sup>61</sup> Mark A. Pollack and Gregory C. Shaffer, "Biotechnology: The Next Transatlantic Trade War," The Washington Quarterly 23:4 (Autumn 2000), p.42.

<sup>62</sup> The SPS Agreements "promotes the adoption of international standards as well as establishes trade values that limit the ability of states to adopt food safety regulations that are not scientifically grounded. The terms of the SPS Agreements are, moreover, enforceable under the WTO dispute settlements system". Ibid, p. 46.

<sup>63</sup> Terrence R. Guay, p. 77.

<sup>64</sup> Mark A. Pollack and Gregory C. Shaffer, "Biotechnology: The Next Transatlantic Trade War," p.41.

other trade partners in the international arena. Supported by its hegemonic role in international affairs, the United States has tried to use the extraterritoriality of laws, but has been unsuccessful. During the 1980s, the Reagan Administration tried to impose sanctions on European firms participating in the construction of a then-Soviet gas pipeline to Europe. In 1996, the U.S. Congress passed the Cuban Liberty and Democratic Solidarity Act (known as Helms-Burton) and the Iran and Libya Act (known as the D'Amato Act), which clearly represent the use of trade as a means to achieve political objectives. Both acts require the U.S. to impose sanctions on foreign investors in Cuba and the Iranian and Libyan energy industries, respectively. However, the EU has consistently opposed the extraterritorial nature of laws, and exerted pressures on the United States to reconsider its unilateralist position. After several rounds of negotiations, the EU has held back from asking the WTO to rule on this issue, while the U.S. administration has waived the application of sanctions to European companies.<sup>65</sup> Despite their evident effectiveness, unilateral sanctions against such popular targets as Iran, Libya and Cuba offered a seemingly low-cost way to express moral disapproval and, for the Congress, to assert control over foreign policy. In both cases, Europeans objected to what they termed extraterritorial measures that sought to impose not only U.S. moral standards but explicit U.S. policy decisions on others.<sup>66</sup>

Trade is highly linked to investment. The main tendencies of trade were described above, highlighting the fact that trade disputes constitute a low percentage of bilateral exchanges. Foreign Direct Investment presents fewer difficulties than the trade sector. At least more than 7 million jobs in both economies depend directly on mutual investments as each other's largest trading partners.<sup>67</sup>

The growing role of Asian and Latin American markets has modified some of the U.S. and EU's trade strategies. Nonetheless, the EU continues to be in a prominent position in terms of trade and FDI. For instance, in 1998, EU companies accounted for \$482 billion, approximately 59% of FDI in the U.S., while about 44% of total American FDI was in the EU member states (\$434 billion). In comparison, Asian firms accounted for only 21% of FDI in the U.S., and only 18% of U.S. FDI was invested in Asia.<sup>68</sup>

According to Alberta Sbragia, "the investment relationship between the United States and Europe remained the most important in the world".<sup>69</sup> U.S. FDI in Europe grew 200% from 1972 to 1985; U.S. firms have managed to create consortia with their European counterparts; as a result, more than 2,600,000 jobs depend on U.S. firms. On the other hand, European investment in the U.S. grew at a rapid pace towards the end of the 1980s and Japanese investment is far surpassed by the EU when taken as a whole. The end-result of such cross-regional mutual investments is that a more symmetrical relationship in this issue exists.<sup>70</sup> The EU is the first foreign investor in 38 U.S. states and the second in Alabama, Alaska, Arizona, Arkansas, and the third in eighth states

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<sup>65</sup> Terrence R. Guay, p. 79.

<sup>66</sup> Joaquín Roy, Cuba, the United States, and the Helms-Burton Doctrine. Jacksonville: University Press of Florida, 2000.

<sup>67</sup> Pascal Lamy, "US-EU Relations-Bilateral and Multilateral Issues", Conference to the European American Business Council, Washington, D.C., 14 October 1999.

<sup>68</sup> Robert D. Blackwill and Kristin Archick, pp. 2-4; see also Terrence R. Guay, p. 82.

<sup>69</sup> Alberta Sbragia, "The Transatlantic Relationship: A Case of Deepening and Broadening", in Pierre-Henri Laurent, et al., p. 153.

<sup>70</sup> *Ibid*, pp. 151-156.

(Hawaii, Kentucky, Maine, Nevada, North Dakota, Oregon, South Dakota, and Vermont).<sup>71</sup>

Similarly to trade, the flows of FDI have undergone changes since the end of World War II. The flow of transatlantic investment is no longer a one-way street as in the 1950s or 1960s. Thus, between 1977 and 1984, total FDI in the United States grew almost fivefold (from \$34.6 billion to \$156.6) with European firms in the lead.<sup>72</sup> Basically, the United States has faced an economic multipolarity since the seventies, and the case of FDI is not the exception. The U.S. raised its interest rates to finance its burgeoning deficit, which drew in massive amounts of foreign capital. In other words, since the 1970s, the U.S. became more dependent on foreign economic exchange than ever before in its recent history.

Despite those relative vulnerabilities in the U.S. economy, mutual investments continue to have high dynamism in the transatlantic economic relationship. Investments assure agreements on trade issues, and in consequence, diminish disputes. Mark A. Pollack and Gregory C. Shaffer assert “As firms increasingly ‘transatlanticize’ their production activities, the prospects for transatlantic coordination and harmonization rise. Already, trade disputes are rare in sectors in which dominant corporations have significant investments on each side of the Atlantic, such as the chemical and pharmaceutical sectors.”<sup>73</sup>

The capabilities of the United States and the European Union have changed since the end of WWII. Nowadays, when the transatlantic relationship is analyzed, both actors come to the front to defend their economic interest and the outcome seems balanced. However, as will be described in the following section, the capabilities in terms of security tell us a different story.

### **The Assessment of Security Issues**

The security architecture in Europe is quite complex in view of a broader concept of security that has demanded coordinated actions from several regional organizations. More than ten years after the end of the Cold War, there is an inter-institutional dialogue among EU, NATO, the Western European Union (WEU) and the Organization of Security and Cooperation in Europe (OSCE). These organizations are nowadays connected by different channels: the WEU links the EU and NATO through the Petersburg Tasks; the Stability Pact, initiated and run by the EU, has been turned over to the OSCE for review and implementation; NATO’s Euroatlantic Partnership for Peace Program aims at improving the capabilities of states in undergoing military transformation within the OSCE space. In consequence, a new inter-institutional security framework has emerged in Europe, providing norms and rules for the transatlantic security community.

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<sup>71</sup> European Commission Delegation to the United States, European Union and the 50 US States: Economic Cooperation Across the Atlantic, Washington, December 2001 (<http://eurunion.org/partner/usstates/usstates.htm>)

<sup>72</sup> Mark A. Pollack and Gregory C. Shaffer, “Transatlantic Governance in Historical and Theoretical Perspective,” p. 11-12.

<sup>73</sup> *Ibid*, p. 14.

However, not all four regional organizations are relevant at the same level. Basically, both NATO and the EU are the most important. With the countries of the former Soviet bloc and Russia lining up to become members of the two most demanding Western institutions – the European Union and NATO – there finally appears to be a prospect of a “Europe whole and free.” These developments have even led to speculations about the emergence of single security community on the continent, although its parameters and institutional dimensions remain unclear. While NATO the main political and security organization on the continent - expanded eastward, the European Union is also taking steps toward the Europeanization of security arrangements on the continent.

While NATO secures the United States’ commitment and influence on the defense of Western Europe, the power relationship between the transatlantic allies within the alliance is unbalanced. In fact, only after more than a month of fighting in the aftermath of the September 11<sup>th</sup> attacks, did the White House accept the allies’ offers of thousands of combat and support troops, and then only in limited members outside NATO’s chain of command. Thus, “the alliance’s formal participation is limited to the deployment of a handful of Airborne Warning and Control System (AWACS) aircraft in the United States, and modest naval assets in the Middle East.... At the same time, Washington made clear that the counter terrorist campaign would be led by the United States, not NATO”.<sup>74</sup>

At the core of the debate, the geopolitical and geostrategic context of Europe has different connotations and interpretations for European and U.S. scholars. After Maastricht, and especially in consideration of the Balkan wars during the 1990s, a perception of growing urgency has arisen in the transatlantic area captured in the view that "the entirety of the security relationship between Europe and North America must be rethought".<sup>75</sup> Pressures and demands about security issues, as well as strategic thinking are very different between Atlanticists and Europeanists. This is simply inevitable. A dominant trend in the U.S. perceives Europe in a geo-strategic perspective. For them, Europe is not an independent entity, but a component of a more complex definition: Eurasia, and for a strategist like Brzezinski, "the chief political prize".<sup>76</sup> For European scholars, the German-French alliance should move forward to a future geopolitics within such a space. In view of the post-Cold War realities, supporters of the alliance – the “Atlanticist” countries – opposed the formation of close links between the EU and the WEU. The “Europeanist” states, on the other hand, advocated the creation of European defense organization that would seek to neutralize a possible diminished role of the U.S. and possibly strengthen the alliance. The Treaty on the European Union accommodated both sides by allowing for possible common foreign policy, which would lead to common defense, strengthening the European pillar of the alliance.<sup>77</sup>

Even though the CFSP is still under construction, at present time the High Representative for the CFSP, Javier Solana, is working on the European Union's

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<sup>74</sup> Tomas Valasek, p. 19.

<sup>75</sup> Philip H. Gordon, NATO's Transformation: The Changing Shape of the Atlantic Alliance (Boulder: Rowman & Littlefield Publishers, 1997), p. 46.

<sup>76</sup> Zbigniew Brzezinski, The Great Chessboard: American Primacy and its Geostrategic Imperatives (New York: Basic Books, 1997).

<sup>77</sup> Desmond Dinan, Ever Closer Union: An Introduction to European Integration (Boulder and London: Lynne Rienner, Inc, 1999), pp. 515-6.

Defense Plan. The aim of Mr. Solana's work is to "build up a capacity for autonomous action, backed up by credible military forces in future regional crises like those in Kosovo and Bosnia, even if their biggest NATO ally, the United States, decided to stay out".<sup>78</sup> To some extent, the European Security and Defense Identity has moved some steps forward and there is a specific goal of creating a rapid reaction force of 60,000 soldiers by 2003, as was decided in Cologne and Helsinki.

While the EU is developing military capabilities, the U.S. has complained about the low European spending on the military.<sup>79</sup> Currently, the United States spends more than twice as much on its military as all other NATO allies combined (\$343.2 billion in the fiscal year 2002 vs. roughly \$170 billion for the allies, and which is more than Britain or France spends in a year).<sup>80</sup> Moreover, after September 11<sup>th</sup>, it is likely that the military expenditures gap will increase, considering that the Bush Administration has provided an extra \$48 billion on defense, in addition to America's \$331 billion defense budget. Aside from the national military budgets gap, new European investments are not focused on the most important areas. "The US budget is also divided among a handful of producers overseen by the Defense Department, whereas much of the spending by the rest of the NATO allies is lost in redundancies inherent in arming and operating 18 separate military forces".<sup>81</sup> In the American perspective, according to The Economist, the recent decision of the EU to invest 3.3 billion euros (\$3 billion) in the satellite system Galileo, "deliberately and needlessly duplicates America's Global Positioning System".<sup>82</sup>

On the other hand, the decision making process in the EU sometimes hampers concrete actions. For instance, in order to carry out the commitments on Kosovo, the EU delayed for months the release of \$759 million that it originally promised.<sup>83</sup> The delay is part of the institutional problems of the EU, since many actions of the EU have to be approved by different institutional bodies (European Council, Commission and European Parliament), which tends to be a lengthy process. In order to avoid more delays in the EU's performance in this kind of international commitments, Chris Patten, Commissioner for External Relations, intends to create a "Rapid Reaction Facility" to mobilize financial and other resources within hours or days rather than weeks or months.

The defense developments of the EU are part of the analysis of U.S. strategists. At least in official speeches, there is a sort of *schizophrenia*<sup>84</sup> about the role of Europe

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<sup>78</sup> Craig R. Whitney. "American Alarmed Over European Union's Defense Plan", The New York Times, October 11, 1999.

<sup>79</sup> According to Wesley Clark, "...all member nations must protect their military competence from continuing cuts in structures and budgets. The peace dividend has been granted. Defense spending is at historic lows and is continuing to decline in many capitals". Wesley Clark, "Meeting Future Military Challenges to NATO", Joint Force Quarterly (Spring 1999), p. 46.

<sup>80</sup> Tomas Valasek, "The Fight Against Terrorism: Where's NATO?", World Policy Journal (Winter 2001/2002), p. 21.

<sup>81</sup> Ibid.

<sup>82</sup> "A moment of truth", The Economist, May 2, 2002.

<sup>83</sup> Andres Ortega, "Cohen pide a Europa que gaste mas en defensa y no divida a la OTAN", El País, October 6, 2000.

<sup>84</sup> See Guenter Burghardt, "European Security: Past, Present and Future", Conference at the Friedrich Ebert Stiftung Seminar, Washington D.C., 15 March 2000. In this speech, Guenter Burghardt quotes Lord Robertson, Secretary General of NATO, who stated: "The US suffers from a sort of schizophrenia. On the one hand, the Americans say, 'You Europeans have got to carry more of the burden'. And then the



on security, supporting such advancements in principle, but in a wary fashion in order to preserve the stability in Europe on its own terms. After several adjustments provoked by the September 11<sup>th</sup> attacks, experts on the relations with Europe have warned President Bush to continue the strategy followed by the Clinton Administration, in which the support for a peaceful Europe, undivided and democratic as a whole (EU, NATO, Russia and the Balkans simultaneously) was promoted in order to have Europe as a strong partner in the U.S. global agenda.<sup>85</sup>

The Common Foreign and Security Policy is seen as a positive development by the United States - "providing, as it were, the State Department with a single number to call in Europe"<sup>86</sup> - despite two perceived dangers: "the common policy could be *too effective*: it could have a high 'common denominator' and might diverge from US objectives, thereby making them harder to achieve," or it "might be *not effective enough*: it could further diminish the coherence and speed of Europe's actions on the world stage."<sup>87</sup> More specifically, the CFSP may become sufficiently binding on the member states to damage the bilateral channels with the individual countries through which the U.S. prefers to conduct its foreign and security policies. The threat to the U.S. posed by the CFSP becoming too effective, however, remains largely theoretical at this point. The second pillar of the EU is still in its infancy and for many in the United States it simply lacks credibility due not only to its inability to formulate high profile security policies but also because of its modest resources, lack of organizational identity, and inability to present a common face in Washington.

The support for the creation of a unified European defense force remains contingent on it operating as a complementary mechanism to the central role of NATO in transatlantic defense cooperation. In 1994, NATO endorsed the establishment of a Combined Joint Task Force to be made available to the alliance's European members for operations outside the NATO area in which the U.S. chose not to participate. "Separable but not separate" forces would give NATO a flexibility it did not possess before and would also head off any effort by the French to turn the Western European Union into a competitor to NATO in the European security environment.<sup>88</sup>

At this point, the question was how to bring together NATO and the European defense initiatives. In order "to sell" the idea of ESDI to Congress, the Clinton Administration avoided any suggestion that the Europeans could be able to act without U.S. help or leadership; from a more practical point of view, the U.S. could scarcely imagine security crises that would not involve NATO and the United States. Thus, the U.S. position combined an attempt to accommodate the European endeavor, while keeping NATO intact – and the U.S. in a leadership position in the continent's

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Europeans say, 'OK, we will carry more of the burden', the Americans say, "Well, wait a minute, are you trying to tell us to go home?"

<sup>85</sup> Ivo H. Daalder and James M. Goldgeier, pp. 72-77.

<sup>86</sup> Michael Portillo, "Europe on the Brink: Democratic Values and the Single Currency," The National Interest (Spring, 1998), p. 27.

<sup>87</sup> Anthony Laurence Gardner, A New Era in US-EU Relations? The Clinton Administration and the New Transatlantic Agenda (Brookfield: Ashgate, 1999), p. 24. A similar argument is made in William Wallace and Jan Zielonka, "Misunderstanding Europe" Foreign Policy 77, 6 (1998), pp. 65-79.

<sup>88</sup> James M. Goldgeier, "Not Whether But When", p. 57.

security.<sup>89</sup> These efforts underscored the concern that exists among U.S. foreign policy-makers about possible loss of cohesion within NATO and more difficult decision-making as a result of the U.S. losing its pre-eminent position, which would eventually undermine the transatlantic relationship as a whole.

The official position of the United States has long been one of support for European integration, but in reality American interests in this process have been somewhat ambiguous. The Clinton Administration, although initially ambivalent toward the European integrationist project, eventually came to support its economic dimension, but remained cautious toward its foreign policy pillar. To the extent that European unity promotes peace and security in Europe, creates larger and more open European markets, welcomes trade and American foreign direct investment, and is able to act as a unified and effective foreign policy actor, integration is overwhelmingly in the U.S. interest.<sup>90</sup> Moreover, being the only superpower left, the United States has found that it needs an ally in countering problems other than the traditional security-related ones, including environmental issues and organized crime.<sup>91</sup> Recognizing the need for a strong ally, in the face of the European Union will be a considerable asset in a world of increasing interdependence, the Clinton Administration chose to support European integration, rather than to “divide and rule,” thus “putting Europe first,” a policy, which thus far has been replaced by more realist preoccupations of the Bush Administration. The position of the Bush Administration remains somewhat unclear, with President Bush welcoming the initiative, the Defense Secretary declining to endorse the RRF, and his deputy suggesting that the more positive view of Secretary of State Powell is not the official position of the administration. Thus, the development of ESDP beset with problems, and its final relationship with NATO is far from definite.<sup>92</sup>

In addition to the strengthening of Western European capabilities, the new security challenges for NATO are shifting from Europe’s center to its periphery and beyond. The U.S. remains the dominant security actor in the region and the strategy to be considered involves interdependent European, Middle Eastern, and Euroasian security concerns.<sup>93</sup> Particularly, there is the likelihood that NATO will have a role in further developing the relations with Russia.<sup>94</sup> In the words of Javier Solana, “there can be no security in Europe without a stable Russia,” and the NATO-Russian Founding Act and the Permanent Joint Council have set the stage for cooperation with Russia on issues of proliferation, environmental damages, nuclear safety, and terrorism.<sup>95</sup> According to James Baker, the Partnership for Peace and the NATO-Russia Permanent

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<sup>89</sup> Paul Kornish, *Partnership in Crisis: The US, Europe, and the Fall and Rise of NATO*. (London: The Royal House of International Affairs, 1997), 85-6; Elizabeth Pond, “Coming Together,” *Foreign Affairs* 79, 2 (2000), p. 11.

<sup>90</sup> Philip H. Gordon, “Prospects for European Union and Implications for the United States,” *SAIS Review* 17, 2 (1997), p. 34.

<sup>91</sup> Gardner, pp. 16-17.

<sup>92</sup> David E. Sanger, “Bush Tells Blair He Doesn’t Oppose New Europe,” *The New York Times* 23 Feb 2001. <http://www.nytimes.com>; Simon Tisdall, “Conflict Looms Over Rapid Reaction Force,” *The Guardian* 29 March 2001 <http://www.guardianunlimited.co.uk>.

<sup>93</sup> Ian O. Lesser, *NATO Looks South: New Challenges and New Strategies in the Mediterranean* (Santa Monica: RAND 1999), p. iii.

<sup>94</sup> Joseph S. Nye, Jr., “The US and Europe: Continental Drift?” *International Affairs*. 76.1 (2000): 53-4.

<sup>95</sup> Javier Solana, “NATO in the 21<sup>st</sup> Century: An Agenda for the Washington Summit” *Congressional Digest Quarterly*. 78.4 (1999), p. 105.

Joint Council were designated to ameliorate Russian concerns by creating halfway between full NATO membership and full exclusion from NATO.<sup>96</sup>

On the other hand, the past and future events in Russia are part of the priorities of the EU as well as of the U.S. Russia has been the main source of debate on the enlargement of NATO and on European stability. To some extent, the coordination of the EU and U.S. policies towards Russia is extremely important in order to preserve the stability in the region. In this sense, the EU–U.S. relations towards Russia must be aware of the development of three elements of Russian domestic politics: a) the performance of weak democratic institutions; b) the behavior of “losers” in the transition process, and c) the effects of the ideologies in the building of institutional processes.<sup>97</sup> These elements have a direct impact on Russian foreign policy and, in consequence, on the relations between the EU and the United States.

The Bush Administration has had a twofold strategy with regard to Russia. The first was playing with the unilateralist card. For instance, with regard to the 1972 Anti-Ballistic Missile Treaty, the United States announced its unilateral withdrawal from it in December 2001. This action did not help president Putin’s internal performance. Another unilateral action was the U.S. intention to store, not destroy, its decommissioned warheads. The third action is to enhance the role of Russia inside NATO, allowing Russia to act as an equal partner, but in a very limited number of areas.<sup>98</sup>

Although perhaps it was not originally planned, the second strategy of the Bush Administration has been to cautiously welcome Russia in NATO. This shift in the U.S. position is mostly explained by the cooperative Russian attitude to face the “war” on terrorism after September 11<sup>th</sup>. Thus, on May 28, 2002, the Rome Declaration between Russia and NATO was signed, in which Russia was welcomed as a participant, not a full member, giving Moscow a consultative role in forging NATO strategies on nuclear non-proliferation, crisis management, missile defense and counter-terrorism. Moscow will not be bound by the NATO collective defense pact. Nor will Russia have a veto over NATO decisions or a vote in the expansion of its membership. The new council does not replace the North Atlantic Council, the body in which NATO usually makes its decisions. If no consensus is reached in the new 20-nation council, then NATO’s 19 members reserve the right to withdraw the contentious topic from discussion. The new arrangement between Russia and the alliance replaces a 1997 accord, negotiated during the Clinton Administration, that allowed Russia to participate in discussions with NATO only after all of the alliance’s members had reached agreement on a common position. “Russia complained that the arrangement was a sham, because it made it

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<sup>96</sup> James A. Baker III, “Russia in NATO?”, *The Washington Quarterly*, 25, 1 (Winter 2002), p. 101. Baker states also that “The alliance has at least two implicit and at least five explicit criteria for admission. The first implicit requirement is that the candidate be a member of the Atlantic community – that is to say, the West. The second is that the candidate share important security concerns with the other members. Russia surely qualifies for both... (the five explicit are) 1) an established democracy (with individual liberty and the rule of law), 2) respect for human rights, 3) a market-based economy (with social justice and environmental responsibility), 4) armed forces under civilian control, and 5) good relations with neighboring states (with resolution of internal ethnic disputes)”. Ibid, p. 97.

<sup>97</sup> See Michael McFaul, “A Precarious Peace. Domestic Politics in the Making of Russian Foreign Policy”, *International Security*, 22, 3 (Winter 1997/98).

<sup>98</sup> Megan Twohey, “Some Friend”, *The American Prospect*, May 2002.

appear that Moscow went along with policies it did not agree with and in fact had no voice in shaping”.<sup>99</sup>

Despite its weaknesses, Russia keeps a prominent position in the international arena. Outstandingly after September 11<sup>th</sup>, Russia has drawn the attention of the United States for several reasons, among others: First and most important is nuclear security, encapsulating the threat that terrorists might steal weapons-grade plutonium, or radiological material for a dirty bomb. “Second, Russia is the world’s third-largest oil producer and has the world’s largest gas reserves. It is the country best able to reduce America’s dependence on oil from the Gulf. Third, Russia is needed in the war against al-Qaeda”.<sup>100</sup>

The closer relationship between Russia and the West still has to overcome some obstacles, basically the role of Kaliningrad, a Russian enclave territory between Poland and Lithuania, and a solution in Chechnya. In addition, the enlargement of NATO seems feasible, although the coming NATO meeting in November 2002 has to find a formula to avoid the dispersal of NATO’s security objectives. Some critics consider that “new invitations to Slovenia, Slovakia, perhaps the three Baltic states of Estonia, Latvia and Lithuania, and possibly Bulgaria and Romania, would inevitably dilute the alliance, turning it into more of a security talking shop”.<sup>101</sup>

## **Final Remarks**

From the perspective of the present essay, power has multiple expressions. Despite the fact that military aspects are highly relevant for security, economic and political areas also reflect the capabilities of one or various states to influence the decisions of other states or international processes. The dynamics of international relations shows that there is a continuous distribution of power capabilities, based on the interrelation between international actors (mostly states but institutions as well), and global processes.

If there is a hallmark in the history of Europe during the XX century, it is its capacity to create new alternatives to face deep crises provoked by wars. Despite the fact that the return of intolerance is “blowing the horn” in some European countries of European machinery, there is an overwhelming evidence of actions intended to overcome these problems. The alternative chosen since the 1950s has been integration and the outcome of this process has given Europe a privileged place in the international arena. Nonetheless, as mentioned above, power has multiple expressions and implies not only receiving the profits of the successful economic modernization or keeping political pressure on the American hegemon, but also the responsibility to act in case of the emergence of violence.

When the EU is placed at the core of the analysis, the main concern is to fill out the vacuum left by the inaction of the United States or to constrain the U.S. policies that affect the EU. The reasoning based on blaming the United States is useful for preachers at any speaker’s corner in any public square of any European country, but not for

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<sup>99</sup> David E. Sanger, “NATO Formally Embraces Russia as a Junior Partner”, The New York Times, May 28, 2002.

<sup>100</sup> “Bush’s Russian romance”, The Economist, May 24, 2002.

<sup>101</sup> “A moment of truth”, The Economist, May 2, 2002.

politicians or decision-makers. The EU has proven to be successful when it is able to speak with one voice, developing and deepening the cooperation with the United States. Both the EU and the United States share common premises about how the world should be. However, they frequently differ on the means or strategies. At this point, the EU has been able to constrain U.S. unilateralism based on multilateral approaches, particularly in the economic aspect within the WTO, and, at the same time, those international commitments have constrained also the EU.

However, for good or bad, in terms of security the EU has had a timid response to U.S. unilateralism, which sometimes is due to the European incapacity to act, such as during the Balkan wars. The EU is still reactive and is in its childhood, although there have been important improvements during the last few years within the CFSP. So far, the United States has welcomed (sometimes dubiously) European initiatives and it is Europe's turn to show it is entering into the adolescence of its rising power.

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