

EUROPEAN FOREIGN POLICY SCORECARD 2012



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ABOUT ECFR

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EUROPEAN FOREIGN POLICY SCORECARD 2012

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Foreword

The Compagnia di San Paolo is one of the largest independent foundations in Europe and one of the main private funders of research in the fields of EU affairs and international relations. Over the past few years, the Compagnia has progressively consolidated its profile in these fields, signing strategic partnership agreements with institutions such as the German Marshall Fund of the United States and the Istituto Affari Internazionali. Our overall goal is to foster a truly European debate on the main issues the EU faces and to encourage the emergence of a European political space.

In these fields, the Compagnia is also a founding member of an initiative of regional co-operation, the European Fund for the Balkans, set up with three other European foundations – the Bosch Stiftung, the King Baudouin Foundation and the Erste Stiftung – with the aim of contributing to the improvement of the administration of the countries of the Western Balkans, with a view to their integration in the EU.

It is against this background and as part of the Compagnia's commitment to support research on the European integration process, that we continued the co-operation with the European Council on Foreign Relations on the second edition of the European Foreign Policy Scorecard. We highly appreciate this co-operation with ECFR and we sincerely hope that this project will intensify the dialogue among various European stakeholders – both institutional and from civil society – with the goal of strengthening our understanding of Europe's role as a global player.

Piero Gastaldo
Secretary General
Compagnia di San Paolo

Preface

We are pleased to present the second edition of the European Foreign Policy Scorecard, which assesses Europe's performance in pursuing its interests and promoting its values in the world in 2011. The objectives and basic structure of the Scorecard have not changed. Once again, the assessment is of the collective performance of all European Union actors rather than the action of any particular institution or member state. We focus on policies and results rather than institutional processes – in other words, we are interested above all in how effective Europe was in the world. In particular, we assign two scores (“unity” and “resources”, each graded out of 5) for European policies themselves and a third score (“outcome”, graded out of 10) for results. The sum of these scores translates into letter grades. A full description of the methodology for the Scorecard can be found on ECFR's website at <http://www.ecfr.eu/scorecard/2011>.

However, although we are retaining the same methodology to allow comparisons with last year's performance, we have made two innovations for the second edition of the Scorecard. First, we have added an assessment of European performance in the Middle East and North Africa to the other regional issues in last year's Scorecard and merged the assessments of crisis management and European policy in multilateral institutions.

Second, we have added an exploration of the role played by individual member states on 30 of the 80 components of European foreign policy where they played a particularly significant role. In order to do this, we have, with the help of 27 researchers around the EU, categorised member states in each case as a “leader”, a “slacker” or just a “supporter” of common and constructive policies. Clearly, categorising member states in this way is not an exact science. Like the scores and grades we assign to Europe as a whole, it involves a political judgment in each case. We therefore do not consider it to be definitive. However, at a time when there is a

trend towards the “renationalisation” of European foreign policy (as the authors describe in the introduction), we feel it is important to describe the roles that member states play in the development of common European positions. In some cases, they take initiative, lead by example, or devote disproportionate resources. In other cases, they fail to pull their weight or even block the development of policies that serve the European interest in order to pursue their own narrowly-defined or short-term national interests.

The Scorecard remains a work in progress that we will continue to refine. We therefore look forward to a debate on this second edition in order to improve it when we come to assess European foreign policy performance next year. The aim remains to offer an informed judgment on what works and what doesn't in order to help European citizens to decide for themselves and demand better policies from their leaders. We therefore encourage readers to join the discussion on the ECFR website.

Vaira Vike-Freiberga and Antonio Vitorino
January 2012

Introduction

2011 may come to be seen as a turning point for the European Union. As its leaders failed to reassure the rest of the world about the sustainability of their common currency and the future of the European project, the continent seemed to be losing its agency: where it was once seen as a critical part of the solution to international problems, it has now become a problem to be dealt with by others. In spite of some foreign-policy successes such as Libya and the deal on climate change in Durban, the euro crisis seriously constrained Europe's ability to react to the revolutions in the Middle East and North Africa – arguably the most important geopolitical event in its neighbourhood since the fall of the Berlin Wall. In the introduction to last year's Scorecard, we wrote that Europe was distracted by the crisis. This year, Europe was diminished by it. It remains to be seen whether 2011 will turn out to be a decisive moment in the long-term decline of the EU or the beginning of a fight back.

From solution to problem

In 2011, the euro crisis began to threaten not only Europe itself but also the entire global economy. European leaders repeatedly failed to take the decisive action necessary to reassure the markets that it was committed to the single currency. While it became clear that Germany – the largest and most important member state in the eurozone – wanted to prevent a collapse of the euro, it remained opposed to what it perceived as a “transfer union” and, fearing moral hazard, opposed the idea of Eurobonds and that of the ECB as a lender of last resort. As contagion moved from the periphery to the centre, economists around the world began to discuss not just whether the euro would survive but how to limit the turmoil its collapse would cause.

As a result of this role reversal from solution to problem, Europe’s relationships with great powers around the world changed. In economic terms, it went from being a subject to an object. In 2010, Europe struggled to have an impact, particularly in its neighbourhood. But in 2011, Europe was forced to seek the help of other powers. It was the object of IMF intervention and went cap in hand to China and Russia to ask them to contribute to the bailout of eurozone economies. At the board of the IMF, where Europeans already had to make room for emerging powers in 2010, Europeans were no longer in a position to lecture other countries. For the US – the EU’s closest ally – Europe went from being an underperforming partner in solving global challenges to being one of those challenges itself.

Against this background, there was little progress in developing the much-vaunted “strategic partnerships” with the world’s new powers. Last year, we wrote that the EU was beginning to develop a new approach to China based on reciprocity, but this risked being undermined by member states’ bilateral tendencies. The cancellation of the EU–China summit in November looked like a symbol of a strengthening of these tendencies in 2011. Cash-strapped member states sought investment rather than a share of the Chinese market and even the big three prioritised their own business deals with China and left the difficult job of developing a joint approach to China to the EU institutions. Europeans had some successes with China – for example, its acquiescence to military action against Libya and to action on climate change – but these pale in comparison to the significance of the shift in the balance of power that took place in 2011.

European performance on the six issues in 2011

	Score (out of 20)		Score Grade	
	2010	2011	2010	2011
Multilateral issues and crisis management	14/11	13	B+/B-	B
Relations with the United States	11	11	B-	B-
Relations with the Middle East and North Africa	-	10	-	C+
Relations with Russia	9.5	10	C+	C+
Relations with Wider Europe	9.5	9.5	C+	C+
Relations with China	9	8.5	C+	C

While it is impossible to quantify the decrease of Europe's soft power that accompanied this loss of standing in international relations, there is little doubt that, by the end of 2011, it had become significantly less attractive as a model of governance for the rest of the world than it was even a year before. The long-term evolution towards shared sovereignty in the form of "ever greater union" that began with the European project in the 1950s seemed to have stalled – and perhaps even reversed – as member states pursued their own narrowly defined national interests. As a continent that once stood for prosperity and generous social compacts now looked to be heading towards a decade of austerity – hardly appealing for emerging powers whose rates of growth far surpass those of Europe – tensions between member states re-emerged and are likely to increase unless and until the euro crisis is solved. An additional blow to Europe's image in the world came from the erosion of democracy that took place under Prime Minister Viktor Orbán in Hungary. The EU's weak response hardly inspires confidence in its transformative power and is an ominous sign for the future evolution of other member states.

As a conflicted and divided Europe drifted towards economic stagnation and political gridlock, so the model for which the EU stands – that of an expanding and ever more effective multilateralism as a solution to the problems of a globalised world – was also discredited in the eyes of others. Emerging powers such as Brazil and China understandably wondered why they should pay to help rescue a continent which is proving unable to get its act together even though it has the resources to do so – let alone why they should listen to its lectures about regionalism and good governance. Elsewhere in the world, for example in Latin America and South-East Asia, advocates of regional integration projects are now less likely to look to Europe for inspiration. Thus, the euro crisis has had collateral damage for the concept of regional integration in general. In short, the idea of Europe is less powerful than it was 12 months ago.

The Arab Awakening

Perhaps partly as a result of this decline in the image of Europe, few of the post-revolutionary political forces in Egypt and Tunisia seemed focused on getting its help. The Arab Awakening expressed a desire for emancipation from outside and, in particular, Western influence. But this may have also reflected the degraded perception of Europe in the region – perhaps exacerbated by the cosy relationships many of Europe's leaders had with autocratic rulers in the region: French Foreign Minister Michèle Alliot-Marie offered Tunisian President Zine El Abidine Ben Ali

French police know-how on riot control, Italian Prime Minister Silvio Berlusconi made statements supportive of Libyan leader Muammar Gaddafi until the second half of February, and British Prime Minister David Cameron gave a speech on democracy in the Kuwaiti parliament accompanied by a business delegation that included arms dealers.

Member states and the EU institutions managed to recover to some extent and avoided making major mistakes in a fast-moving revolutionary situation that took everyone by surprise. In particular, after adapting cautiously and pragmatically to the fall of regimes they had long supported, European leaders did their best to support political transitions in Egypt and Tunisia, help the revolutionaries in Libya and put pressure on Syria. The EU's High Representative Catherine Ashton persuaded northern, southern and eastern member states to sign up to a common strategy in May based on greater incentives ("money, markets, mobility"); the principle of "more for more"; and a determination to engage with civil society and to build "deep democracy" – that is, building respect for the rule of law, freedom of speech, an independent judiciary and an impartial bureaucracy. The EU also prepared to work with the new Islamist parties that have emerged as electorally victorious across the region, in the hope of avoiding repeating mistakes such as the refusal to talk to Hamas following its election victory in 2006.

However, largely because of the euro crisis, member states have so far failed to deliver much of the "money, markets, mobility" they promised. In terms of money, the EU came up with €5.8 billion of direct funding, and although extra resources were found in creative ways, the bulk of it was in the form of loans through the EIB and the EBRD rather than rapid budget relief, direct aid or debt cancellation. (The British government offered £110 million from an overall development budget of £7.8 billion and many other member states offered even less.) Because of fears of public opinion and the risks of a populist backlash, mobility was reduced to visa facilitation for more students rather than a more broadly targeted opening of Europe's borders to the south. Although the EU began negotiating deep free trade areas with Egypt, Tunisia, Morocco and Jordan, the prospect of more open markets also remained distant as southern member states fearing competition continue to oppose liberalisation of the agricultural sector.

Supporters of the current approach can claim that many politicians and officials have apologised to people in the region and that the new focus on civil society and conditionality is important to turn away from the previous focus on ruling families. But European leaders have failed to rise to the difficult conceptual challenge of inventing a new long-term relationship with their southern neighbours. For

understandable reasons, the EU's approach to North Africa has to a large extent been shaped by its experiences in Central and Eastern Europe, where it promoted reforms in exchange for market and institutional access to the EU after the revolutions in 1989. Although few people see a direct parallel between 1989 and 2011, the European Commission's strategy for responding to post-revolutionary North Africa is partly based on a similar approach of exchanging reform for association with the EU – a form of “enlargement-lite”, as accession is clearly not on the cards.

The approach that was enshrined in the ENP – in which the EU signs action plans for reform with the countries on its periphery, monitors their performance and rewards their success with extra money, markets or mobility – could struggle to have an impact in post-revolutionary North Africa. In Central and Eastern Europe, the EU was able to have a dramatic impact for three reasons: first, it was the main economic and political power in the region; second, most of the countries were desperate to adopt EU norms and values as an affirmation of their European identity; and third, the EU's promise of membership, when it was made, provided them an extra incentive to go through the painful process of transition.

However, none of these conditions apply in the Southern Neighbourhood. Firstly, the Middle East and North Africa is now increasingly multipolar and Europe must compete with other players such as China, the GCC and Turkey. These other players may not offer the funds the EU does, and may not care whether the North African states build their democracies or not, but that hardly matters. Secondly, there is little desire from southern Mediterranean countries to adopt European standards. Many of the countries in the region, especially Egypt and Algeria, are fiercely protective of their independence and want to emancipate themselves from foreign and, in particular, Western influence rather than sign up to European norms – which in any case look less appealing since the euro crisis.

Thirdly, and most importantly, against the background of the euro crisis, Europe does not believe it can afford the more generous approach it took in Central and Eastern Europe after 1989. The argument that engagement with North Africa will, in fact, also benefit Europe by giving the EU an economic edge – just as Spain, Portugal and Greece did in the 1980s and Eastern Europe did in the 1990s – has fallen on deaf ears. The focus on “conditionality” could work if the EU were willing to offer big carrots. But making the relatively modest amounts of money offered to North African states dependent on lengthy and sometimes unprioritised action plans – whilst understandable in terms of re-assuring European taxpayers that their money will not be wasted – seems unlikely to change the political calculus

of actors in the south. It may therefore be time to review the EU's approach and develop a foreign policy towards these countries based on achieving a smaller number of political goals rather than placing so much emphasis on regulatory convergence.

“Following from the front”

Despite the euro crisis, Europeans did have some foreign-policy successes in 2011. Perhaps most remarkable of all was the military intervention in Libya, which – although it was undertaken by some member states in an ad hoc coalition and then placed under NATO command – was perceived around the world as a European-led war. After all, it was Nicolas Sarkozy and David Cameron who convinced the Obama administration to undertake the military intervention, which supported Libyan insurgents and effectively enabled them to remove Muammar Gaddafi from power. Some elsewhere in the world were surprised – and impressed – that a continent struggling with a financial crisis was able to respond quickly enough and to maintain an operation that lasted six months. Against the background of what US Defence Secretary Robert Gates called the “demilitarization” of Europe, many doubted that the political will existed any more to mount such a humanitarian intervention.

The split within Europe on Libya – Germany sided with the BRICS countries rather than its Western allies by abstaining on UNSC Resolution 1973, which authorised military action to protect civilians – ruled out the possibility of a CSDP mission (a EUFOR–Libya mission was approved but never activated). In this sense, this episode was a setback for the EU as a foreign-policy actor. However, after the operation was placed under NATO command in early April, no fewer than 11 European countries took an active part, with Belgium, Denmark and Norway making particular contributions. But, in order to wage the war within the constraints of the UN mandate to protect civilians, Europeans still had to rely on US military assets such as refuelling, targeting and jamming capabilities. Given the dramatic cuts in defence budgets announced for the next few years, this capability deficit is unlikely to improve and may even get worse.

Thus, although the Libya operation earned the respect of some emerging powers as much as it irritated them, it also highlighted Europe's limitations. It has been suggested that, by letting Paris and London front the operation, the US “led from behind” in Libya, although the Obama administration rejected the expression. Conversely, it might be said that, because of its divisions and inadequate military

capabilities, Europe “followed from the front” – that is, although it committed resources and was on the frontline, it still found itself dependent on the US in a larger geopolitical context in which Washington is trying to shift its focus away from the Middle East and towards the Pacific. Europe’s lack of real strength and influence in the region was highlighted by the inability of Europeans to make a difference on the Middle East peace process – despite having exceptional leverage in 2011 since their vote at the UN was potentially pivotal and Washington was both discredited and boxed in.

Meanwhile, the EU had some surprising successes in the Eastern Neighbourhood – above all, Russian accession to the WTO and progress on trade and energy talks with Eastern Partnership countries. But much of the improvement in relations with Russia during the past few years is a result of the US “reset”, of which Europe has been a collateral beneficiary. Despite greater unity than in the past, the EU failed to make progress in other areas – for example, the “partnerships for modernisation”, the rule of law, democracy and human rights in Russia, Belarus and Ukraine, and the conflict in Transnistria. With the return of Vladimir Putin to the presidency in 2012, Russia may become more of a problem for Europeans. This may also make it more difficult to make progress in the Eastern Neighbourhood.

Europeans also had some genuine successes in multilateral institutions of which it can be proud. Europeans and Americans managed to rally majorities of UN member states to censure Libya and Syria, and the G8 was turned into a forum of support for the Arab Awakening, even though announced budgets were not as large as many had hoped. They also supported an assertive UN mandate in Côte d’Ivoire, enforced by French troops, to install the democratically elected president, Alassane Ouattara. The EU took an even clearer leadership role on climate change at the Durban conference in December. While the agreement certainly fell short of EU objectives and disappointed those who wanted more decisive action, the universal commitment to a legally binding deal on climate change by 2015, to take effect starting in 2020, was a victory for EU diplomacy. But declining budgets in development aid and support for multilateral agencies in the near future will weaken both the European reach in the multilateral system and harm the system itself.

Most successful policies in 2011

2011 policies		Unity (out of 5) Resources (out of 5) Outcome (out of 10) Total (out of 20)	2010 policies		Unity (out of 5) Resources (out of 5) Outcome (out of 10) Total (out of 20)
13	Trade liberalisation with Russia	5-3-8 16 A-	28	Relations with the US on terrorism, information sharing and data protection	5-5-8-18 A
37	Relations with the US on Iran and proliferation	4-5-7 16 A-	37	Relations with the US on Iran and proliferation	5-5-8 18 A
73	Climate change	5-4-7 16 A-	43	Visa liberalisation with the Western Balkans	4-5-9 18 A
12	Relations with China on climate change	4-4-7 15 B+	80	European policy in the World Trade Organization	5-4-8 17 A-
38	Relations with the US on climate change	4-4-7 15 B+	76	European policy on Iran and proliferation in the multilateral context	5-5-7 17 A-
40	Rule of law, democracy and human rights in the Western Balkans	4-4-7 15 B+	05	Agreement with China on standards and norms, consumer protection	5-4-7 16 A-
41	Kosovo	3-4-8 15 B+	23	Relations with Russia on Iran and proliferation	4-4-8 16 A-
48	Relations with the Eastern Neighbourhood on trade and energy	5-4-6 15 B+	57	Response to the earthquake in Haiti	4-4-8 16 A-
57	The Libyan uprising	3-5-7 15 B+	09	Relations with China on Iran and proliferation	5-4-6 15 B+
71	European policy on human rights at the UN	4-4-7 15 B+	60	Stabilisation of the Georgian border	5-4-6 15 B+
72	European policy on the ICC and international tribunals	4-4-7 15 B+	73	European policy on the ICC and ad hoc tribunals	4-4-7 15 B+
78	West Africa	4-4-7 15 B+	75	European policy on climate change in the multilateral context	4-4-7 15 B+
			77	European policy on the NPT review conference	4-4-7 15 B+

Least successful policies in 2011

2011 policies	Unity (out of 5) Resources (out of 5) Outcome (out of 10) Total (out of 20)	2010 policies	Unity (out of 5) Resources (out of 5) Outcome (out of 10) Total (out of 20)
06 Rule of law and human rights in China	2-1-2 5 D+	06 Rule of law and human rights in China	2-2-1 5 D+
07 Relations with China on the Dalai Lama and Tibet	2-1-2 5 D+	07 Relations with China on the Dalai Lama and Tibet	2-1-2 5 D+
43 Bilateral relations with Turkey	2-2-1 5 D+	44 Bilateral relations with Turkey	2-2-1 5 D+
45 Relations with Turkey on the Cyprus question	3-1-1 5 D+	46 Relations with Turkey on the Cyprus question	3-1-1 5 D+
16 Media freedom in Russia	3-2-1 6 C-	17 Media freedom in Russia	3-2-1 6 C-
17 Stability and human rights in the North Caucasus	4-1-1 6 C-	18 Stability and human rights in the North Caucasus	4-1-1 6 C-
25 Relations with Russia at the G20	1-3-2 6 C-	26 Relations with Russia at the G20	2-2-2 6 C-
31 Relations with the US on NATO, arms control and Russia	2-2-2 6 C-	61 Crisis management in Kyrgyzstan	4-1-1 6 C-
35 Relations with the US on the Middle East peace process	2-2-2 6 C-		
52 Resolution of the Nagorno-Karabakh dispute	2-2-2 6 C-		

The renationalisation of European foreign policy

Despite individual successes for the EU, however, the overall trend in 2011 was towards a renationalisation of European foreign policy on the model of the developments that occurred throughout the year around the eurozone crisis. This is particularly problematic because, as many (but not all) member states cut their defence, foreign affairs or development aid budgets, there is a greater need than ever for co-operation. In last year's Scorecard we described how, instead of the expected shift of power to Brussels following the Lisbon Treaty, there was a shift to the capitals of member states. In 2011, this trend intensified. European foreign policy tends to be most effective when there is an alliance between big countries and small ones. But in 2011 the big member states often went their own way and did little for EU policy.

Throughout the year, the UK led a diplomatic guerrilla campaign to block the EEAS, the EU's new diplomatic service, from speaking on behalf of the EU at the UN or the OSCE, even where precedents existed. France launched a unilateral diplomatic offensive against Turkey on the question of the Armenian genocide, thus further poisoning its relations with Ankara and making EU–Turkey co-operation more difficult. Germany blocked a larger use of the EIB funds for financial aid to the MENA region, thus reducing Europe's capacity to support the Arab Awakening. Italy under Silvio Berlusconi supported an exemption of the Russian South Stream project from the EU's Third Energy Package, thereby undermining the Nabucco pipeline designed to increase the diversification of European energy sources.

More generally, European foreign policymaking was dominated by the European Council and what Jaap de Hoop Scheffer has called “selective diplomacy” – that is, informal meetings where the host decides who is included and who isn't. This approach, which sidelines other EU institutions such as the High Representative and the European Commission and reduces the influence of the smaller member states, is not good for European cohesion or for building a coherent foreign policy. It leads, as in the case of Libya, to action by European “coalitions of the willing” – in other words, an approach whereby member states “opt in” rather than “opt out” after a serious debate in the relevant EU institutions.

The findings of this year's Scorecard illustrate this renationalisation of European foreign policy. First, in our exploration of the position of member states on 30 of the 80 components, we found many “slackers” in each case – an average of three per component (see full tables at the end of the Scorecard). “Slackers” are countries that fail to pull their weight in support of European policies, impede or even try to block the development of these policies. While it is not possible to compare this result to 2010, the number of “slackers” seems surprisingly high. Second, the average score for unity in 2011 was low, and here it is possible to compare results to 2010. The table below shows that whereas Europeans scored 5 out of 5 on ten components in 2010, they did so on only seven components in 2011.

Most united EU responses in 2011

2011 policies	Unity (out of 5)	2010 policies	Unity (out of 5)
08 Relations with China on proliferation	5	09 Relations with China on Iran and proliferation	5
13 Trade liberalisation with Russia	5	05 Agreement with China on standards and norms, consumer protection	5
22 Relations with Russia on Iran and proliferation	5	76 European policy on Iran and proliferation in the multilateral context	5
34 Relations with the US on the Arab Awakening	5	28 Relations with the US on terrorism, information sharing and data protection	5
48 Relations with the Eastern Neighbourhood on trade and energy	5	49 Relations with the Eastern Neighbourhood on trade and energy	5
70 European policy on the World Trade Organization	5	80 European policy in the World Trade Organization	5
73 Climate change	5	38 Relations with the US on climate change	5
		37 Relations with the US on Iran and proliferation	5
		60 Stabilisation of the Georgian border	5
		64 Stabilisation and state building in Iraq	5

Partly as a result of this renationalisation, 2011 was not a good year for the CSDP either: for the third successive year, no new crisis-management operation was launched. Catherine Ashton was criticised for showing less interest in security and defence policy than her predecessor, Javier Solana. But Brussels cannot be blamed for the diminishing readiness of member states to support even ongoing operations, with Bosnia and anti-piracy patrols notably under-strength – or indeed for the policy divisions that ensured that the EU was almost entirely absent from the Libya crisis. During its EU presidency, Poland made efforts to advance CSDP agendas but became mired in a worthy but ill-judged attempt to force the creation of an EU operational headquarters that ran into the predictable British veto. Meanwhile, member states discussed “pooling and sharing” but in practice cut their defence budgets and capabilities without any co-operation or consultation with partners (or, for that matter, with allies in NATO).

The performance of Ashton and the EEAS – in the second full year of their existence since the Lisbon Treaty, following a first year during which much time was spent fighting turf wars with the European Commission – should be seen in this context. Further progress was made in recruiting staff for the new diplomatic service’s 140 delegations around the world, but there is still a long way to go in order to bring it up to full strength (the EEAS is particularly badly under-represented in the BRICS countries and the Gulf). In a non-paper in December, the foreign ministers of 12 member states implicitly criticised Ashton for her chairing of monthly meetings with them as well as her neglect of security policy. Others criticised her for failing to provide strategic direction. Ashton acknowledged in a report to the EU institutions at the end of December that there had been problems in setting up the EEAS but said its success “depends on the sustained political support and collective commitment from Member States and the EU institutions”.

Like all 27 member states, Ashton and the EEAS were initially wrong-footed by the revolution in Tunisia but quickly learned from the failure and led European condemnation of President Hosni Mubarak in Egypt. She also played a key part, together with the E3, in negotiations with Iran, and began the first direct talks between Serbia and Kosovo – an issue that divides member states. But the failure of Ashton to meet her critics’ perhaps unrealistically inflated expectations for European foreign policy illustrates both the precariousness of the EU against the background of the euro crisis and the difficulties she faces under the terms of the Lisbon Treaty. In order to make a difference, she must be proactive. But when member states are divided (as they were on Libya and the Palestinian statehood bid) or fail to commit resources (as they did in response to the revolutions in Egypt and Tunisia), her scope for action is severely limited.

A German Europe?

There has been much discussion of how the Europe that is emerging from the euro crisis is a German one. In 2011, against the background of the crisis, there seemed to be not just a shift of power towards national capitals in general but towards one national capital in particular: Berlin. At times, as Germany was forced to concede to French proposals to solve the euro crisis, it seemed that the Franco-German tandem that drove European integration before enlargement had re-emerged. But, in the last few years, the economic inequality between France and Germany has grown. Even before Standard & Poor’s downgraded France’s AAA rating in January 2012, Germany was perceived as the new dominant power within the eurozone.

However, the picture of European foreign policy that emerges from this second edition of the Scorecard is more complicated. There has certainly been a change in Germany’s role. While in the past Germany often deferred to France and the UK on foreign-policy issues, we identified it as a “leader” in more cases than any other member state in 2011. However, while Germany certainly amassed power because of its centrality to the euro crisis, the answer to the famous Kissinger question is not necessarily: “Call the Chancellor”. Sometimes, Germany did exert decisive leadership on foreign affairs. For example, together with Poland, it led the EU’s attempt to develop a co-ordinated approach to Russia and flexed its muscles on Serbia. But on other issues – for example, Libya – Germany did not so much lead as use its newfound margin of manoeuvre to follow its own preferences in the face of others in the EU.

Specifically, Germany seems to be emerging as a “geo-economic power” – that is, one that uses economic means to pursue its foreign-policy goals, which are themselves often economic rather than political. In particular, German foreign policy is increasingly driven by the needs of its export industry, which provides half of German GDP. In 2011, it imposed its economic preferences on others in the eurozone but was not prepared to use military force as a foreign-policy tool – even where this meant breaking with its Western allies. Germany’s response to the Arab Awakening illustrated this contrast between economic assertiveness and military abstinence: shortly after declining to take part in the military intervention to support the revolution in Libya, it agreed to sell 200 main battle tanks to Saudi Arabia, which had only a few weeks earlier sent troops to Bahrain to put down pro-democracy protests there.

Top “leaders” and “slackers” among EU member states

LEADERS	On no. of components	SLACKERS	On no. of components
Germany	19	Cyprus	7
France	18	Greece	7
United Kingdom	17	Italy	6
Sweden	11	Netherlands	6
Poland	8	France	5
Italy	7	Poland	5
Netherlands	7	Romania	5
Czech Republic	6	Spain	5
Denmark	6	Belgium	4
Finland	5	Germany	4
		Latvia	4

Meanwhile, even as France experienced a loss of power relative to Germany on economic issues, it continued to play a decisive role in European foreign policy in 2011. Paris made up for its initial faux pas on the Arab Awakening by leading the Libya operation and by turning against the Bashar al-Assad regime in Syria. It also provided support for the UN in Côte d'Ivoire, led attempts to impose stronger sanctions against Iran, steered the G20 towards support for the eurozone and retained European directorship of the IMF. But France's unilateral approach often antagonised its European partners. For example, Nicolas Sarkozy preempted a common European position on the Palestinian statehood bid at the UN in September. Paris also squabbled with Italy over refugees from Tunisia, which led to the renegotiation of the Schengen agreement to give member states greater control over their borders. In other words, even when Paris led, it did not always do so in a constructive way.

However, apart from the decisive role it played in Libya alongside the French, the UK has become increasingly passive on foreign-policy issues. Even before it vetoed a plan by eurozone countries to create a "fiscal union" within the European treaties at the European summit in December, it was playing less of a leadership role than it traditionally has on key European foreign-policy issues. It continued to support enlargement, ask for closer links with Turkey and support development in Africa, but it did not launch any creative initiatives to bring other member states along with it or change the terms of the debate within the EU. On other issues such as engaging "strategic partners" such as China and Russia, the UK was often a follower rather than a leader. The difficulties of implementing the defence co-operation agreement signed in 2010 and the collapse in relations following the crucial European summit in December showed how brittle the coalition between France and the UK is. If the eurozone's plan for a "fiscal compact" outside the European treaties succeeds and the UK fails to develop a more creative diplomatic strategy to lead in other areas, London could end up marginalising itself within EU foreign policymaking.

At the same time, other new foreign-policy leaders are also emerging. We identified Sweden as a "leader" on 11 components of European foreign policy – more times than Italy and Spain combined. This suggests that Sweden – the 14th largest member state in terms of population and the eighth in terms of GDP – punches considerably above its weight. This was in part to do with its activist foreign minister (described in a leaked US State Department cable as being "a medium-sized dog with a big dog attitude") and development minister. In response to the Arab Awakening, it increased annual aid to North Africa by SEK 100 million (€11.1 million), proposed an EU democracy support mission to

Tunisia a week after the revolution there and was an early and strong supporter of UN resolutions in support of the uprising in Libya. It played a particularly constructive role on multilateral issues: as well as making disproportionately large aid contributions, including to Japan after the tsunami, it was a forceful voice on human rights.

Poland also emerged as a “leader” on eight components of European foreign policy. It played a particularly constructive role on Russia, where it has largely overcome its differences with Germany and is now at the forefront of efforts to develop a genuinely strategic approach, and on European defence (though it declined to take part in the military intervention in Libya). Admittedly, its leadership role in 2011 was partly a function of the EU presidency that it held in the second half of the year. Like Sweden, it was also in part a consequence of the activism of its prime minister and foreign minister. But it also reflected the strength of the Polish economy, which was expected to grow at over 3 percent in 2012 – better than almost anywhere else in the EU. This, together with its commitment to European action, enabled it to leapfrog larger and older member states to become one of the key leaders of EU foreign policymaking.

Perhaps unsurprisingly, Cyprus and Greece topped the listed of “slackers” in European foreign policy. Cyprus was particularly unhelpful in the Eastern Neighbourhood: as well as still not recognising the independence of Kosovo, its close relationship with Russia acted as a drag (for example, like Italy, it supported an exemption of the Russian South Stream project from the Third Energy Package). Even as it desperately sought a second bailout from other eurozone countries, Greece was also unhelpful in the Wider Europe: it does not recognise Kosovo and blocked membership talks with Macedonia and co-operation with Turkey on regional issues. It also opposed sanctions against Syria.

From 2010 to 2012: The erosion of the *acquis diplomatique*

Last year, we highlighted the existence of an *acquis diplomatique* – a collection of areas in which Europeans collectively and successfully pursue their foreign-policy interests. The second edition of the Scorecard shows that the *acquis* still exists: in multilateral institutions, in transatlantic relations, on climate change, on issues of “low politics” (trade, in particular) and in the Balkans, Europeans tended to join forces and performed reasonably well. Iran was also once again an issue on which Europeans were (with some exceptions, such as Greece) united around a

clear policy and collectively devoted resources – even though they may not have reached their ultimate objective – that is, to stop Iran enriching uranium – in the short or medium term. Given the context of the financial crisis, their performance on the Arab Awakening was not as dismal as might have been feared.

European performance on cross-cutting themes in 2011

The following table illustrates cross-cutting themes (in other words, themes that are dealt with in various different “components” within different “issues”) on which the EU did well and badly in 2011. An explanation of each theme is given below.

	Score (out of 20)		Score Grade	
	2010	2011	2010	2011
Climate change	12	14	B-	B+
Iran and proliferation	16	13	A-	B
Balkans	12	13	B-	B
Trade, standards and norms – “low politics”	13	12.5	B	B
Arab Awakening	-	12	-	B-
Energy policy	10	12	C+	B-
Issues of war and peace – “high politics”	11	11	B-	B-
Visa policy	12	10	B-	C+
Afghanistan	10	10	C+	C+
Human rights	8	9	C	C+
Euro crisis	-	8.5	-	C
Israel/Palestine	9	8.5	C+	C
Protracted conflicts	10	8	C+	C
Turkey	6	6.5	C-	C-

* The cross-cutting themes in 2011 are the following:

“Climate change” amalgamates components 12, 24, 38, 73.

“Iran and proliferation” amalgamates components 8, 22, 37, 62, 69.

“Trade liberalisation, standards and norms” amalgamates components 4, 13, 28, 29, 70.

“Balkans” amalgamates components 32, 39, 40, 41, 42.

“Arab Awakening” amalgamates components 9, 23, 33, 34, 53, 54, 55, 56, 57, 58, 59, 63, 64.

“Energy policy” amalgamates components 20, 21, 46, 48.

“Issues of war and peace” amalgamates components 8, 9, 19, 22, 23, 31, 32, 33, 34, 35, 36, 37, 41, 42, 50, 51, 52, 57, 59, 61, 62, 65, 69, 77, 78, 79, 80.

“Visa policy” amalgamates components 14, 26, 49.

“Afghanistan” amalgamates components 23, 36, 80.

“Human rights” amalgamates components 6, 7, 15, 16, 17, 40, 44, 47, 53, 71, 72.

“Eurozone crisis” amalgamates components 5, 25, 30, 66, 67.

“Israel/Palestine” amalgamates components 23, 35, 60, 61.

“Protracted conflicts” amalgamates components 19, 50, 51, 52.

“Turkey” amalgamates components 43, 44, 45, 46.

However, the collective performance of Europeans remained mediocre on issues such as human rights, the Eastern Neighbourhood and protracted conflicts – and it was still dismal on Turkey, which continued to drift away from the EU. The combined effect of the financial crisis and the renationalisation of politics in Europe has also started to slowly erode the *acquis diplomatique* where it existed. Relations with China, moving from a C+ to a C, are the most symbolic and worrying illustration of this trend. Worse may be yet to come in 2012. Defence and development aid budget cuts as well as the effects of the centrifugal forces unleashed by the euro crisis will most probably take a further toll on Europe's standing in the world. In order to reverse this trend and regain the ground they have lost, European leaders should re-prioritise foreign policy in order to pursue their collective and long-term interests. A coherent and effective foreign policy is not a luxury or an afterthought of the European project; it is central to its prosperity and future. Hopefully, 2011 will be remembered not as the decisive year in the EU's dissolution and decline but as the year when it began its recovery.

China

Overall grade

C

Overall grade 2010 **C+**



	2010	2011
TRADE LIBERALISATION AND OVERALL RELATIONSHIP	B-	C+
1 Formats of the Europe–China dialogue	C+	C+
2 Market access and protection of IPR in China	B-	B-
3 Reciprocity in access to public procurement in Europe and China	C+	C
4 Trade and investment disputes with China	B-	B-
5 Co-operation on the euro crisis	–	C-
HUMAN RIGHTS AND GOVERNANCE	C-	D+
6 Rule of law and human rights in China	D+	D+
7 Relations with China on the Dalai Lama and Tibet	D+	D+
CO-OPERATION ON REGIONAL AND GLOBAL ISSUES	C+	B-
8 Relations with China on Iran and proliferation	B+	B-
9 Relations with China on the Arab Awakening	–	B
10 Relations with China on Africa	C+	B-
11 Relations with China on reforming global governance	C-	C-
12 Relations with China on climate change	B	B+

Europe faces a structural disadvantage in dealing with China. The EU is divided between member states with different economic interests and decision-making involves various actors such as the European Commission, the European Parliament and the ECB, not to mention new institutions such as the recently created EFSF. China, on the other hand, is still a unitary actor that can mobilise banks, wealth funds, money and diplomacy to pursue its foreign-policy goals. This asymmetry makes it even more urgent that the EU take steps to co-ordinate its interests more effectively. 2011 was supposed to be the year in which the EU strengthened its approach to China following top-level deliberations on Europe's external partnerships in 2010. But Europe's crisis turned into China's opportunity.

The question at the beginning of the year was whether China would come to the rescue of southern member states hit by the debt crisis and south-eastern member states with current-account deficits and a need for foreign investment. As China's leaders crisscrossed Europe, indebted countries such as Greece, Hungary, Portugal and Spain kept quiet about issues such as human rights in China. But since China does not make its debt purchases public, it is impossible to know exactly how much European sovereign debt it actually bought. Because even rumours of Chinese investment in public bonds could help to restore market

confidence, some European politicians have themselves tended to exaggerate Chinese purchases.

As the crisis evolved, the question became whether China would be a key contributor to an enlarged EFSF. The answer was no – even after French President Nicolas Sarkozy made an emergency phone call to his Chinese counterpart Hu Jintao in October. Europe’s own indecisive crisis resolution influenced China’s calculations, which are made by risk-averse central bankers. The chaos surrounding Greece’s possible referendum on the eve of the G20 summit in Cannes led to very negative comments from China’s public banking community about the risks involved in contributing, and even about paying for “lazy Europeans”.

Rather than contributing to eurozone bailout funds, China prefers to spend on European infrastructure and buying up European companies. Chinese Commerce Minister Chen Deming said he looked forward, thanks to the euro crisis, to a sale of European assets. Here, China sees good opportunities: a Chinese company bought the largest Hungarian chemicals manufacturer in a move towards high technology. At the end of the year, China also saw off German companies to buy Portugal’s former state-owned energy company, which was sold off because of budget cuts. In the UK, the government is already calculating Chinese stakes in new infrastructure into budgets for the years ahead.

The crisis left little scope for the more co-ordinated and strategic approach towards China that Europe was beginning to develop. Council resolutions and pronouncements by top European officials now mention reciprocity, the need to open up China’s closed or controlled public procurement markets and the idea of an investment treaty in order to get better access. Europe has also staked its case on access to raw materials and rare earths more firmly than at any time previously. It is pushing into anti-subsidy actions too – a first with China. But the European Commission mostly fights alone on these issues while member states sweet-talk China. The result is that China also prefers to deal with member states and bypasses Brussels. In fact, as the year drew to a close, there was no date set for either the EU–China summit or the equally important High Level Economic Dialogue, which was postponed in November.

What did force a shift in Chinese foreign policy was the Arab Awakening. The revolutions and their violent fallout in Libya and Syria showed the limits of the “Beijing Consensus”. Together with the US, Europeans in the UNSC were able to nudge China towards resolutions on Libya after the uprising against Muammar Gaddafi began. China voted for sanctions against Gaddafi for abuses that China

would normally see as purely internal affairs. It also endorsed a referral to the ICJ, which China does not recognise, and the suspension of Libya from the UNHRC. The UN-sanctioned operation in Côte d'Ivoire also showed China's pragmatic side. But its dogmatic insistence on non-interference resurfaced on an international response to Syria, although China did condemn the Syrian government for its excessive use of violence.

EU–China co-operation on global governance was again overtaken by events. Europe's short-term objective of finding another European candidate to be head of the IMF after the resignation of Dominique Strauss-Kahn overshadowed negotiations in the IMF on global governance. Similarly, the Libya conflict dominated the French G20 seminar in March on the international monetary system and fire-fighting the euro crisis also dominated the G20 summit in Cannes on financial regulation. On the other hand, the EU was ambitious on climate change and achieved results with China. Although they did not sign the Kyoto Protocol, China and other emerging emitters agreed to sign a binding legal agreement curbing their emissions from 2020 onwards. With the help of the Green Climate Fund, on which Europeans such as Denmark and Germany have already made the first down payments, the EU also successfully delinked China from its usual coalition of developing countries.

Such occasional successes notwithstanding, the EU is still a long way from having a real “strategic partnership” with China. Unity requires a long-term vision. But although diplomatic tools are being sharpened, economic need is preventing them from being used. Against the background of the euro crisis, too many member states are focused instead on short-term solutions. It is of course easier for member states to cut their own deals with China, especially when they feel other EU member states are not being as supportive as they should, than to collectively develop a coherent China policy that is able to secure equal access and fair competition. But in putting short-term need above a long-term vision, Europe risks reducing its supposedly strategic relationship with Beijing to a profit-making opportunity – for China.

01 FORMATS OF THE EUROPE-CHINA DIALOGUE

The EU got some of the meetings it wanted with high-level Chinese officials. Meanwhile, against the background of the euro crisis, cash-strapped member states competed with each other for Chinese investment.

	2010	2011
Unity	2/5	2/5
Resources	2/5	2/5
Outcome	5/10	5/10
Total	9/20	9/20

C+

2010 score C+

The EU aims to engage with China through high-level channels and a plethora of sectoral dialogues beneath it. In 2011, a formal system seemed to have been established for high-level EU–China meetings: European Council President Herman Van Rompuy met Hu Jintao; European Commission President José Manuel Barroso met Chinese Premier Wen Jiabao; and High Representative Catherine Ashton met State Councillor Dai Bingguo. But the urgency of the euro crisis undermined last year’s moves towards developing a “strategic partnership” with China. As discussions focused on China’s potential role as a saviour of individual member states, the EU–China summit was postponed. However, Van Rompuy went to China in May – his first visit outside the EU – and met with Hu and Wen and Hu’s likely successor Xi Jinping. In October, Ashton met Dai and Chinese Foreign Minister Yang Jiechi and discussed recent foreign-policy issues such as North Africa, Syria and Iran. She also met with Chinese Defence Minister Liang Guanglie. Thus the EU got most of what it wanted in terms of high-level meetings, although the annual

summit and the equally important High-Level Economic Dialogue were postponed because of emergency meetings on the euro.

Meanwhile, however, member states continued to compete with each other to strengthen their bilateral relationships with China. The UK stepped up its own infrastructure co-operation. Germany, the biggest European stakeholder in the trade relationship between China and the EU, even held a full-scale joint cabinet meeting with China – a meeting that some saw as the “real” EU–China summit. Poland was the last of the big six in Europe to establish a bilateral Strategic Partnership, in December. While paying lip service to the EU institutions, China was happy to do business with member states, particularly indebted ones. In June, following the €12 billion purchase of Borsodchem, a Hungarian chemicals factory, Wen visited Budapest. In his speech, Hungarian Prime Minister Viktor Orbán talked of a “long-lasting alliance” with China.

02 MARKET ACCESS AND PROTECTION OF IPR IN CHINA

The EU and its member states are relatively united and committed. The fault lines between the EU and China are shifting from intellectual property rights to patents and innovation.

	2010	2011
Unity	4/5	4/5
Resources	3/5	3/5
Outcome	5/10	5/10
Total	12/20	12/20

B-

2010 score B-

The EU wants better protection of intellectual property rights (IPR) as a foundation for better market access for European companies in China that are exposed to involuntary technology transfer through joint ventures. These areas fall primarily under the remit of the European Commission, but some countries such as Denmark, Germany, the Netherlands and the UK also pursue this actively in their bilateral relationships with China. Eastern European countries are generally less interested because their companies export and invest less in China. Patent law is an increasingly important issue given China's commitment to move up the value chain in the future. Another key issue has been China's "techno-nationalism" – in other words, the development of technology on a restricted national rather than an inclusive global basis. In 2010, the EU won a victory when China made concessions on its policy of indigenous innovation, which favours Chinese companies by channelling orders and giving them subsidies.

There was some progress on intellectual property in 2011. In March, the Chinese government began a national campaign to clamp down on infringements on IPR. Later in the year, the ministry of commerce also increased more permanent co-operation with other ministries, as the EU had encouraged it to. The EU commented on the revision of China's trademark law, a key element of the Chinese IPR system which is still being updated. However, the continued explosion in China of low-quality patents with no checks on their validity continues to make it hard for European small businesses to enter the Chinese market without engaging in litigation. After last year's success on indigenous innovation, the "buy Chinese" policy on innovation seemed to pop up under new labels such as "independent innovation" this year. For example, provincial governments began publishing shopping catalogues for public purchases that included only domestic providers.

03 RECIPROCITY IN ACCESS TO PUBLIC PROCUREMENT IN EUROPE AND CHINA

Europeans have yet to agree internally on how to secure reciprocity in public procurement. Meanwhile, member states secured their own deals with Chinese companies.

	2010	2011
Unity	4/5	2/5
Resources	2/5	2/5
Outcome	3/10	4/10
Total	9/20	8/20

C

2010 score C+

Europeans want fair competition and equal access to the Chinese market for public procurement but differ on how to achieve this. European companies rarely win contracts, partly because China has not yet joined the WTO's Agreement on Government Procurement (GPA). China's last offer, in November, is still under examination but initial reaction suggests that it is insufficient. Trade Commissioner Karel De Gucht, a strong proponent of reciprocity, pointed out that "foreign actors are simply not winning contracts unless it is in China's interest". Similarly, Internal Market Commissioner Michel Barnier said that European enterprises "should enjoy the same treatment in China that Chinese enterprises enjoy in Europe – neither more nor less".

In 2011, the European Commission launched public consultations on an instrument for reciprocity in public procurement with China and other non-signatories to the GPA. Negotiations among member states have not yet started but there are fault lines among them: some such as France and Spain want full

reciprocity; others such as Germany and the UK prefer positive reciprocity with mutual opening; and others still such as the Netherlands are against reciprocity altogether.

While negotiations on reciprocal relations have yet to begin, member states competed with each other to cut deals with Chinese companies. The UK bilaterally sought reciprocity in the infrastructure sector by attempting to attract investment by Chinese companies in return for better access for British companies in China. Chinese companies are increasingly involved in European public infrastructure projects but controversy has surrounded some of them. In the summer, the most famous deal – a contract from the Polish government for the Chinese company COVEC to build a stretch of highway – collapsed. The official explanation was an increase in the price of raw materials but COVEC was also having trouble with EU labour laws and other standards. The Chinese banks involved, the Export-Import Bank of China and the Bank of China, have not yet fulfilled their financial obligations.

04 TRADE AND INVESTMENT DISPUTES WITH CHINA

The EU has taken action on raw materials and on anti-subsidies. But whether these steps are enough to enforce free trade with China remains to be seen.

	2010	2011
Unity	3/5	3/5
Resources	3/5	3/5
Outcome	6/10	5/10
Total	12/20	11/20

B-

2010 score B-

Europeans want trade and investment to be a “two-way street”, as Herman Van Rompuy put it during his visit to China in May – that is, they want equal market access and an improvement in economic imbalances in the relationship. There are several ongoing trade disputes between the EU and China. Chinese restrictions on the exports of rare earths are a source of concern for the EU and especially Germany, whose high-tech manufacturing sector is particularly dependent on the minerals. In July, the WTO ruled that Chinese restrictions on the export of raw materials such as bauxite, coke and magnesium were unlawful following a joint complaint by the EU, Mexico and the US in 2009. China subsequently said it would reform its rules on the exports of rare earths. If China does not abolish quotas, the EU is likely to go back to the WTO. But China could in turn respond by nationalising the companies involved in mining rare earths in order to maintain control over production and make quotas harder to challenge in the WTO.

A second dispute between the EU and China was around anti-subsidy tariffs, with the first case ever by the EU on glossy paper in May 2011. This followed anti-dumping cases and was potentially less divisive among member states since anti-subsidies directly target acknowledged parts of the Chinese state-driven economic model such as cheap loans, discounted allocation of land and tax incentives. This is a new tool to enforce free trade and new cases are likely, according to Karel De Gucht. Free-trade oriented countries such as Germany and the UK were more positive on anti-subsidy measures, where the stance on anti-dumping is adversarial. In 2011, the EU also prepared for an EU–China investment agreement that could protect Chinese investments in Europe at a time when they are rising sharply and reciprocally secure the EU more market access in China. But the announcement of negotiations was delayed because of the postponement of the EU–China summit.

05 CO-OPERATION ON THE EURO CRISIS

Europeans never figured out how to get China seriously involved in its debt. Instead Europe's crisis became China's opportunity to buy assets.

	2010	2011
Unity	-	2/5
Resources	-	2/5
Outcome	-	3/10
Total	-	7/20

C-

2010 score -

The euro crisis divided Europeans among themselves and from external partners such as China – which was itself indirectly affected by the crisis as it depends on Europe as its largest export market. Member states such as Greece, Hungary and Spain sought commitments to buy their debt as expressions of trust in their economy, but the full extent of Chinese bond purchases remains unclear. On the other hand, Chinese acquisitions in these countries were tangible. When the European Council appealed to emerging economies to contribute to the EFSF, China, a risk-averse investor, only took a modest stake. Rather, it saw the euro crisis as an opportunity for investments and mergers and acquisitions. In particular, Lou Jiwei, the head of China's sovereign wealth fund, is keen on boosting Chinese investment in infrastructure as China's contribution to Europe's future growth. Chen Deming, China's minister of commerce, also sees an opportunity: "European countries are facing a debt crisis and hope to convert their assets to cash and would like foreign capital to acquire their enterprises."

Both member states and the EU institutions have been too focused on solving the immediate crisis to develop a more long-term strategy for shaping China's newfound involvement on the continent. As a result of both opacity on the Chinese side and the EU's own lack of monitoring of European bond purchases, it is hard to know how present China really is in Europe's debt. One positive development is the way the crisis seems to have forged closer links between the EU institutions and the Chinese national bankers, with direct videoconferences between Brussels and Beijing. This was exemplified by a public statement in July by Zhou Xiaochuan, the governor of the Chinese Central Bank, which expressed a willingness to work closely with the EU, the ECB and the EFSF.

06 RULE OF LAW AND HUMAN RIGHTS IN CHINA

China cracked down on protests following the Arab Awakening. Member states continued to delegate the issue of human rights to the EU level while pursuing their own commercial interests bilaterally.

	2010	2011
Unity	2/5	2/5
Resources	2/5	1/5
Outcome	1/10	2/10
Total	5/20	5/20

D+

2010 score D+

The EU wants to see China protect human rights and further strengthen the rule of law. In 2011, there was a tightening of repression in China in response to the Arab Awakening. Security forces persecuted hundreds of activists, artists, intellectuals and lawyers using house arrest, enforced disappearance and regular arrest for many people whose activities were unconnected to the relatively few calls in China to copy the Arab Awakening. The Chinese foreign ministry spokesperson warned ominously that “the law is not a shield to hide behind”. The cautiousness associated with the upcoming leadership change in 2012 reinforced the quest for stability at all costs. The artist Ai Weiwei became the symbol of human rights violations in China in 2011 just as the writer Liu Xiaobo did in 2010.

France, Germany and the UK were united in criticising the arrest of Ai at Beijing airport in April, while the EEAS was slow to take a stand. But, in general, member states increasingly lack the courage to make public statements on human rights in China or to engage in a critical dialogue, and indebted countries are even more silent

on these issues. Instead, they delegate this thorny issue to the EU level while pursuing their own commercial and economic interests bilaterally. The EU–China human rights dialogue, which is led by the EEAS, resumed in June but did not produce concrete results. The Chinese did, however, take several small but nevertheless positive steps such as a reduction in the number of crimes punishable by death. In the future, the EU should reach out more to the Chinese civil society beyond the gatekeepers in Beijing. In particular, the internet is the new battleground for freedom of expression and offers a slightly less censored option for many Chinese citizens. The role of the internet in the popular outrage about the government’s mishandling of the high-speed train crash in Wenzhou in July, which killed 40 people, shows its potential to create change.

07 RELATIONS WITH CHINA ON THE DALAI LAMA AND TIBET

The Estonian president was the only European head of state who met with the Dalai Lama, but other member states failed to show much solidarity. Catherine Ashton raised the issue of Tibet but repression continues.

	2010	2011
Unity	2/5	2/5
Resources	1/5	1/5
Outcome	2/10	2/10
Total	5/20	5/20

D+

2010 score D+

The issue of cultural and religious rights in Tibet – and, in particular, meetings between the Dalai Lama and European leaders – are a source of conflict between China and the EU. In 2011, the situation in China’s Tibetan regions deteriorated, with an increase in self-immolation by monks in protest at government control of religious activities. In response to MEPs, Catherine Ashton said the EU embassy would raise the issue with the Chinese authorities. In November, following the Dalai Lama’s retirement, the new head of the Tibetan government-in-exile spoke at the European Parliament, which provoked an angry response from China. But member states, particularly indebted ones such as Greece that were in desperate need of investment and felt betrayed by Europe, were mostly prepared to keep quiet about Tibet or even to actively collude with China. For example, Hungary even detained Tibetan protesters during a visit by Wen Jiabao.

on larger member states such as France and Germany through “soft” sanctions such as blocking ministerial visits and official deals. In 2011, the Dalai Lama visited Denmark, Estonia, Finland, France, Ireland and Sweden. But the only European head of state who received him was Estonian President Toomas Ilves – and China immediately reciprocated by cancelling official ministerial meetings. Even Scandinavian political leaders no longer dare to meet with the Dalai Lama. This illustrates how EU member states show each other as little solidarity on this issue as they do Norway, which is being penalised for the award of the Nobel Peace Prize to Liu Xiaobo. If the EU were united, China would be less successful with its “soft” sanctions. For example, China took no action against the US after President Barack Obama’s meeting with the Dalai Lama in July.

In the 1990s, many European political leaders met with the Dalai Lama. But in the last four years, China has shown that it is capable of exerting pressure even

08 RELATIONS WITH CHINA ON IRAN AND PROLIFERATION

After a breakthrough on sanctions in 2010, China opposed European suggestions in the UNSC and criticised the EU for strengthening sanctions.

	2010	2011
Unity	5/5	5/5
Resources	4/5	3/5
Outcome	6/10	4/10
Total	15/20	12/20

B-

2010 score B+

Together with the US, the EU seeks to co-operate with China in stopping nuclear proliferation, in particular in Iran and to a lesser extent in North Korea. While China shares European concerns about the Iranian nuclear programme, it also has strong economic ties with Iran, particularly on oil. EU member states are generally united on this issue and have empowered the E3 (France, UK, and Germany), together with Catherine Ashton, to negotiate on their behalf. In 2010, the EU and the US had a major success when China voted in favour of a UNSC resolution imposing sanctions on Iran. For much of 2011, Iran was overshadowed by events elsewhere in the Middle East and North Africa and in particular in Libya and Syria. But it came back on the agenda in November, when the IAEA, the international nuclear watchdog, published a critical report on the Iranian nuclear programme.

However, this year it was harder for the West to reach agreement with China than in 2010. China opposed a European proposal for further sanctions against Iran following the publication of the critical IAEA report

and refused to refer the issue to the UNSC. Still, the EU and its partners managed to co-operate with China and Russia to agree on a watered-down IAEA resolution. Europeans had to strike a difficult balance between the need for tough action and the desire to maintain a degree of unity with China (and Russia). But even then, when the EU, spearheaded by France and the UK, imposed tighter sanctions (with an oil embargo that will probably follow in 2012), China publicly criticised them. In short, while the EU remains as united and committed as it was last year, it has had less impact as China has continued its strategy of delaying and weakening international sanctions. In 2012, the Iranian nuclear issue could come to a head, so dialogue with China will be even more critical.

09 RELATIONS WITH CHINA ON THE ARAB AWAKENING

Chinese co-operation on Libya allowed the EU to get a UN mandate to take military action against Muammar Gaddafi. But by the time the Syrian crisis emerged, China's opposition to Western-led sanctions and intervention had hardened.

	2010	2011
Unity	-	4/5
Resources	-	4/5
Outcome	-	5/10
Total	-	13/20

B

2010 score -

The EU and its member states sought to co-operate with China in responding to the uprisings in Libya and Syria – two staunch allies of China in the UNHRC. China's aim was above all to stop popular revolt spreading to China and it even appeared concerned about images of Egyptian soldiers fraternising with demonstrators. China also wanted to protect its own workers and investments in the two countries. In February, after the Arab League had distanced itself from Muammar Gaddafi's regime, China voted in favour of UNSC Resolution 1970, which imposed UN sanctions and even, at the initiative of France and the UK, a possible referral to the ICJ, which neither China nor the US recognises. In March, China abstained on UNSC Resolution 1973, which authorised military intervention to impose a "no-fly zone" to protect civilians. But after the military operation began, China declared that NATO had overstepped the UN mandate and turned a "no-fly zone" into a fully-fledged intervention whose real aim was regime change.

By the time a crisis had emerged in Syria in June, China's opposition to Western-led sanctions and intervention had hardened. As a result, although Europeans were more united on Syria than on Libya, they actually made less progress with China there. Although it was heavily lobbied by the EU and by large member states such as the UK, China rejected a UNSC resolution on the Syrian crackdown in October, which it portrayed as an internal matter. The EU jointly drafted the resolution and France, Germany, Portugal and the UK unsuccessfully tried to influence China's position. In early December, however, China did warn the Syrian government against the use of force. China's response to Libya and Syria shows how pragmatic it can be about its principle of non-interference when its own interests are at stake or when other non-Western actors such as the Arab League lobby it. The lesson for Europe may be to try to influence China through the diplomatic efforts of other regional partners.

10 RELATIONS WITH CHINA ON AFRICA

China acquiesced to European intervention in Côte d'Ivoire and co-operated on Sudan. But it maintains friendly relations with dictators.

	2010	2011
Unity	3/5	4/5
Resources	3/5	3/5
Outcome	4/10	5/10
Total	10/20	12/20

B-

2010 score C+

Europeans want Chinese co-operation to limit the arms trade, support good governance in Africa and apply conditionality to development aid. China's approach to Africa is a mixture of entrepreneurialism, state relations and public diplomacy, and it has generally shown little regard for democratic values. But China's need for stability to protect its investments may create a new opportunity for co-operation. A decade of unfettered Chinese business expansion is over.

At the end of March, China supported a UNSC resolution that mandated the use of force by UN and French forces to protect civilians in Côte d'Ivoire from attacks by government troops. This was a big success for the EU in its attempt through the UN to uphold the results of the elections in 2010 in which President Laurent Gbagbo was voted out of office. The crisis showed that, in the right circumstances, China, an authoritarian state, could be persuaded to support international action to safeguard democracy. China showed similar pragmatism by sending election observers to monitor the referendum in South Sudan,

where China's own oil and commercial interests mean it has a stake in conflict management. China also acknowledged its growing role as donor in a white paper on aid policy and signed a declaration on improving aid efficiency at the international Busan summit in November.

However, this does not mean that China has cut its ties with dictators. Xi Jinping, China's designated leader, hosted Zimbabwean President Robert Mugabe in Beijing in November. It also allowed Sudan's President Omar al-Bashir to visit Beijing in June despite an arrest warrant from the ICJ, which China does not recognise. China may be gradually realising that, in order to ensure long-term access to resources in Africa, it has to reach out beyond dictators. But this is a shift that is being driven largely by pragmatism rather than Western pressure. So although Europeans were relatively united, they had a limited impact on China's evolving approach to Africa.

11 RELATIONS WITH CHINA ON REFORMING GLOBAL GOVERNANCE

The euro crisis put Europe on the defensive on global governance. China was non-committal about IMF contributions and Europeans failed to win concessions on the convertibility of the renminbi.

	2010	2011
Unity	3/5	3/5
Resources	2/5	2/5
Outcome	2/10	2/10
Total	7/20	7/20

C-

2010 score C-

The EU wants to see China take greater responsibilities in multilateral institutions, especially the UN, the WTO, the IMF and the G20. In 2010, the EU ceded voting rights to emerging powers including China. In 2011, the euro crisis put Europe on the defensive. After Dominique Strauss-Kahn resigned as head of the IMF in May, there was an attempt by emerging countries and Russia to back a non-European candidate, but China ended up supporting Christine Lagarde and Chinese economic adviser Zhu Min was appointed as vice-president. China was non-committal about whether to make a further contribution to the IMF to bail out eurozone members – unsurprisingly, perhaps, since others such as Canada, the UK and the US also declined to increase their own contributions. So far, China has successfully resisted increasing the contribution it makes to international capacity to intervene in financial crises. But since European leaders decided in December to put €200 billion at the disposal of the IMF, and as the US no longer is excluding a further contribution, pressure on China could mount in 2012.

During France’s presidency of the G20, Europeans were unsuccessful in offering China IMF reform as a way to persuade it to move towards convertibility of the renminbi. Europe was divided about the idea of a tax on financial transactions and, although France and other eurozone members supported it, it went nowhere at the G20 summit in Cannes in November. China moved closer to an important European goal when it agreed to legally binding limits on emissions at the Durban climate conference in December (see component 12). But such European successes with China in multilateral institutions are increasingly rare. Worryingly, although Russia and the US were for the first time present at the East Asia Summit in Bali in November, the EU wasn’t even invited to be an observer. This may be a sign of China’s (and other Asians’) increasing frustration with Europe’s inability to come up with a single representative in multilateral institutions.

12 RELATIONS WITH CHINA ON CLIMATE CHANGE

The EU managed to defy low expectations and set the agenda on climate change. At the Durban summit, China agreed to sign up to a legally binding deal before 2020.

	2010	2011
Unity	4/5	4/5
Resources	4/5	4/5
Outcome	5/10	7/10
Total	13/20	15/20

B+

2010 score B

Securing the co-operation of China – now the world’s largest carbon emitter – is central for a legally binding global deal on climate change. As a further sign of its commitment to lead by example on climate change, the EU introduced a carbon tax for airlines flying into Europe that will begin in January 2012 (see also components 24 and 38). In response, China threatened repercussions for Airbus in China and has asked its airlines to refuse to pay the tax.

The main event in 2011 was the Durban summit in December. The euro crisis had overshadowed climate change as an issue throughout the year and expectations were low. China launched its white paper before the summit and managed to set the media agenda for a while. But Durban turned out to be a success for the EU. It managed to split the traditional alliance group between China and other developing countries. China and other large emitters agreed to sign up to a legally binding deal that will come into force in 2020 at the latest. For its part, the EU committed to adhering to the Kyoto Protocol for another period and also plans to discuss reducing carbon

emissions even faster during the upcoming Danish EU presidency. It leaves Europe less isolated than a couple of years ago.

Although climate groups say progress is still too slow, the EU defied low expectations at Durban. It was impressively ambitious: instead of settling for the implementation of decisions taken in Copenhagen in 2009 and Cancun in 2010, the EU went for more and got it. As Climate Change Commissioner Connie Hedegaard said: “The EU’s strategy worked.” One of the next big emerging battlegrounds is innovation, which will determine who leads in green technologies. China has massively subsidised investment in solar panels and wind turbines, which could lead to commercial disputes.

Russia

Overall grade

C+

Overall grade 2010 C+



	2010/	2011
TRADE LIBERALISATION AND OVERALL RELATIONSHIP	B-	B
13 Trade liberalisation with Russia	B-	A-
14 Visa liberalisation with Russia	C+	B-
HUMAN RIGHTS AND GOVERNANCE	C-	C-
15 Rule of law and human rights in Russia	C	C-
16 Media freedom in Russia	C-	C-
17 Stability and human rights in the North Caucasus	C-	C-
EUROPEAN SECURITY ISSUES	C+	B-
18 Relations with Russia on the Eastern Partnership	C	C+
19 Relations with Russia on protracted conflicts	C+	C+
20 Relations with Russia on energy issues	C+	B-
21 Diversification of gas supply routes to Europe	B-	B-
CO-OPERATION ON REGIONAL AND GLOBAL ISSUES	B-	C+
22 Relations with Russia on Iran and proliferation	A-	B-
23 Relations with Russia on the Greater Middle East	–	B-
24 Relations with Russia on climate change	C+	C+
25 Relations with Russia at the G20	C-	C-

The EU's "strategic partnership" with Russia is exceptional because of the scale of mutual economic interdependence, the intensity of political competition in the neighbourhood and the internal divisions it has caused in the past. Russia sees the EU as its most important consumer of energy exports and as a trade partner that can help it modernise its economy. The EU, on the other hand, wants to trade with Russia but also to co-operate with it on security issues in the Wider Europe and beyond. In 2011, the EU achieved an impressive degree of unity based on an overriding interest in developing its co-operation with Russia. This unity was symbolised by increasing co-ordination between Germany and Poland, and in particular between foreign ministers Guido Westerwelle and Radoslaw Sikorski, leading some to speak of a "Polish-German tandem" on Russia policy.

However, just as the EU moved to further engage with Russia, in particular on the modernisation drive promoted by President Dmitry Medvedev, both he and the vision he was believed to represent were sidelined. In September, Russian Prime Minister Vladimir Putin's announcement that he was returning to the

presidency ended a period of wishful thinking that had underwritten much of the EU's engagement with Russia. The large-scale electoral fraud to support Putin's United Russia party during parliamentary elections in December made it clear that, even if the government wants to modernise its economy, it is not prepared to cede control of institutions.

The outburst of political activism and demands for clean elections in major cities was initially met with arrests and police brutality, but afterwards large peaceful rallies were held in Moscow and across Russia. These were even broadcast on federal television – a major turnaround following a previous blanket ban on such broadcasts. Yet, despite some conciliatory statements, the Kremlin has not conceded to the demands for new elections or removal of the chairman of the Electoral Commission. The emerging protest movement shows that Putin is returning to a different, more restless Russia than the one he previously governed. This creates risks for the EU in 2012. The Kremlin may try to compensate for internal weakness through a more aggressive foreign policy. While the EU has no choice but to continue to engage with Putin, it will have to sharpen its political approach to get more out of Russia than it did in 2011.

A big EU success in 2011 was Russia's accession to the WTO in a format the EU believes will be mutually economically beneficial. EU diplomacy played a key role in the Georgian-Russian agreement on WTO accession, which opened the way for further EU–Russia trade liberalisation. However, although Russia is now set to join the WTO, the Moscow-led project for a customs union with Belarus and Kazakhstan – which are not WTO members – may disrupt a smooth transition. The EU also made progress on visas. The EU got Russia to agree to a list of conditions to be fulfilled in order to benefit from a visa-free regime; the challenge now will be to get Russia to implement them. There was progress in co-operation on climate change but only in areas that did not clash with Russian economic interests. There has also been progress in co-operation between the EU and Russia in the flagship “Partnerships for Modernisation”, which in theory exchange tools for economic modernisation for more political openness in Russia, although the partnerships have to some extent become vehicles for member states to further their business interests.

This was symptomatic of a wider trend in 2011 as member states pursued economic goals and limited political criticism and condemnation of human rights abuses. Though High Representative Catherine Ashton, the European Parliament and some member states such as the UK and Sweden have not refrained from criticising Russia for human rights violations, there was little follow-up. Most

member states either do not raise sensitive issues in discussions with Moscow or make perfunctory statements. As a result, the EU had little impact on the political and human rights situation. Independent media in Russia came under heavy pressure in the run-up to the December parliamentary elections, which the EU was unable to prevent. Nor did it have much impact in dissuading the Kremlin from putting pressure on citizens to vote for United Russia, preventing some opposition parties from participating in the vote, or falsifying votes. Nor did the EU make its voice heard during the outbreak of mass street protests in the aftermath of the elections.

Moscow's abstention on UNSC Resolution 1973, which authorised military action by NATO in Libya, suggested that Russia might play a co-operative role with the West in dealing with the Arab Awakening. However, by the end of the year, Russia had launched a war of words on NATO involvement in Libya and opposed a UN resolution on Syria. After a success in 2010, Russia also drifted further away from the EU on Iran. There was little progress in co-operation with Russia in resolving protracted conflicts or in co-operation in Afghanistan, Central Asia or the Middle East. In the G20, Russia increasingly aligned with the other BRICS countries, especially China, in criticising the EU for mishandling the euro crisis. The challenge for the EU in 2012 will be to improve delivery on co-operation and either prevent or prepare for a more aggressive Russian foreign policy once Putin returns to the presidency in March.

13 TRADE LIBERALISATION WITH RUSSIA

Russian accession to the WTO was a big success for the EU that opens the way for further EU–Russia trade liberalisation.

	2010	2011
Unity	4/5	5/5
Resources	3/5	3/5
Outcome	5/10	8/10
Total	12/20	16/20

A-

2010 score B-

The EU’s objective is to create a common economic space based on a free-trade area with Russia. For years, EU–Russia trade liberalisation has been held back because Russia is not a member of the WTO. For example, without WTO membership, Russia could not sign a free-trade agreement with the EU, which has been on offer for several years. Russia’s WTO accession was complicated by Russia’s protectionist lobbies and Russian–Georgian disagreements on how to ensure proper border controls around the conflict zones of Abkhazia and South Ossetia. Russia’s creation of a customs union of Kazakhstan and Belarus has also complicated Russia’s WTO accession and EU–Russia trade liberalisation.

the year, the EU was quite united in supporting Russia’s WTO accession and holding the perspective of a free-trade regime open to Russia. In the spring, the EU and Russia finally settled most of their differences on Russia’s WTO accession. The EU also played a strong diplomatic role in persuading both Russia and Georgia to agree on a compromise that opened the way for Russian accession to the WTO. But although the EU has achieved its long-term objective of seeing Russia enter the WTO, the success of further EU–Russia trade liberalisation will depend on how fast the EU and Russia can agree to liberalise their own bilateral trade.

In 2011, after 18 years of negotiations, Russia finalised accession talks with the WTO member states – a major success for the EU. Russia finally joined the WTO in December. This will also open the way for further trade liberalisation between Russia and the EU, which could be enshrined in the New Enhanced Agreement (NEA) currently being negotiated. Throughout

14 VISA LIBERALISATION WITH RUSSIA

The EU made Russia agree to a list of conditions to be fulfilled in order to benefit from a visa-free regime. The challenge will be to see Russia implement the agreed measures.

	2010	2011
Unity	4/5	4/5
Resources	3/5	3/5
Outcome	3/10	4/10
Total	10/20	11/20

B-

2010 score C+

A visa-free regime is perhaps Russia's single most important demand from the EU. In principle, the EU is prepared to accede to this demand, but there are differences among member states on how actively the EU should use the offer of a visa-free regime to extract political concessions from Russia and the time horizons for the abolition of visas. Several important developments took place in 2011. The existing EU–Russia visa-facilitation regime was renegotiated and the EU and Russia agreed to make greater use of long-term multi-entry visas for up to five years. The EU also agreed to extend the right for visa-free local border traffic to all the residents of the Russian enclave of Kaliningrad. Most important, however, was the agreement in mid-December of a set of “common steps” towards a visa-free regime between the EU and Russia: instead of just presenting Russia with a set of conditions that need to be fulfilled in order to qualify for a visa-free regime (as the EU did in the Western Balkans, Moldova and Ukraine), the EU agreed to design a set of steps for both sides to take, which underscored the equality between the EU and Russia.

EU member states have been united in their approach to visa liberalisation with Russia. However, the same cannot be said for the implementation of the existing visa policy on the ground. Some member states such as Finland, Spain, France, Italy and Greece have been asking Russian citizens for fewer supporting documents for visa applications and have granted a higher share of long-term multi-entry visas. But other states such as Germany, Denmark and the Czech Republic have been significantly more restrictive in their visa policies. These differences on the ground allowed Russian citizens to engage in “visa shopping” and undermined the potential for the EU to use the prospect of visa liberalisation to promote reforms in Russia or win concessions on political issues such as conflict resolution in Transnistria.

15 RULE OF LAW AND HUMAN RIGHTS IN RUSSIA

European hopes that Dmitry Medvedev's rhetoric about openness would become a reality were dashed. Most member states avoided raising sensitive issues with Moscow.

	2010	2011
Unity	4/5	3/5
Resources	2/5	2/5
Outcome	2/10	2/10
Total	8/20	7/20

C-

2010 score C

Europeans are united around a soft consensus on the need to promote human rights and rule of law in relations with Russia but this is far from being a priority for either the EU or most member states, which prefer to focus on economic and security relations with Russia. Europeans hoped that Dmitry Medvedev would take concrete steps to make his rhetoric of openness a reality and make political modernisation and the rule of law more of a priority. But before and after parliamentary elections in December, there were clear human rights violations. Opposition parties were prevented from entering the election, rallies were broken up and leaders were detained. The OSCE received results from only two-thirds of polling stations, monitors were often turned away and NGOs estimated that as much as 25 percent of votes were falsified. Some state employees and students were pressured to vote for United Russia. During initial post-election demonstrations in Moscow some 1,000 people, including opposition leaders, were detained. But subsequent mass protests were both permitted and peaceful in Moscow and other major cities.

However, apart from small assistance projects including a joint initiative with the Council of Europe to introduce a fully-fledged right to appeal in the judicial system, Europeans did little to support human rights or the rule of law in Russia in 2011. German Chancellor Angela Merkel, British Prime Minister David Cameron and European Council President Herman Van Rompuy publicly expressed concerns about human rights and the rule of law in meetings with the Kremlin. European Commission President José Manuel Barroso also raised cases in a one-to-one meeting with Putin. However, other member states such as Portugal, Italy, Greece and Spain avoided raising sensitive domestic issues in bilateral relations with Russia and did not even support an assertive posture by the EU institutions. Despite European Parliament resolutions calling for a visa and asset ban on Russian state officials involved in the murder of the lawyer Sergei Magnitsky, there was little to no follow-up. The Netherlands and the UK are the leaders on the Magnitsky case, while Germany is opposed to sanctions. Overall, the EU had little impact on human rights and the rule of law in Russia.

16 MEDIA FREEDOM IN RUSSIA

Independent media in Russia came under heavy pressure around the December parliamentary elections, but the EU did not make media freedom a priority and had little to no impact.

	2010	2011
Unity	3/5	3/5
Resources	2/5	2/5
Outcome	1/10	1/10
Total	6/20	6/20

C-

2010 score C-

The EU wants Russia to reverse the centralisation and authoritarianism that has taken place in the last decade so that it can meet OSCE and Council of Europe standards. The Kremlin dominates the media: it prevents dissenters appearing on the key television channels that can be viewed across Russia and either controls or significantly influences the editorial policies of major television stations and many national and regional newspapers. The December parliamentary elections, which sparked mass protests in Moscow and other cities, saw a spike in media harassment and revealed a wider pattern of intimidation and state control over public information in Russia. Independent media came under unprecedented pressure and several high-profile independent political websites were blocked prior to the vote by hackers whom analysts say must have had government support. During protests in Moscow, many journalists were detained by the police and in some cases beaten up. State media mostly failed to report initial protests and independent media came under unprecedented pressure from government officials. But an abrupt

turnaround saw major protests in Moscow broadcast on federal television with no on-site state harassment.

High Representative Catherine Ashton spoke of her “serious concern” at the post-election situation in Russia. But, beyond this, the EU deployed few political resources to press for greater media freedom in Russia and had close to no impact in relaxing Kremlin controls. Few high-level officials from either member states or the EU institutions seemed to consider media freedom in Russia as a priority for the EU–Russia dialogue and raised the issue, if at all, only in a formalistic manner. The EU did continue to fund training for journalists and the European Parliament passed a resolution calling for closer inspection of “dual-use” information technology that could be used by security services abroad.

17 STABILITY AND HUMAN RIGHTS IN THE NORTH CAUCASUS

The EU has neither presence nor influence in the North Caucasus, which remains Europe's last war zone.

	2010	2011
Unity	4/5	4/5
Resources	1/5	1/5
Outcome	1/10	1/10
Total	6/20	6/20

C-

2010 score C-

In 2011, there was a slight rise in stability in the North Caucasus, but the human rights situation remained poor. There was a suicide bombing in Grozny and Russian military and police were killed. The authorities responded with extra-judicial killings, disappearances and threats against activists. Locals complained of indiscriminate retaliation by security forces following attacks. In Chechnya, the enforcement of a strict Islamic dress code for women alarmed activists. There were recorded cases of attacks, harassment and threats on unveiled women by those charged with enforcement. In the Russian parliamentary elections in December, fraud in the region was among the highest in the federation, with Ingushetia, Dagestan and Chechnya each returning over 90 percent support for United Russia. In the North Caucasus, local rulers also held a far tighter grip on the media. One journalist, Yakhya Magomedov, was gunned down in Dagestan. A terrorist attack at Domodedovo airport in Moscow in January killed 36 people.

Europeans have taken an interest in the situation in the North Caucasus since the Russo-Chechen war under former presidents Boris Yeltsin and Vladimir Putin. Yet the EU is barely present in the region and has minimal impact on its development. Moscow views the region as a sensitive issue and local strongmen limit foreign influence or access. In 2011, the EU phased out the last of its humanitarian aid, reducing the EU's financial leverage in the region. However, the absence of parliamentary scrutiny in Russia and of independent media mean that local NGOs – many of which are funded by the EU or member states – continue to be the main source of information on human rights violations. In particular, Denmark continues to set an example on the ground through the humanitarian work of the Danish Refugee Council.

18 RELATIONS WITH RUSSIA ON THE EASTERN PARTNERSHIP

In 2011, the EU and Russia clashed over trade and energy relationships with the Eastern Partnership states. Europeans were united but could not alter Russia's policy in the shared neighbourhood.

	2010	2011
Unity	3/5	4/5
Resources	2/5	3/5
Outcome	3/10	3/10
Total	8/20	10/20

C+

2010 score C

The EU hopes to encourage third parties such as Russia to support rather than undermine its Eastern Partnership programme for six Eastern European and South Caucasus countries. However, tensions between the EU and Russia in the shared neighbourhood remain. The EU has not been particularly successful in persuading Moscow that the Eastern Partnership is not an anti-Russian project. While there are few open disputes between Russia and the EU over the issue, there are arguments behind closed doors. In 2011, tensions emerged over issues related to trade and energy. In September, Kremlin sources suggested that Russia might introduce trade restrictions against Ukraine if Kyiv did not join a customs union between Russia, Belarus and Kazakhstan and instead signed the DCFTA it is negotiating with the EU. While Russia opposed the DCFTA, European Commission officials and several EU foreign ministers said publicly that Russia should not pressure Ukraine to agree to a customs union that was incompatible with the DCFTA.

Russia and the EU had different agendas on energy as well. In previous years, Ukraine and Moldova joined the European Energy Community and began to implement the EU energy acquis, including the unbundling of energy companies under the so-called third energy package. This is likely to affect Russia's state-owned energy company Gazprom's current and future role in the Moldovan and Ukrainian energy markets. To counter this, Russia started lobbying Ukraine and Moldova to renege on their commitments to the EU. In December, Moldovan officials said that during negotiations with Gazprom, Chisinau was offered lower gas prices in exchange for renegeing. Vladimir Putin's call for the creation of a Eurasian Union in October prompted concerns in the EU of renewed Russian attempts to re-integrate the post-Soviet space, which would clearly contradict the EU's objectives in the Eastern Partnership states. Although there has not yet been an open diplomatic clash between the EU and Russia, their fundamentally different interests prevented the emergence of any meaningful engagement.

19 RELATIONS WITH RUSSIA ON PROTRACTED CONFLICTS

Protracted conflicts in the South Caucasus are not a priority for the EU. The EU engaged Russia in a dialogue on Transnistria but took no initiative on the conflicts in Georgia or Nagorno-Karabakh.

	2010	2011
Unity	3/5	4/5
Resources	3/5	3/5
Outcome	4/10	3/10
Total	10/20	10/20

C +

2010 score C+

The EU's goal is to meaningfully engage Russia in mediation and resolution of the three protracted conflicts that continue to affect four Eastern Partnership countries – Armenia, Azerbaijan, Georgia and Moldova. The efforts on Transnistria begun by Germany in 2010 have brought progress in terms of re-launching the official talks between all involved parties. However, officials in Berlin see progress as insufficient. The EU's offer of setting up a joint EU–Russia Political and Security Committee in exchange for substantial progress on conflict settlement in Transnistria was apparently not attractive enough to entice the Kremlin.

Meanwhile, the EU has achieved virtually no progress in co-operation with Russia on the other two conflicts in the neighbourhood. While Germany has taken the initiative on Transnistria, there was no high-level engagement by the EU or its member states on the conflicts in either Georgia or Nagorno-Karabakh. While EU member states agree that Russia is both part of the problem and an integral part of the solution of these conflicts, few member states apart

from the Czech Republic, Lithuania (which held the OSCE chairmanship) and Poland made the effort to push Russia to follow through on its commitments such as withdrawal to its pre-2008 war positions in the provinces of South Ossetia and Abkhazia. Other states are only sporadically involved: during his visit to Tbilisi in October 2011, French President Nicolas Sarkozy called on Russia to fulfil its part of the ceasefire agreement and “stop the occupation of South Ossetia and Abkhazia”, but Moscow made no official response.

The EU's monitoring mission in Georgia, whose mandate lasts until September 2012, is still denied access to both South Ossetia and Abkhazia. In October 2011, the Polish and Swedish foreign ministers suggested in a non-paper that the EU should boost co-operation with its eastern neighbours on security issues, including collaboration on CSDP missions. While it is too early to assess the impact of the initiative, Moscow is unlikely to greet it with enthusiasm.

20 RELATIONS WITH RUSSIA ON ENERGY ISSUES

Despite Moscow's lack of interest and member states' diverging interests, the EU succeeded in putting in place a legal framework for a more competitive energy market.

	2010	2011
Unity	4/5	3/5
Resources	2/5	3/5
Outcome	3/10	5/10
Total	9/20	11/20

B-

2010 score C+

Russia, which provides more than a third of the EU's gas imports, plays a big role in the EU's energy security. The EU hopes to base its energy relationship with Russia on the Energy Charter Treaty, but Russia refuses to ratify the charter. Russia also opposes the EU's so-called Third Energy Package (TEP), which promotes liberalisation of the gas and electricity market and came into force in March 2011. Its provision forcing EU countries to "unbundle" companies in the gas sector – that is, separate production and supply from transmission networks – has become one of the most contentious issues in EU–Russia relations. There is also ongoing arbitration about gas prices between Gazprom and a growing number of EU companies including German energy giants E.ON and RWE.

Despite Moscow's objections to the TEP, some member states have taken necessary steps to liberalise their gas markets, including unbundling their gas sectors. However, the European Commission estimates that only one-third of states will follow Estonia and Lithuania, which already declared that they would fully unbundle theirs. Others, including Germany and

France, will probably let companies establish independent subsidiaries to manage transmission networks instead of full unbundling. Some member states such as Bulgaria and Italy have already indicated that they would support exemption from the TEP for the South Stream pipeline, which is promoted by Russia, while Poland, Estonia and Romania vocally oppose it. The absence of a coherent approach means that the pan-EU playing field for Gazprom and other energy giants may become more competitive but will not be completely level.

While member states dithered in 2011, the European Commission took the initiative and used its powers to enforce competition rules for the common energy market. In September, antitrust officials made surprise raids on firms in 10 member states, including Gazprom's operations in the Czech Republic and Germany and on some of Gazprom's EU partners. As a result, the EU is now in a stronger position to enforce anti-monopoly measures against EU and Russian gas businesses operating in the single market.

21 DIVERSIFICATION OF GAS SUPPLY ROUTES TO EUROPE

Despite disagreements, member states and the European Commission took important steps to diversify supply and increase security.

	2010	2011
Unity	2/5	3/5
Resources	4/5	4/5
Outcome	5/10	5/10
Total	11/20	12/20

B-

2010 score B-

The EU aims to help diversify gas-supply routes in order to reduce the dependence on Russia of some of its member states, particularly those in the Baltic and Central and Eastern Europe. The EU supports both the construction of interconnectors to enable reverse flows of gas between member states and also the building of alternative transit routes and terminals for liquefied natural gas (LNG). 2011 brought mixed results. The first part of the Nord Stream pipeline, which was supported by Germany but opposed by Poland and the Baltic states, was completed. This, together with Germany's decision to phase out nuclear energy, means that the EU's dependence on Russian gas is likely to continue in the medium term. The EU's plans to diversify away from Russia suffered another blow after France's EDF, Italy's Eni and Germany's Wintershall announced in September that they had signed a deal with Gazprom to join the Russia-sponsored South Stream project – a rival to the EU-backed Nabucco pipeline. However, Nabucco – which Russia opposes – received a boost after Azerbaijan and Turkmenistan reconfirmed their interest

and the European Commission received a mandate to lead negotiations on a Trans-Caspian Pipeline that would deliver Turkmen gas for Nabucco.

On this issue, Europe was led by Baltic and Central European member states: the Czech Republic, Estonia, Hungary, Lithuania, Poland and Romania. They both drew attention to the issue of dependence on Russia and took steps to diversify by revamping their energy infrastructure or adding new components enabling reverse flows in their cross-border pipelines (such as between Latvia and Lithuania or Austria and Slovakia). Interconnectors are being built to link gas systems between neighbouring countries (such as between the Czech Republic and Poland and between Hungary and Romania). Poland is constructing an LNG terminal, though the Baltic states so far have not reached agreement on the location of a joint LNG terminal. All in all, these steps would ensure that EU member states would be better protected against possible gas-supply interruptions.

22 RELATIONS WITH RUSSIA ON IRAN AND PROLIFERATION

Led by the E3, the EU remained impressively united on Iran. However, Russia became less co-operative over the course of the year and opposed new EU and UN sanctions.

	2010	2011
Unity	4/5	5/5
Resources	4/5	4/5
Outcome	8/10	3/10
Total	16/20	12/20

B-

2010 score A-

The US and the EU see preventing Iran acquiring nuclear capacity as one of their highest foreign-policy objectives. As a UNSC member and a partner of Iran in military transfers and the construction of the Bushehr nuclear plant, Russia has the power to obstruct or facilitate Western objectives. The dialogue between Russia and the West on Iran improved in 2010 mainly as a result of the US “reset” of relations with Russia. In 2011, the main aim of the EU, a collateral beneficiary of the “reset”, was to get Russia to support new sanctions on Iran at the UN. In broader issues of anti-proliferation, Russia and the EU continue to work together on nuclear safety in Russia, as part of previous G8 agreements, to re-orientate former Soviet military scientists, secure nuclear facilities and dismantle nuclear submarines. Diplomatically, both co-ordinated their efforts to resume work at the Conference on Disarmament in Geneva.

The EU remained impressively united on Iran and continued to prioritise the issue in 2011. However, Russia became gradually less co-operative than in the

previous year. It tried to moderate by proposing a diplomatic solution called the “step-by-step” approach that aimed to ease the standoff. Russia also proposed a phased approach in which Iran would provide greater information to clarify IAEA concerns, with each step being met by a US reciprocal concession. Like the West, Russia continued to call for Iran to cease construction of centrifuges. But limits to the “reset” were reached by late 2011. Unlike in 2010, Russia opposed new UN sanctions and criticised new EU sanctions. It was particularly critical of proposed EU oil sanctions on Iran and attacked the new IAEA report published in November as “unbalanced”. The Bushehr nuclear power plant, built by Russian technicians, opened in August.

23 RELATIONS WITH RUSSIA ON THE GREATER MIDDLE EAST

Russia abstained on the UN vote on Libya but fiercely opposed a resolution in Syria. However, co-operation improved within the Middle East Quartet.

	2010	2011
Unity	-	3/5
Resources	-	4/5
Outcome	-	5/10
Total	-	12/20

B-

2010 score -

As a member of the UNSC and as a partner of several Greater Middle East states, Russia remains an actor in the region. The prospects for greater co-operation seemed promising following the Russian abstention in the vote on UNSC Resolution 1973, which authorised military action in Libya, in March. However, the EU lacked unity: Germany did not support France and the UK in voting at the UN and abstained together with Russia. By the end of the year, relations between the EU and Russia on the Middle East had soured. Russia launched a war of words on NATO operations in Libya and refused to permit a meaningful UN resolution in response to the violence in Syria. Russia again aligned itself with the other BRICS countries and limited Western attempts to impose sanctions on Syria. Russia also said it would not agree to the presence of NATO troops in Afghanistan beyond the 2014 expiry of the UN mandate. Russia accused the US of violating human rights and fuelling heroin production in Afghanistan, but less than in previous years and with no practical impact. Despite this criticism

of the US, Russia co-operated more with the Western-backed Afghan government than in the past.

However, led by High Representative Catherine Ashton, EU–Russia co-operation improved in the Middle East Quartet, the key negotiating forum for the Israeli-Palestinian conflict. In February, she and Russian Foreign Minister Sergei Lavrov also issued a joint statement that expressed shared concerns on the situation in North Africa and the Middle East and condemned the use of military force to break up peaceful demonstrations. More broadly, Russia and the EU are currently negotiating a new draft co-operation agreement that would permit enhanced co-operation in fighting terrorism. The EU and Russia have also been discussing a new framework for crisis management, the legal basis for co-operation in the field. But Russia and the EU did not advance co-operation elsewhere in the region beyond what existed in 2010. Both sides continue to view security co-operation as lagging far behind potential.

24 RELATIONS WITH RUSSIA ON CLIMATE CHANGE

Co-operation is underway but limited. Neither member states nor Russia see it as a priority.

	2010	2011
Unity	3/5	3/5
Resources	3/5	3/5
Outcome	3/10	3/10
Total	9/20	9/20

C+

2010 score C+

Co-operation on climate change was identified as a priority area in the EU–Russia “Partnership for Modernisation”. The EU hoped climate change was an apolitical area in which the chance of co-operation would be higher. There is some co-operation between the EU and Russia. But when Russian commercial interests are threatened, it disappears. Russia has not yet really overcome its climate-change scepticism. In particular, it continues to exploit its vast forests to claim a special status in the global climate change regime. In September, Russia joined forces with China to denounce the European Emissions Trading Scheme (ETS), claiming it violated national sovereignty and was a breach of the Chicago Convention. Russian airlines are likely to refuse to pay EU gas-emission fees. Russia shows no sign of moderating its drive to target energy resources in the Arctic. The EU is still pushing for a cap and trade system for greenhouse gas emissions and a tax on CO₂ emissions and energy content.

Change Commissioner Connie Hedegaard visited Moscow in November. But most member states were content to leave the issue to her and only a few – Denmark, Finland, France, Latvia, Poland, Sweden and the UK – took up the issue of climate change in their bilateral relations with Russia, for example in their Partnerships for Modernisation in the form of joint energy efficiency centres or initiatives. Ongoing negotiations between Moscow and Brussels focus on drawing up a roadmap on energy co-operation until 2050 and energy efficient statistics. A project on energy efficiency in north-west Russia was launched under the Northern Dimension Environmental Partnership. Low-carbon initiatives are at the moment confined to an exchange of experts. A major conference to encourage private sector waste reduction as a business opportunity is planned. Exchanges of forest-fire experts are planned after the Russian fires in 2010. Discussions continue on a voluntary scheme for timber certification.

The EU institutions continued to engage Russia on climate change and Climate

25 RELATIONS WITH RUSSIA AT THE G20

The EU found itself in disarray in the G20 as it struggled to resolve the euro crisis whilst Russia edged into closer co-operation with the other BRICS countries.

	2010	2011
Unity	2/5	1/5
Resources	2/5	3/5
Outcome	2/10	2/10
Total	6/20	6/20

C-

2010 score C-

The G20 was one of the primary forums in which EU weakness and disunity as a result of the euro crisis was exposed in 2011. In particular, Russia drifted further from the EU than in the previous year. It increasingly issued statements with the other BRICS countries – especially in the context of the euro crisis, which dominated the summit in Cannes in November.

Herman Van Rompuy described co-operation with Russia in the G20 as being “very good”, but, though dialogue was ongoing, the EU did not succeed in achieving concessions from Moscow. Russia did not compromise in its opposition to the French proposal for a global financial transaction tax, a position it shared with the other BRICS countries. Russia also used the G20 to vocally criticise volatility in the eurozone. Russia also rejected an initiative proposed by Brazil to directly contribute to the bailout of eurozone economies. Russia was more co-operative on the issue of the IMF, which was discussed at the G20. Together with India and China, Russia backed increased funding for the IMF. Russia reiterated its willingness to lend

to the eurozone under strict conditions through the IMF, a position shared with other BRICS. Russia reiterated the central place of co-operation with Beijing in its G20 strategy and made a joint statement on G20 affairs in June.

In the G20, Russia did not play a frontline role but neither did it have to compromise on its strategic interests in the forum. It has seen its role as a traditional counterweight to Western influence eclipsed by China and India in the G20, but Russia did secure the sought-after right to host the forum in 2013.

United States

Overall grade

B-

Overall grade 2010 **B-**



	2010	2011
TRADE LIBERALISATION AND OVERALL RELATIONSHIP	B	B-
26 Reciprocity on visa procedures with the US	C	C-
27 Relations with the US on terrorism, information sharing and data protection	A	B+
28 Trade and investment disputes with the US	B-	B-
29 Relations with the US on standards and norms	B	B-
30 Relations with the US on the euro crisis	–	B-
CO-OPERATION ON EUROPEAN SECURITY ISSUES	C+	B-
31 Relations with the US on NATO, arms control and Russia	C-/C	C-
33 Relations with the US on the Balkans	B+	B
33 Relations with the US on the Libya operation	–	B+
CO-OPERATION ON REGIONAL AND GLOBAL ISSUES	B-	B
34 Relations with the US on the Arab Awakening	–	B+
35 Relations with the US on the Middle East peace process	C	C-
36 Relations with the US on Afghanistan	C	C
37 Relations with the US on Iran and proliferation	A	A-
38 Relations with the US on climate change	B-	B+

During the 2008 US presidential campaign and the first two years of the Obama administration, Europeans felt ignored. While there may have been other, more fundamental reasons for the lack of US interest in Europe, the standard explanation given by officials from the Obama administration was twofold. Firstly, they argued, the gradual disappearance of crises in Europe accounted for the decreased attention given to the old continent. Secondly, Europe did remain a critical partner for the US in tackling the challenges of the wider world. Europe, in other words, had become less of a problem and more of a solution.

2011 confirmed these official talking points were right, but in a very disturbing way. On the one hand, the euro crisis put Europe back on the front burner of the administration and the front pages of the newspapers, as it threatened to create a vortex dragging the world economy down – and with it the president’s chances of re-election. On the other hand, the Arab Awakening reinforced Europe’s role as a partner for the US, especially in the common intervention in Libya. But this comparatively more comforting reason for relevance was tempered by the fact that Europeans partly depended on Washington for their military effectiveness, and by the secondary importance given to the operation by the administration in the reorientation of American priorities towards the Asia-Pacific region.

Thus, Americans have turned their attention to Europe – but not necessarily in the way that Europeans had hoped. At the G20 summit in Cannes in November, President Barack Obama repeated the joke that he had been given a crash course in European politics after intensive meetings with EU officials and heads of state to solve the euro crisis. Europeans got co-operation from Washington at the board of the IMF – whether for new programmes or for retaining the directorship for a European when Dominique Strauss-Kahn had to resign abruptly – and in declarations of confidence and support. But they also got lectures and pressure from a country with a worse deficit and debt than that of the eurozone.

Because of this lingering threat, the overall climate of transatlantic relations was not very good. There was little progress on trade and investment issues, for example, or on the harmonisation of standards and norms, even though this is critical to retaining economic leadership in the globalised world. On bilateral issues, Europeans were successful when united, for example in getting an agreement on the transfer of data for counter-terrorism purposes that was more protective of privacy and legal rights (the agreement on airline passenger data, or PNR, in November 2011 after the agreement on SWIFT in 2010). They also had surprising successes on climate change, as they remained firm on the inclusion of all airlines flying to Europe in the European Emission Trading Scheme, against intense US lobbying, and were instrumental in getting an American commitment for a new binding treaty by 2015 at the Durban conference in December.

On the Greater Middle East, where Europe remains a junior partner, their performance in relation to Washington was classically a function of their unity and their resolve. On Afghanistan, these were in limited supply: the main question was how fast they could withdraw their remaining troops without antagonising Washington. As a result, they had limited impact. The situation was better on Iran: Europeans remained determined and united, including on the issue of human rights, and they kept paying a significantly higher price for the sanctions imposed on the Tehran regime than the US, which has no economic relations with Iran. However, while they have contributed to keeping the international community united and avoiding a military intervention, their policy has not succeeded yet: in November, the IAEA confirmed the military nature of Iran's nuclear programme, with enrichment activities continuing.

Their most disappointing performance was on the Middle East peace process, because 2011 offered Europeans a unique opportunity to exercise leadership and influence Washington. At the end of 2010, the Obama administration had

marginalised itself by failing to obtain a continuing freeze on settlement activity from the Netanyahu government, and Palestinians decided to go to the UN to obtain full recognition of statehood. As the pivotal bloc, Europeans were in a position to mediate and offer a constructive way out of the stalemate, but, mostly due to their own divisions, they failed to do so.

The Arab Awakening presented better opportunities for joint transatlantic action. Europeans and Americans were equally clumsy when it came to adapting to the sudden change of regimes they had long supported, but at least they didn't disagree on their differentiated approach to the various countries (support for Tunisia and Egypt, strong pressure on Syria, light pressure on Bahrain, etc.) and they exhibited a good dose of co-ordination on the limited economic help they could provide. Europeans took the lead on the latter: there was a de facto repartition whereby they would primarily take care of North Africa, while the US would concentrate on the Gulf region – with Egypt and the Levant as a shared zone.

This partly explains relations over the military intervention in Libya. A White House official used the phrase “leading from behind” to describe the American role in this intervention (an off-the-record characterisation that was rejected by the Obama administration). The truth is that Paris and London were very keen to act and convinced a hitherto reluctant Washington to intervene, which opened the way for UNSC Resolution 1973. While Europeans provided the larger share of military capabilities, Americans provided critical resources such as refuelling, targeting and jamming capabilities without which the intervention could not have been carried out in the same way. The support for the insurgents made the fall of the Gaddafi regime possible and can be considered a transatlantic success, even if it is too early to pass definitive judgment.

However, the operation also revealed serious shortcomings in European military capabilities, which will only get worse as many EU member states cut their defence budgets. Some are even asking whether a joint operation like the one undertaken in Libya in 2011 will still be possible in the future without the US doing the bulk of the job – that is, if it wants to. In the end, the reason Obama wanted to “lead from behind” was that, as part of the larger US reorientation away from the Middle East towards the Asia-Pacific region, he saw the Mediterranean as a region that the Europeans should take care of themselves. In sum, the greater American attention given to Europe in 2011 should not be seen as a sign of things to come.

26 RECIPROCITY ON VISA PROCEDURES WITH THE US

Europeans still don't enjoy full visa reciprocity with the US. Divergent perceptions of the problem mean there is little common action among member states.

	2010	2011
Unity	3/5	2/5
Resources	2/5	2/5
Outcome	3/10	3/10
Total	8/20	7/20

C-

2010 score C

There are markedly different views among Europeans about visa reciprocity with the US. Bulgaria, Cyprus, Poland and Romania are still not part of the visa waiver programme (VWP) because their visa refusal rates are above the 3 percent threshold set by the US. This means that while Americans can travel freely to the whole EU area, the citizens of these countries have to get a visa to enter US territory. These four countries are therefore understandably mobilised to get in the VWP. Citizens of all the other member states that are part of the VWP still have to register with the Electronic System of Travel Authorisation (ESTA) and pay a \$14 fee to travel to the US. However, this is generally considered an acceptable cost – even though no similar fee exists for Americans to travel to the EU – and despite the mobilisation of some MEPs few governments are serious about opening the issue.

In May 2011, Barack Obama travelled to Warsaw and promised to accelerate Poland's entry into the VWP. This could be done by replacing the current criterion

with one more favourable to all four EU applicants such as the visa overstay rate. But this measure faces opposition in Congress, and Washington still has to specify how it would define and monitor the overstay rate. Americans also insist that Romania and Bulgaria must enter the Schengen zone before being admitted into the VWP, whose requirements are, however, much less stringent.

Several members of the European Parliament have called for a European ESTA, possibly with a reciprocal fee to be paid by Americans, which could lead to a formal confrontation with the US. In 2011, the European Commission determined that, at this stage, a European ESTA would do little to enhance the security of member states while imposing a significant financial, diplomatic and privacy cost. The commission is expected to decide in 2012 whether the American ESTA is a visa in disguise. Until then, Europeans should keep pressuring Washington to get rid of an unfair tax.

27 RELATIONS WITH THE US ON TERRORISM, INFORMATION SHARING AND DATA PROTECTION

The European Parliament forced a renegotiation of the PNR agreement with the US, which establishes a good balance between privacy rights and the fight against terrorism.

	2010	2011
Unity	5/5	4/5
Resources	5/5	3/5
Outcome	8/10	7/10
Total	18/20	14/20

B+

2010 score A

In 2010, the EU successfully renegotiated the conditions under which data on financial transactions performed through SWIFT are transmitted to US authorities for anti-terrorism purposes, in order to better safeguard the privacy and judicial rights of European citizens. In 2011, using its new powers under the Lisbon Treaty, the European Parliament forced a second renegotiation on the transfer to the US of passenger data through the “Passenger Name Record” (PNR) by European airlines. The new US–EU agreement, finally reached in November, was accepted by the European Council in December and will be examined for ratification by the European Parliament in 2012.

Securing American agreement to renegotiate the previous 2007 PNR agreement – which the US strongly preferred – was an important achievement for Europe. Although the new agreement is not perfect, it greatly reinforces privacy and legal safeguards. It provides better legal certainty for airlines, solidifies the right of redress for all passengers, places limits on the duration of data retention and on

the purposes it can be used for (terrorism and serious crimes only) as well as the way it can be used (to avoid racial profiling or unlawful searches, for example). In a domain where Europeans still rely mostly on national law enforcement systems, this agreement also provides for the transfer of relevant information found by US agencies in PNR data to their European counterparts for terrorism and crime-fighting investigations. The same is true for SWIFT data, according to a largely positive implementation report by the European Commission in February 2011. Whereas new privacy concerns keep arising, for example on cloud computing, negotiations for a US–EU umbrella agreement called the Data Protection and Privacy Agreement (DPPA) started in March 2011.

On other issues related to terrorism, Europeans are still asking in vain for the closing of the Guantánamo Bay detention centre. Because they are generally divided at the UN when it comes to labelling terrorist organisations, they are unable to act as a counterweight to ever-expanding US policies in this domain.

28 TRADE AND INVESTMENT DISPUTES WITH THE US

Transatlantic trade exchanges did not succumb to protectionism, but progress was hampered by the uncertain economic climate.

	2010	2011
Unity	3/5	3/5
Resources	3/5	3/5
Outcome	6/10	5/10
Total	12/20	11/20

B-

2010 score B-

The US remains the most important market for European goods and services and by far the most important destination for European direct investment. 2011 was dominated by sluggish growth and economic uncertainty on both sides of the Atlantic. Partly for this reason, it was not a good year for progress on improving the framework of Transatlantic economic exchanges, but at least there was no sign of protectionism.

On trade issues, there are still some significant bones of contention such as the dispute between Airbus and Boeing. In 2011, the WTO ruled that, although Airbus had not received prohibited export subsidies, some of the “launch investment” by four EU member states constituted an actionable subsidy that distorted the market. (Boeing also received unfair US government help.) In a parallel and drawn-out process, the European company EADS lost out to Boeing in a bid to supply \$35 billion worth of refuelling tankers to the US Air Force. The EU, alongside other big players such as China, is also protesting against “zeroing” (the American practice

of overcharging anti-dumping duties), but the US looks set to finally phase out the practice. While Europeans complain that Americans have better access to EU procurement markets than they have access to US ones, especially at the state level, a new revision of the Government Procurement Agreement (GPA) was signed in December at the WTO. The GPA, which links 42 national markets, including all EU member states and the US, will slightly improve European access to US procurement markets.

However, because multilateral negotiations have been stalled for years, Americans are suggesting alternatives to the Doha Development Agenda (DDA). This would be a setback to the European vision, which favours negotiating within the formal multilateral forum of the WTO. Meanwhile, the main outcome of the November summit of the Transatlantic Economic Council (TEC), created in 2007 to help integrate the EU and US economies and remove regulatory and trade barriers, was the creation of a high-level working group. On this issue – a disappointing result.

29 RELATIONS WITH THE US ON STANDARDS AND NORMS

The economic crisis and a US political climate inimical to consumer protection were among the factors discouraging the harmonisation of standards and norms in 2011.

	2010	2011
Unity	4/5	4/5
Resources	3/5	3/5
Outcome	6/10	5/10
Total	13/20	12/20

B-

2010 score B

Although it is a long way from the excitement of high diplomacy, the effort to harmonise standards and norms is both important for transatlantic economic activity and crucial for retaining global economic leadership in the future. There were some successes in this area in 2011. For example, the Food and Drug Administration and the European Medicines Agency are developing common standards for the inspection of foreign producers of drugs, especially those in China. At the annual Transatlantic Economic Council (TEC) between the US and the EU, in November, an agreement on the mutual recognition of “secure traders” – certified importers and exporters that will be allowed to go through customs more swiftly – was signed. With the participation of carmakers such as Audi and Ford, some progress was also made on harmonising norms for electric vehicles and for the so-called smart grids designed to distribute electricity more efficiently. The transatlantic partners are hoping to set global standards for tomorrow’s industries such as cloud computing and nanotechnologies, and they have joined forces to answer multi-faceted challenges

such as antibiotic resistance – a domain in which Sweden has been particularly active.

However, obstacles to transatlantic unity remain. US–EU negotiations on consumer protection (including product safety, recalls and internet scams) stalled. In this area, deep transatlantic differences in legal approaches and administrative structures are reinforced by a political climate inimical to consumer protection in the US House of Representatives. Societal preferences also play a negative role on issues such as the regulation of shale gas. The very important sector of food remains ground zero in the transatlantic dialogue, with deep obstacles rooted in deeply entrenched interests and public opinion preferences about genetically modified food (in Europe) or the use of growth hormones (in the US), all of which has made reaching new agreements a very difficult process. The crisis has also taken its toll on past agreements such as the one signed on e-health in 2010, where implementation is proving slow. Overall progress therefore remained limited in 2011.

30 RELATIONS WITH THE US ON THE EURO CRISIS

Europeans sought support from Americans, in particular at the IMF. But this support was limited and has been accompanied by pressures.

	2010	2011
Unity	-	2/5
Resources	-	3/5
Outcome	-	6/10
Total	-	11/20

B-

2010 score -

The euro crisis throughout 2011 made Europe dependent on support from other countries and regions. While the US was not in a position to help directly, for example by contributing to the EFSF (if only because its deficit and debt were higher than that of the eurozone as a whole), there were other ways in which it could help Europeans. At the technical level, the US Federal Reserve kept swap lines open with the ECB and co-ordinated with the central banks of Canada, Japan, Switzerland and the UK to facilitate the provision of liquidity during the autumn. At the IMF, the US supported programmes for eurozone countries including Greece and Ireland in 2010 and Portugal in 2011 and contributed according to their 16.5 percent quota. Washington also backed Europeans in their quest to retain the directorship of the IMF when Dominique Strauss-Kahn was forced to resign abruptly. Admittedly, there was no obvious alternative, and Washington traditionally gets the number two job at the IMF and the directorship of the World Bank in this cross-support arrangement with Europeans. Nevertheless, the Obama administration's support was important in

Christine Lagarde's appointment in June.

In terms of political positioning, the record was slightly more mixed, if only because Europeans were themselves divided about how to solve the euro crisis. On the one hand, the Obama administration sent the right signals of confidence to the markets for the solutions found by Europeans, especially at the G8 and G20 meetings in Deauville and Cannes, respectively. On the other hand, it put pressure on European countries, from Greece to Germany, to intervene more actively in solving the crisis by recapitalising their banks and letting the ECB buy the sovereign bonds of beleaguered countries. US Treasury Secretary Timothy Geithner travelled many times to Europe to express not only support but also concern – not least because Barack Obama's chances of re-election in 2012 were threatened by a possible deepening of the euro crisis.

31 RELATIONS WITH THE US ON NATO, ARMS CONTROL AND RUSSIA

Europeans are still divided on the security of their own continent, and the economic crisis has accentuated the leadership role of the US.

	2010	2011
Unity	-	2/5
Resources	-	2/5
Outcome	-	2/10
Total	-	6/20

C-

*2010 score C-/C

*Last year, Europeans got a C- for relations with NATO and a C for relations with the US on arms control and Russia.

In 2011, US–European relations on security policy were dominated by the successful intervention in Libya (see component 33) and the announcement of deep cuts in military budgets on both sides of the Atlantic because of the financial crisis. But Europeans were no more united regarding European security than in 2010 and, as a result, the US remained in the driving seat on fundamental issues of war and peace on the continent.

Europeans were divided on several important issues, most of them concerning relations with Russia. The Treaty on Conventional Armed Forces in Europe (CFE), for example, is more important to smaller, eastern European countries, than it is to big, western ones. But it continued unravelling, and in 2011 the Americans all but stopped their efforts to revive it and began weighing alternative models for conventional arms control in Europe. In the autumn, European NATO members followed the US and suspended the sharing of certain CFE information with Russia. Similarly, inside NATO (which does not include all EU member states), Europeans

disagree on the need for US tactical nuclear weapons on European soil and many look to the US to make decisions. The same is true for the Defense and Deterrence Posture Review process inside NATO, with ongoing divergence on threat perception. One exception to this disunity is missile defence, where the Obama administration’s Phased Adaptive Approach is consensual: in 2011, Poland, Romania and Spain – as well as Turkey – agreed to host parts of the system, which is essentially provided by Washington.

The euro crisis undoubtedly accentuated European passivity. The initiatives of 2010 by Germany and France to establish different security relations with Russia (the Meseberg and Deauville summits) were not followed up in 2011. Europeans were not even capable of co-ordinating the downsizing of their military capabilities, thereby incurring even more reproaches from Washington. The crisis also affected CSDP efforts, which further amplified the role of NATO and the US in European security.

32 RELATIONS WITH THE US ON THE BALKANS

Europeans got good co-operation from Americans on the Balkans, but their lack of unity precluded the more assertive leadership role to which they aspire in this area.

	2010	2011
Unity	3/5	2/5
Resources	4/5	4/5
Outcome	7/10	7/10
Total	14/20	13/20

B

2010 score B+

While transatlantic co-operation over the Balkans in general is good, and even excellent on some issues such as Macedonia, Americans and Europeans still do not see eye-to-eye on Bosnia. Moreover, the split among EU member states over Kosovo (Cyprus, Greece, Romania, Slovakia and Spain do not recognise its independence) is still a drag on a more assertive European leadership in the region. A positive step was the signing of a Framework Agreement on American participation in EU crisis-management operations in May 2011, which will facilitate US civilian involvement in EU missions, as was tried in the Balkans and other places in the past.

The main issue of disagreement over Bosnia remains the role of the EU versus that of the institutions put in place by the Dayton agreements of 1995. Led by Germany and France, most Europeans think that the Dayton institutions, especially the Office of the High Representative (OHR), have outlived their usefulness and should make way for a more active role by the EU and its Head of the Delegation to Bosnia and Herzegovina and Special Representative

Ambassador Peter Sørensen – as well as more ownership of their own institutions by locals. However, like the US, the UK believes that the OHR should be maintained to forcefully implement Dayton and that the EU Police Mission (EUPM) should be prolonged in 2012 (France and Germany want to close it by mid-2012).

The US is supportive of the ongoing EU-led dialogue between Serbia and Kosovo, but it takes a more uncompromising view of Kosovo's independence than most Europeans do and reacted less harshly to Kosovar assertion of sovereignty over Northern Kosovo, which resulted in violent incidents starting in the summer. The continuing division among EU member states is still a significant obstacle to European leadership, as it strengthens illusions in Belgrade that another solution is possible, limits the actions of the EULEX force, and blocks any movement of Kosovo towards membership, which Americans rightly see as a potential leverage.

33 RELATIONS WITH THE US ON THE LIBYA OPERATION

France and the UK obtained most of the support from the US they were looking for in the intervention in Libya, but Europeans were divided and dependent on their ally.

	2010	2011
Unity	-	2/5
Resources	-	4/5
Outcome	-	8/10
Total	-	14/20

B+

2010 score -

Having been caught by surprise by the fall of the Tunisian and Egyptian regimes they had long supported, Europeans and Americans failed to agree on the proper course of action to adopt when Muammar Gaddafi suppressed the uprising in Libya. The situation became urgent in mid-March, when his forces threatened the insurgents in their stronghold in Benghazi. France and the UK advocated rapid military intervention to impose a “no-fly zone” and prevent a bloodbath of civilians, while Germany, Poland and other countries pushed back against it. Washington was reluctant at first, but British and French diplomacy was successful in persuading the administration, which was also reassured by the Arab League’s support for military intervention. On 17 March, the UNSC passed Resolution 1973, which authorised the use of all necessary means to protect civilians, with Germany abstaining alongside Brazil, China, India and Russia. This paved the way for military intervention, organised first around an ad hoc American command and then through NATO. France had pleaded with Washington to retain the ad hoc command,

but most European countries, especially Italy, advocated putting the operation under NATO command.

In early April, Washington withdrew some of its forces from the operation and discontinued its ground strikes, as it had announced previously, in line with what a White House advisor was anonymously quoted as calling “leading from behind”. This led France and the UK to ask Washington in vain for greater military engagement as the intervention appeared to stall in May and June. In reality, however, the US kept providing critical support to Europeans throughout the operation in terms of targeting capacity, intelligence, jamming and air-to-air refuelling. Indeed, while the operation was largely initiated and led by Europeans, it highlighted their dependence on US support to conduct modern military operations. Given current defence budget cuts in most (but not all) EU member states, this dependence is unlikely to decrease and may even increase.

34 RELATIONS WITH THE US ON THE ARAB AWAKENING

Europeans and Americans have been on the same political wavelength in their clumsy reactions to Arab uprisings, but the former have tended to lead the way in economic support.

	2010	2011
Unity	-	5/5
Resources	-	3/5
Outcome	-	6/10
Total	-	14/20

B+

2010 score -

On the major geopolitical issue of 2011, the wave of popular uprisings in the Arab world, Europeans and Americans had no serious political disagreement. However, neither was in a position to launch a large-scale programme of economic support for countries in transition and, as a result, transatlantic co-operation on the issue was limited. The Arab Awakening took everyone by surprise and forced governments to quickly reassess their longstanding support for dictators and to show pragmatism. Transatlantic co-ordination about how to approach the regimes of President Zine El Abidine Ben Ali in Tunisia and President Hosni Mubarak in Egypt was mostly bilateral – that is, between Barack Obama and the leaders of France, Germany and the UK (as well as Turkey). There were no prominent transatlantic disagreements on the degree of pressure to be applied to various countries – overwhelming on Libya (see component 32), increasingly strong on Syria, light on Bahrain, and very gentle on Morocco and Jordan.

Economic support for transitions in Tunisia, Egypt and Libya was also a consensual issue, but neither side was in a position to launch a “Marshall Plan”. In May, the G8 initiated the “Deauville Partnership” with the people of North Africa, with a pledge of \$20 billion, but this was composed mostly of loans through multilateral institutions. The US is primarily interested in Egypt, and in spite of the ambitious objectives enunciated by Obama in his speech of 19 May, American assistance has been limited and slow. This is explained by worries in Congress about the direction Egypt will take, and by a more general de-prioritising of the Middle East. That leaves Europeans in the front seat in the Maghreb. The Task Force set up by the EU for the Southern Mediterranean has successfully brought together all EU actors and international institutions, while ensuring ownership by Tunisia and Egypt. Americans have expressed interest in participating, and co-ordination of limited efforts is good.

35 RELATIONS WITH THE US ON THE MIDDLE EAST PEACE PROCESS

Europeans were divided among themselves and failed to take advantage of their pivotal position on the question of Palestinian statehood at the UN to move the US in a constructive direction.

	2010	2011
Unity	3/5	2/5
Resources	3/5	2/5
Outcome	2/10	2/10
Total	8/20	6/20

C-

2010 score C

2011 was a disastrous year for the US in its dealings with the Middle East peace process. But although the EU is represented in the Quartet and Europeans collectively contribute an average of €1 billion per year to the Palestinians, Europeans were divided among themselves and therefore failed to take advantage of their pivotal position on the question of Palestinian statehood at the UN to influence the US. As a result, 2011 was a bad year for them as well. Paradoxically, it started with a rare demonstration of European unity on this issue in February when France, Germany, Portugal and the UK lined up in a UNSC vote condemning Israeli settlements. Nevertheless, the US vetoed the text. The speech by Barack Obama on 19 May was largely addressed to Europeans, who were seen as holding the key to the September vote at the UN on Palestinian statehood. It enunciated the parameters for a settlement, including the ultimate recognition of a sovereign and contiguous state of Palestine based on 1967 borders with agreed land swaps. Europeans reacted positively, as this coincided with their own position.

However, while they supported Obama's efforts to restart direct negotiations, and added their own initiatives to this effect, they made no promise about the September vote. In July, High Representative Catherine Ashton, together with Russia and the UN, refused a draft introduced by the US at a Quartet meeting, as it was perceived to be unacceptable to both their own positions and the Palestinians. In the run-up to the September UNGA meeting, Europeans failed to come up with a united and constructive alternative to the Palestinian demarche or the announced American veto, and influenced neither of them. They did contribute to the Quartet position laying out a timeline for negotiations, but this went nowhere. At UNESCO in October, Europeans split three ways, with little or no advance warning to Washington. Some supported Palestinian membership, others opposed it, while others abstained.

36 RELATIONS WITH THE US ON AFGHANISTAN

More than ever, the US is in the driver's seat. While it is setting the pace for the withdrawal, Europeans are trying to leave as soon as possible and hoping for the best after 2014.

	2010	2011
Unity	4/5	4/5
Resources	2/5	2/5
Outcome	2/10	2/10
Total	8/20	8/20

C

2010 score C

The political relationship between Europeans and Americans over Afghanistan did not change much in 2011. Given the continuing pressure from public opinion and the increasing budgetary constraints, the first priority for all European countries involved is to leave as soon as possible. What is holding them up, beyond avoiding a Taliban takeover, is solidarity with the US – the main reason why most of them joined the intervention in the first place and still have more than 30,000 soldiers in Afghanistan as part of ISAF. As a consequence, Washington is largely setting the pace for the withdrawal. The target of withdrawing combat troops by 2014 fixed by Barack Obama in June was adopted by NATO and most coalition countries, which are adapting their own timetable to the American one – with occasional US pressure on some countries such as the UK to slow it down. Europeans also agree with Americans on the question of negotiating with the Taliban, but with preconditions that make success unlikely, while Europeans are pessimistic on the capacity of the Karzai government to take over greater responsibility after 2014.

Still, since the policy of “Afghanization” is key to a responsible withdrawal by Western powers, Europeans have been forthcoming to some extent in their response to American demands for supporting the transition, as the Bonn conference in December showed. Europeans have pledged to maintain civilian funding at least at current levels to underpin the co-operation agreement to be negotiated in the coming year between the EU and Afghanistan, and to extend the EUPOL mission – which has had very limited results – until the end of 2014. Americans are asking Europeans to do even more to support Afghan security forces in the long term, but, given the fallout of the financial crisis, the response will likely be negative.

37 RELATIONS WITH THE US ON IRAN AND PROLIFERATION

While Iran keeps enriching uranium, Europeans achieved their objectives in their co-operation with the US: to increase sanctions in a multilateral framework and resolve the issue without military force.

	2010	2011
Unity	5/5	4/5
Resources	5/5	5/5
Outcome	8/10	7/10
Total	18/20	16/20

A-
 2010 score A

In 2010, Europeans had successfully co-operated with Americans to take steps to put pressure on Tehran to respect its obligations under the Non-Proliferation Treaty, including through UNSC Resolution 1929. This was in line with their stated objectives and principles – to keep the process in the multilateral framework, to keep the international community united, to prevent American extra-territorial sanctions, and to leave the door open to serious negotiations with Iran. But these measures have not yet produced the desired result, as Iran is still enriching uranium.

In 2011, Europeans – especially the E3 (France, Germany and the UK) and Catherine Ashton – kept co-operating with the US to increase pressure on Tehran. For example, after the IAEA revealed the military intentions of the Iranian nuclear programme in its November report, they pushed other countries to adopt a more severe resolution at the IAEA board and increased their already-stringent sanctions on Iran in December. They were also vigilant against potential US sanctions

on European firms participating in the exploitation of the Shah Deniz gas field in Azerbaijan since an Iranian company also takes part.

To some extent, Europeans have been more determined than the Obama administration on Iran – especially after rumours in the autumn of a possible Israeli attack, which they would consider a very dangerous development. After all, they had much more extensive economic relations with Iran than the US and the cost of sanctions for them has been much greater as a result. France also pushed for much more biting sanctions in November, including on oil exports and the Iranian central bank. Europeans are also more mobilised on the human rights issue than Americans, and imposed specific sanctions in April and October.

38 RELATIONS WITH THE US ON CLIMATE CHANGE

While the mood in Washington is increasingly hostile to climate change policies, Europeans held their own on aviation emissions and helped deliver US participation at the Durban summit.

	2010	2011
Unity	5/5	4/5
Resources	4/5	4/5
Outcome	2/10	7/10
Total	11/20	15/20

B+

2010 score B-

2010 was the year in which European hopes for climate legislation in the US were dashed – the culmination of a decade of growing disengagement and scepticism on climate change save for the hopes raised by the election of Barack Obama in 2008. In spite of continuing outreach efforts by the EU and individual member states such as Germany and France, especially at the state and local levels, the transatlantic gap on the issue did not narrow during 2011. However, Europeans continued their uphill battle and scored two victories.

First, they remained firm on including airlines flying to Europe from all regions of the world in their Emission Trading Scheme (ETS), against intense lobbying by American companies (as well as US Secretary of State Hillary Clinton) and their counterparts from Brazil, China, India, Russia and other countries. The EU had previously sought in vain a multilateral agreement, and is ready to waive the requirement for one leg of the flight for countries where “equivalent measures” are taken, so accusations of unilateralism made by members of Congress ring hollow.

They nonetheless introduced a bill to forbid American companies to comply with the plan when it enters into force in 2012. In spite of overwhelming opposition and pressure at the International Civil Aviation Organization, EU member states remained united and in December the European Court of Justice confirmed that EU plans complied with international law.

Second, in spite of the economic crisis, Europeans were instrumental in getting the US to agree to the “Durban roadmap” at the UN summit on climate change in December. The text, which commits all countries to negotiate a new carbon emissions mitigation regime by 2015 (to enter into force in 2020), abolishes the distinction between developed and developing countries (especially China). This innovation over the Kyoto Protocol was a key condition for Washington and helped Americans agree to an important concession – that the future pact should have legal force (even though no penalties are envisaged yet).

Wider Europe

Overall grade

C+

Overall grade 2010 C+



	2010	2011
WESTERN BALKANS	B	B
39 Overall progress of enlargement in the Western Balkans	–	B
40 Rule of law, democracy and human rights in the Western Balkans	B	B+
41 Kosovo	B+	B+
42 Bosnia and Herzegovina	C	C
TURKEY	C-	C-
43 Bilateral relations with Turkey	D+	D+
44 Rule of law, democracy and human rights in Turkey	C-	C-
45 Relations with Turkey on the Cyprus question	D+	D+
46 Relations with Turkey on regional issues	C-	C+
EASTERN NEIGHBOURHOOD	C+	C+
47 Rule of law, democracy and human rights in the Eastern Neighbourhood	C-	C
48 Relations with the Eastern Neighbourhood on trade and energy	B+	B+
49 Visa liberalisation with the Eastern Neighbourhood	C+	B-
50 Resolution of the Transnistrian dispute	C-	C
51 Resolution of the Abkhazia and South Ossetia dispute	C+	C
52 Resolution of the Nagorno-Karabakh dispute	C	C-

2011 was a mixed year for the EU in the Wider Europe – a diverse area that includes the Western Balkans, Turkey and the Eastern Neighbourhood (that is, the ex-Soviet republics covered by the EU’s Eastern Partnership). In the Western Balkans, the EU’s efforts to solve the euro crisis did not prevent progress being made on enlargement. Croatia succeeded in wrapping up membership negotiations in June and signed an accession treaty in December. Although Montenegro was only given a conditional date to start membership talks and Serbia did not qualify for candidate status, they edged near to those objectives and are very likely to make it past their respective hurdles in the first months of 2012. Enlargement fatigue notwithstanding, member states agree that there is no alternative when it comes to EU policy in the Western Balkans, so the process stays afloat, in good or bad times.

Kosovo topped the EU’s concerns, with tensions in the north rising in July when local Serbs blocked two border crossings in response to the Prishtina authorities’ attempts to establish control and cut off trade with Serbia. However, the decisive

intervention of German Chancellor Angela Merkel led to progress in the Belgrade–Prishtina talks, which began in March with the EEAS as mediator. Despite the continued internal rift over the recognition of Kosovo’s independence, the EU has managed to forge a more cohesive approach linking Serbia’s candidacy to concrete results in the talks and reining in conflict in northern municipalities. It has become crystal clear that Serbia cannot make it into the Union without settling the Kosovo issue. The EU’s more robust response has led to a series of agreements, notably on Kosovo’s customs stamps (one of the reasons for the summer unrest) and on integrated border management.

Meanwhile, EU policy faltered in Albania, Bosnia and Herzegovina, and Macedonia. The naming dispute between Athens and Skopje has effectively hijacked the accession process blocking Macedonia’s progress, while the nationalist government of Nikola Gruevski has moved in an increasingly Eurosceptic direction. Because of deepening communal divisions, Bosnia had no state-level government until late December, which meant it failed to carry out reforms or indeed submit a membership application. Albanian politics are deadlocked due to the unyielding hostility and infighting between the the government of Prime Minister Sali Berisha and the left-wing opposition.

It was another lost year for the EU and Turkey: there was neither a breakthrough in the stalled accession negotiations nor progress on other key issues such as visa liberalisation. President Abdullah Gül, considered a Europhile within the ruling Justice and Development Party (AKP), voiced widespread frustration when he declared in November, while visiting London, that Turkey was dealing with “a miserable union”. Simmering tensions in the Eastern Mediterranean linked to Cypriot exploration of gas fields has added to resentment. Ankara threatened to suspend links with the EU once Nicosia assumes the presidency in the latter half of 2012. Meanwhile, the Arab Awakening has increased Turkey’s value as a source of inspiration for building pluralistic regimes in the Middle East and North Africa. Yet it also put an end to Turkey’s much-vaunted policy of “zero problems” with neighbours: Turkey was forced to take sides in Libya and Syria, renounce links with the Gaddafi and Assad regimes, and stand up to Iran without mending ties with former ally Israel. The shifting regional order should push the EU and Turkey to build on some tentative steps towards greater co-operation such as the dialogue between the Turkish foreign ministry and the EEAS. But the crisis in Syria – until recently a good friend of Turkey – and the intensified Turko–Iranian rivalry have mostly led to a rapprochement with the US rather than the EU.

Because of its economic dynamism and demographic vitality, Turkey sees itself as a rising power. Conversely, it perceives the crisis-hit EU as declining and moribund. These views – held not just by the AKP, which won a third consecutive term in June elections, but also more broadly – might yet prove premature. In 2011, Turkey faced serious challenges in consolidating democratic rule, most prominently in the south-east provinces and northern Iraq, where rising nationalism and hostilities pit the army against the Kurdish PKK. A new, liberal constitution is still not in sight. Economic growth is set to slow down in 2012. For pro-EU Turkish citizens and Turkey's friends within the EU, this is vivid proof of how essential the European anchor is in advancing positive changes within the country.

Meanwhile, although EU member states remained relatively united in their objectives towards the Eastern Partnership countries, they struggled to achieve results in areas such as security, resolution of the protracted conflicts, and human rights and rule of law. The only two areas that have seen substantial progress in 2011 were linked to trade and energy issues and visa liberalisation, where the EU and its eastern partners have shared interests. The human rights situation in the region – apart from in Moldova and Georgia – has deteriorated, most visibly in Belarus and Ukraine. However, despite its relative unity, the EU has found itself unable to reverse this negative trend or ensure political prisoners are released – despite the fact that the member states imposed sanctions on more than 200 people associated with the Belarusian regime and put diplomatic pressure on Kyiv.

Similarly, the EU maintained a soft consensus on the resolution of the protracted conflicts but took few steps to achieve it. The Nagorno-Karabakh and Abkhazia and South Ossetia conflicts did not figure high on the EU's agenda. The notable exception here is the Transnistrian conflict, where Germany spearheaded the efforts on the EU side but continued to face a Russia that was unwilling to move on the issue. The fact that both Moldova and Ukraine agreed to liberalise their energy markets by 2015 is an important result for the EU, which considers both countries as parts of its own energy security architecture. However, the EU will have to devote more efforts and resources to support implementation of the energy acquis in both countries and address the concerns related to capacity of its partners as well as opposition from Russia. Importantly, the EU was finally able to conclude trade talks with Ukraine, the first country among the Eastern Partnership states to do so. However, the agreement was put on hold due to the continuing imprisonment of former Ukrainian Prime Minister Yuliya Tymoshenko.

39 OVERALL PROGRESS OF ENLARGEMENT IN THE WESTERN BALKANS

Despite the EU's existential crisis, enlargement to the Western Balkans remained on track. However, Macedonia, Albania, and Bosnia and Herzegovina are lagging behind.

	2010	2011
Unity	-	4/5
Resources	-	4/5
Outcome	-	5/10
Total	-	13/20

B

2010 score -

At the Thessaloniki Summit in 2003, the EU resolved to bring in the Western Balkan countries as future members. As in Central and Eastern Europe prior to 2004/7, the EU applies accession conditionality focusing on political and economic reform as well as harmonisation with the *acquis*. Owing to the legacy of the wars of the 1990s, the Western Balkans face additional conditions related to the ICTY, good neighbourly relations and regional co-operation. Despite the occasional softening of conditions driven by political considerations, the EU generally displays a great degree of unity and has delegated a great deal of power in terms of monitoring and assessing compliance to the European Commission.

2011 was a good year for enlargement. Croatia wrapped up its membership negotiations on the last day of the Hungarian EU presidency at the end of June. Montenegro, which was granted candidate status in 2010, received a positive avis by the European Commission in October and might start accession talks in June 2012. But a coalition of pro-enlargement and anti-enlargement countries put forward

additional benchmarks related to fighting corruption and organised crime. As a result, the European Council in December gave Podgorica only a conditional date for accession talks.

Serbia also moved forward after fulfilling the ICTY's conditions with the arrest and extradition of General Ratko Mladić and Goran Hadžić, but Kosovo emerged as the most serious hurdle to its progress. In particular, Germany, supported by Austria, demanded that Belgrade first intensify co-operation with Prishtina. As a result, the December European Council deferred the decision to grant Serbia candidate status until March 2012 (see component 41). Still, Germany – in contrast to Belgium, France and the Netherlands – continues to actively back enlargement along with other prominent advocates such as Sweden. However, enlargement slowed down in the cases of Macedonia (which has candidate status and has the European Commission's endorsement for starting membership talks but is blocked by Greece), Albania, and Bosnia and Herzegovina (see component 42).

40 RULE OF LAW, DEMOCRACY AND HUMAN RIGHTS IN THE WESTERN BALKANS

Croatia's success and the efforts by Serbia and Montenegro to meet European conditions testify to the strength of EU policy. Yet the rest of the region has made little progress.

	2010	2011
Unity	3/5	4/5
Resources	4/5	4/5
Outcome	6/10	7/10
Total	13/20	15/20

B+

2010 score B

Democracy, human rights and good governance are at the core of EU policy in the Western Balkans. Accession conditionality is the principal tool in the hands of Brussels. Member states act in unity and have given the European Commission a central role in benchmarking and monitoring. The only exception is Macedonia, where Greece has imposed a unilateral veto in the European Council on launching membership talks, despite the commission's positive avis for three consecutive years.

Having signed an accession treaty, Croatia has fulfilled political criteria for membership. The treaty does not include a Co-operation and Verification Mechanism, as in the case of Bulgaria and Romania, reflecting progress in the fight against corruption, notably the trial against former Prime Minister Ivo Sanader. Serbia's arrest and extradition to the ICTY of both Ratko Mladić (the former commander of the Bosnian Serb Army) and Goran Hadžić (the former leader of the Croatian Serbs) signalled resolve to tackle war crimes and obtain candidate status. The December EU summit ruled that Montenegro could start

membership negotiations in June 2012 if the European Commission judges positively its efforts to curb organised crime and graft.

However, Macedonia and Albania made little progress. The standoff between Albania's Prime Minister Sali Berisha and the socialist opposition has continued, with tensions escalating over the local elections in May which were marred by irregularities. The European Commission did not recommend candidacy status, citing shortcomings in the electoral code and a lack of reform. In Macedonia, the government of Nikola Gruevski was re-elected in June. A coalition with the Albanian DUI party was reconfirmed but the European Commission's regular report found little progress. There are concerns over freedom of speech: a major television channel and several dailies closed in 2011. Gruevski's attack of the commission over its report's findings was unprecedented.

41 KOSOVO

In 2011, the EU swept aside differences and acted in unity in Kosovo. Its efforts to foster co-operation between Prishtina and Belgrade are paying off but serious challenges remain.

	2010	2011
Unity	3/5	3/5
Resources	4/5	4/5
Outcome	7/10	8/10
Total	14/20	15/20

B+

2010 score B+

Using its rule of law mission (EULEX) and accession, the EU aims to strengthen Kosovo's institutions, protect minorities and help it to reach a settlement with Serbia. Five member states (Cyprus, Greece, Spain, Slovakia and Romania) still do not recognise Kosovo. But by linking Serbia's progress to dismantling parallel structures in the north when she visited Belgrade in August, German Chancellor Angela Merkel was able to forge a robust joint position and thus overcome European divisions. Starting from March, the EEAS presided over eight rounds of "technical" talks between Belgrade and Prishtina, resulting in agreements on freedom of movement, civil registry and recognition of university diplomas, customs stamps and the highly politicised issue of managing border crossings to Serbia.

Despite the European Commission's recommendation that Serbia should be given candidate status, Germany (supported by Austria, the Netherlands, Finland and the UK) delayed with the argument that Belgrade should do more (see also component 39). Top of the list is the removal of barricades set up by

Kosovo Serbs in northern municipalities in July and a compromise allowing Kosovo to participate in regional institutions. Berlin's position toughened after Kosovo Serbs shot at German and Austrian KFOR soldiers in November.

The European Commission's regular report found that Kosovo had made limited progress in tackling organised crime, drug trafficking, money laundering and corruption, and had so far failed to win over hearts and minds in the northern municipalities populated by Serbs, in contrast to the Serb enclaves south of the Ibar river. On the positive side, the Kosovo government made serious efforts to meet the EU's requirements for visa-free travel as well as to upgrade the infrastructure. In December, the EU named Samuel Žbogar, Slovenia's outgoing foreign minister, as Special Representative in Prishtina – a reflection of Ljubljana's active role in Kosovo and the wider region. The major impediment for EU assistance is that, because of the five non-recognisers, Kosovo is the last country in the Western Balkans without a contractual relationship with Brussels.

42 BOSNIA AND HERZEGOVINA

2011 was another lost year for Bosnia. The EU appointed a new Special Representative and launched several initiatives but failed to unblock the political stalemate.

	2010	2011
Unity	4/5	3/5
Resources	2/5	3/5
Outcome	2/10	2/10
Total	8/20	8/20

C

2010 score C

Stabilising Bosnia and Herzegovina is a priority for the EU, which acts in unison through both its enlargement toolbox and CSDP arm (EUFOR Althea and a policy mission), and has a clear objective: the creation of a functional state commanding the loyalty of all communities. But this goal remains as far away as ever. In late December, Bosnian parties finally agreed on a state-level government after a long hiatus starting with the elections of October 2010. Even in the Federation of Bosnia and Herzegovina, one of the two entities, the composition of an administration has caused a crisis with HDZ, the largest Croat party, remaining in opposition. No progress was made on implementing the Sejdić and Finčić decision by the European Court on Human Rights concerning the rights of communities other than Bosniaks, Serbs and Croats. Republika Srpska's president, Milorad Dodik, further consolidated his grasp on power, effectively ruling out any prospect for an overhaul of the Dayton constitution.

The EU undertook two initiatives. In February, Angela Merkel hosted Bosnian

leaders in Berlin but failed to convince them to adopt a so-called European Clause allowing the state-level parliament to pass EU-related legislation with a simple majority. In May, an intervention by High Representative Catherine Ashton led to Dodik's U-turn on holding a referendum regarding state-level judiciary and the office of the prosecutor. Through eleventh-hour action, Ashton brought Serbs back from the brink as a referendum could have precipitated secession or at least a stalemate with the international community. Yet the crisis effectively precluded future centralisation initiatives and was largely manufactured by Dodik. As a result, the European Commission adopted its worst report since 2006 in October. In September, the EU appointed as Special Representative Peter Sørensen, discontinuing "double-hatting" with the Office of the High Representative, and upgrading its presence. Overall, the EU's efforts kept Bosnia stable but yielded no positive developments like the lifting of the visa regime back in 2010.

43 BILATERAL RELATIONS WITH TURKEY

Bilateral relations between Turkey and the EU are still at a low point. In addition to the deadlocked accession talks, tensions over visas and Cyprus strained ties with Ankara.

	2010	2011
Unity	2/5	2/5
Resources	2/5	2/5
Outcome	1/10	1/10
Total	5/20	5/20

D+

2010 score D+

The EU continues to be divided on whether Turkey should become a member or remain a “privileged partner”, which undermines its leverage. As a result, bilateral relations made little, if any, progress in 2011. No new chapters were opened in the accession negotiations despite the pro-enlargement attitude of both the Hungarian and Polish EU presidencies. The preparatory work on the last three dossiers that have not been “frozen” (social policy, competition and public procurement) was not completed. Even worse, there were tensions between Ankara and Brussels about Turkey’s bid to have Schengen visas lifted. Although the two sides endorsed a draft of a readmission agreement in January, Turkey refused to sign it unless the EU started dialogue leading to removal of visas, on the model of the candidate countries in the Western Balkans. Turkey dismissed concerns over the security of its borders as raised, most recently, by a report by the UK House of Commons Home Affairs Committee.

Relations between the EU and Turkey also soured over Cyprus and gas exploration in the Eastern Mediterranean (see

component 45). In September, Turkey threatened that it would freeze relations with the EU during the Cypriot EU presidency in July–December 2012 (later on it modified its stance, saying it would sever relations with the European Council but not with the European Commission or the European Parliament). Relations with France also hit a low point over President Nicolas Sarkozy’s demand that Turkey recognise the Armenian genocide of 1915. In December, Ankara temporarily withdrew its ambassador from Paris and froze political and military relations after the French National Assembly voted to criminalise denial of the genocide. Turkey’s leaders continued to make obligatory references to the EU but their most pressing foreign-policy priorities are in the Arab world. In early December, the foreign ministers of the Czech Republic, Estonia, Finland, Germany, Hungary, Italy, Latvia, Lithuania, Slovenia, Sweden and the UK jointly praised Turkey’s political and economic achievements and called for reinforced engagement leading to a “safer path” in bilateral relations.

44 RULE OF LAW, DEMOCRACY AND HUMAN RIGHTS IN TURKEY

The EU has largely lost its leverage over domestic developments in Turkey. Meanwhile, the challenges to Turkey's democratic consolidation – such as the Kurdish issue – have multiplied.

	2010	2011
Unity	3/5	3/5
Resources	2/5	2/5
Outcome	2/10	2/10
Total	7/20	7/20

C-

2010 score C-

EU member states are united in their support for a democratic Turkey where human and minority rights are guaranteed and the rule of law is entrenched. But the deadlocked membership talks also mean that the EU has all but lost its leverage over Turkey's domestic affairs in recent years. The EU was absent from the pre-election campaign leading up to the parliamentary vote in June. Debates focused on issues such as the new constitution, Kurdish rights, and social and economic conditions. Even Kurdish nationalists, traditionally one of the most pro-EU constituencies, have lost interest as they see the EU conditionality on minority rights as too timid to help them achieve their demands for cultural and political autonomy. The euro crisis and the robust growth in Turkey itself has also driven down the EU's stock. Commentators argue that the EU is no longer needed to anchor and guide Turkish democracy. In September, Turkey's new parliament passed progressive legislation on the property of non-Muslim foundations. Though welcomed by the European Commission, such changes were initiated

by the ruling AKP, not requested by Brussels.

Yet there are serious concerns about Turkey's democratic performance: the concentration of power within the hands of the AKP, media and internet freedom, and the multiplying arrests of prominent journalists and academics, often on dubious charges. The Kurdish issue tops the list. The tense election campaign and escalating nationalism, both within government and the pro-Kurdish Peace and Democracy Party (BDP), led to the PKK renouncing the ceasefire, new rounds of hostilities between the security forces and guerrillas in south-eastern provinces, and Turkish attacks against separatists' bases in northern Iraq. Although BDP deputies terminated their boycott of parliament in September and joined the committee tasked with drafting the new constitution, the prospects for a political settlement are remote. At the end of December, the Turkish government expressed regret after air strikes killed 35 Kurdish youths who had been mistaken for PKK fighters.

45 RELATIONS WITH TURKEY ON THE CYPRUS QUESTION

The EU was a bystander in relations between Turkey and Cyprus, which deteriorated in 2011 owing to the gas exploration dispute in the Eastern Mediterranean.

	2010	2011
Unity	3/5	3/5
Resources	1/5	1/5
Outcome	1/10	1/10
Total	5/20	5/20

D+

2010 score D+

The EU would like to see a settlement in Cyprus, integrating the Turkish north into a federal structure, with Turkey co-operating along the way. But it has little leverage over either of the parties: Greek Cypriots are now inside the EU, Turkey's membership prospects are remote, and the Turkish Cypriots are stuck in the middle. Despite ongoing negotiations between Greeks and Turks in Cyprus, a breakthrough is not in sight. The Turkish position has not changed: no implementation of the 2005 Additional Protocol which would allow Greek Cypriot ships and aircraft into Turkey's airports and harbours, unless the EU inaugurates direct trade with the north.

In 2011, relations between the EU and Turkey on Cyprus deteriorated because of the gas exploration dispute in the Eastern Mediterranean. Turkey wants Cyprus to discontinue drilling pending a successful outcome of the reunification talks. It is also increasingly concerned about Israel's relationship with Cyprus. In December 2010, Cyprus and Israel signed an agreement on the delimitation of respective exclusive economic zones. In

August, Nicosia awarded an exploration contract to a consortium including US firm Noble Energy and Israeli contractors. In September, Prime Minister Recep Tayyip Erdoğan vowed to send a Turkish exploratory mission escorted by naval vessels. However, following talks with Barack Obama soon afterwards, he dismissed the military option.

EU member states remained mostly passive: only France and Germany could be said to have made any effort at all to mediate between Nicosia and Ankara. Turkey's assertiveness made Greece side with Cyprus in this dispute and deepen military co-operation with Israel. The entanglement of the Cypriot problem with Turkey-Israel tensions constrains the EU's policy. Turkey has threatened to freeze relations with the EU in July-December 2012 when Cyprus assumes the EU presidency as planned. But in December, Turkey's Minister for EU Affairs, Egemen Bağış, softened the position: while Turkey will boycott the European Council, it will maintain relations with the European Commission and the European Parliament.

46 RELATIONS WITH TURKEY ON REGIONAL ISSUES

The Arab Awakening made foreign policy co-operation with Turkey more urgent. But co-operation on issues such as Syria and Iran was limited by the continued rift between Israel and Turkey.

	2010	2011
Unity	2/5	3/5
Resources	3/5	3/5
Outcome	2/10	3/10
Total	7/20	9/20

C+

2010 score C-

The EU's objective is to co-ordinate foreign policy with Turkey in parallel to the accession negotiations. There is scope for co-operation between the EU and Turkey in the Western Balkans and the Arab Awakening also provided a basis for co-operation in assisting democratisation across the Middle East and North Africa. But although influential member states such as France, Germany and the UK support working alongside Turkey in the region, others such as Cyprus and Greece are obstructive. In 2011, the EEAS launched regular meetings with the foreign ministry in Ankara. The initiative was supported both by member states such as Sweden and the UK that support Turkish accession and those such as France and Germany that are opposed, but substantive results are yet to follow.

Ankara was initially reluctant to support military intervention in Libya but later changed its position and supported limited intervention through NATO. On Syria, Cyprus opposed referencing Turkey's contribution in a European Council conclusion as well as bringing

in Foreign Minister Ahmet Davutoğlu to the Foreign Affairs Council in December (but the invite is likely to be issued in early 2012). In Bosnia, Angela Merkel's mediating initiative in February (see component 42) was seen as a response to Davutoğlu's activism. But Ankara's about-face on Syria in August, denunciation of the regime's clampdown of protests and support for the opposition and sanctions led to a convergence with the EU.

The EU and Turkey also moved closer on Iran. Turkey hosted P+1 talks with Iran in January that were inconclusive but bolstered co-operation with France, Germany and the UK, and with Catherine Ashton. In September, Turkey agreed to host a radar unit as part of the NATO missile defence shield. However, the downgrade of diplomatic relations between Israel and Turkey as well as the diplomatic row between Paris and Ankara over the Armenian genocide inhibits collaboration.

47 RULE OF LAW, DEMOCRACY AND HUMAN RIGHTS IN THE EASTERN NEIGHBOURHOOD

The EU was relatively united in pushing for human rights in the region – but this was not enough to reverse the negative trends in the region.

	2010	2011
Unity	3/5	4/5
Resources	2/5	3/5
Outcome	2/10	1/10
Total	7/20	8/20

C

2010 score C-

The EU's goal is to assist the Eastern Partnership countries to transform into well-governed and free societies. But there was a series of setbacks in 2011. EU member states were mostly united in condemning the human rights violations in the region but had little impact. The EU's response to the crackdown on civil society in Belarus after the December 2010 presidential elections was spearheaded by the Czech Republic, Germany, Poland and Sweden, whose foreign ministers jointly published a letter after the election urging the EU to put pressure on "Lukashenko the Loser". Although Cyprus and Latvia were initially opposed, arguing that sanctions were not the right tool to promote democracy in the country, the EU imposed travel sanctions and an asset freeze on more than 200 Belarusians implicated in the crackdown on civil society. However, the EU failed to rally the other five eastern partners behind a condemnation of human rights violations in Belarus. EU member states were also less resolute on Azerbaijan, which clamped down on peaceful protesters but unlike Belarus was allowed to remain a full participant in the Eastern Partnership.

Worst of all, former Ukrainian Prime Minister Yuliya Tymoshenko was sentenced to seven years in prison on charges that the EU considers political. A united EU led by Poland put pressure on President Viktor Yanukovich by postponing his planned visit to Brussels, making the Association Agreement (AA) with Kyiv conditional on Tymoshenko's release and threatening to postpone the December EU-Ukraine summit (in the end it took place as planned but the EU decided to postpone the signing of the AA). While the EU cannot be blamed for democratic backsliding in the Eastern Neighbourhood, its response was not always bold enough or consistent. In particular, the EU could have been tougher in raising human rights concerns with Baku. One positive development were steps to create two new tools to support democracy in the neighbourhood: the European Endowment for Democracy and the Civil Society Facility.

48 RELATIONS WITH THE EASTERN NEIGHBOURHOOD ON TRADE AND ENERGY

The EU maintained a relatively united position and made progress in co-operation in the area of both energy and trade.

	2010	2011
Unity	5/5	5/5
Resources	4/5	4/5
Outcome	5/10	6/10
Total	14/20	15/20

B+

2010 score B+

The EU's aim is to promote closer economic integration with its eastern neighbours and ensure security of energy supplies, which would create economic opportunities for both the EU and the states east of its borders. In both trade and energy it is the European Commission that leads the negotiations with the eastern neighbours. 2011 saw progress in negotiations with the eastern partners on a DCFTA: the EU and Ukraine concluded DCFTA talks in October and Moldova and Georgia are set to start the negotiations in early 2012. Armenia may follow soon (Belarus and Azerbaijan are not WTO members, which is a precondition for launching DCFTA talks). However, although EU–Ukraine trade relations are most advanced among the Eastern Partnership countries, the DCFTA deal – which is supposed to significantly upgrade them – is currently on hold due to the continued imprisonment of former Ukrainian Prime Minister Yuliya Tymoshenko.

Progress was also made in terms of energy co-operation: as members of the EU-sponsored Energy Community,

Moldova and Ukraine committed to the implementation of the Third Energy Package in October 2011 and thus to liberalise their gas and electricity sectors by 2015. But questions remain about the ability of the two countries to implement the sweeping changes required due to vested interests, capacity and opposition by Russia – Gazprom already offered lower gas prices to Moldova if Chisinau abandons its plans. In September, the EU also reached an agreement with Azerbaijan and Turkmenistan on the planned Trans-Caspian Gas Pipeline and mandated the European Commission to take part in the negotiations. When and if constructed, the pipeline will be a significant component of energy co-operation with the region.

In general, EU member states maintained a united line on issues of both energy and trade, although in the run-up to the EU–Eastern Partnership summit in Warsaw, Berlin raised objections to an early launch of DCFTA talks with Georgia and Moldova. All member states also support the suspension of ratification of the DCFTA with Ukraine due to Tymoshenko's trial.

49 VISA LIBERALISATION WITH THE EASTERN NEIGHBOURHOOD

The EU made progress towards visa-free travel with Ukraine and Moldova and began talks on visa-facilitation with Azerbaijan and Armenia.

	2010	2011
Unity	3/5	4/5
Resources	2/5	3/5
Outcome	5/10	5/10
Total	10/20	12/20

B-

2010 score C+

The EU's objective in the Eastern Neighbourhood is to link concessions on visas with reforms related to border management, law enforcement, readmission and democracy. As a rule, most new member states have tended to be supportive of visa-free travel for the eastern neighbours, whereas Denmark, France, the Netherlands and Spain have been more sceptical and at times openly opposed. In 2011, despite a difficult economic climate in the EU and anti-immigration rhetoric in the Netherlands, Finland and France, the EU continued to make progress in visa liberalisation talks with its eastern partners.

The EU was generally united behind action plans on visa-free travel for Moldova and Ukraine. Both countries started to implement a long list of reforms requested by the EU as part of their action plans. This year, they were supposed to implement the first phase of the plans, which focused mainly on legislative changes. According to the European Commission's first progress report, Moldova was ahead of

Ukraine in the implementation of the necessary standards. After Russia and the EU adopted amendments to their visa-facilitation agreements, Moldova and Ukraine also adopted similar amendments, which opened the way for EU member states to issue multi-entry long-term visas valid for up to five years.

However, unlike Moldova and Ukraine, none of the three South Caucasus countries has been offered a action plan for visa-free travel by the EU. Georgia has a visa-facilitation agreement, which simplifies visa-issuance procedures for a limited number of citizens. Azerbaijan and Armenia started talks on visa-facilitation and readmission agreements in September. But debates within the EU continued on how quickly the EU should move in visa liberalisation with the Eastern Partnership countries. The Eastern Partnership summit in Warsaw in September did not mention a long-term perspective – a small diplomatic victory for advocates of faster visa liberalisation.

50 RESOLUTION OF THE TRANSNISTRIAN DISPUTE

Due to EU and German engagement, conflict settlement talks restarted. However, Russia and Transnistria continued to successfully resist any meaningful progress towards conflict resolution.

	2010	2011
Unity	3/5	4/5
Resources	2/5	2/5
Outcome	2/10	2/10
Total	7/20	8/20

C

2010 score C-

Transnistria is the one post-Soviet conflict where some kind of EU–Russia co-operative arrangement can be achieved. The EU’s aim is to support an agreement between the Republic of Moldova and the secessionist region of Transnistria to develop a power-sharing arrangement. In 2010, Angela Merkel took up the Transnistria issue as one of the priorities of EU–Russia security talks. This led to the resumption of formal talks within the 5+2 format between the parties to the conflict, with the assistance of the EU, Russia, Ukraine, the US and the OSCE, after a break of four and a half years. But despite this high-level push to advance conflict resolution, only token results have been achieved.

In 2011, the EU was relatively united on the issue of conflict resolution in Transnistria. It also made Transnistria one of its priorities in the Eastern Neighbourhood. Although European leaders were preoccupied with the euro crisis and had limited time for foreign-policy issues such as this, there was occasional high-level engagement from Berlin and Brussels. The creation of

the EEAS has allowed the EU to streamline its diplomacy towards Moldova and on the Transnistrian issue. As a result, the post of the EU Special Representative for Moldova was abolished and his functions have been taken over by the EU delegation in Moldova and a Brussels-based senior managing director who represents the EU in the 5+2 talks. Towards the end of 2011, the EU engaged in a process of changing its formal status in the 5+2 format from an “observer” towards a fully-fledged mediator. However, such efforts have apparently not yet made Russia any more willing to play a more constructive role in the talks (see component 19).

51 RESOLUTION OF THE ABKHAZIA AND SOUTH OSSETIA DISPUTE

The EU's undeclared aim is to re-freeze the conflicts in Abkhazia and South Ossetia, but it lacks a conflict-resolution strategy. It didn't persuade Russia to abide by the Medvedev–Sarkozy ceasefire agreement.

	2010	2011
Unity	3/5	3/5
Resources	2/5	2/5
Outcome	4/10	3/10
Total	9/20	8/20

C

2010 score C+

The EU's goal is to maintain stability in Georgia through diplomatic efforts and a civilian mission monitoring the security situation around the secessionist regions of Abkhazia and South Ossetia. With a heavy Russian military presence in the secessionist region, the Medvedev–Sarkozy ceasefire agreement that put an end to the Russian–Georgian war of 2008 remains unimplemented. Yet the EU only formally pays lip service to the need to implement it, and has not put real diplomatic weight behind it. The EU largely accepts that the status quo around the conflict zones is likely to remain so for a very long time, and tries to ensure that the situation on the ground is largely stable.

At the beginning of the year, as part of the streamlining made possible by the creation of the EEAS, the EU merged the previously separate posts of EU Special Representative (EUSR) for the South Caucasus and for Georgia. In September, the EU appointed Philippe Lefort, a French diplomat, as the new EUSR for the South Caucasus and the crisis in Georgia. Russian–Georgian tensions over the conflict zones delayed

Russia's accession to the WTO, which was dependent on Georgian consent. Towards the end of 2011, Georgia and Russia agreed on a compromise solution which would see a Swiss private company monitor trade flows via South Ossetia and Abkhazia. The EU was a strong diplomatic supporter of such a compromise. But besides maintaining stability on the ground around the conflict zones, the EU lacks other clear and sustainable policy goals. The conflicts have become less and less of a priority for member states, which do not want to hamper their bilateral relations with Russia because of the conflicts in Georgia.

52 RESOLUTION OF THE NAGORNO-KARABAKH DISPUTE

Despite relative unity, the EU has achieved little progress towards resolving the Nagorno-Karabakh dispute.

	2010	2011
Unity	4/5	2/5
Resources	2/5	2/5
Outcome	2/10	2/10
Total	8/20	6/20

C-

2010 score C

Tensions between Armenia and Azerbaijan over the disputed region of Nagorno-Karabakh continue to rise and there remains the risk of an accidental war between them. Compared to the conflicts in Transnistria or Abkhazia and South Ossetia, the EU has even less leverage in discussions over the future settlement of the Nagorno-Karabakh dispute. All member states support peaceful resolution of the conflict, yet both they and the EU's institutions invest less time in this issue compared to the other two protracted conflicts. The EU as such is not present in the negotiating framework and is represented by France in the OSCE's Minsk Group, the key framework for discussions about the conflict. France, which co-chairs the group along with Russia and the US, is not willing to give up its seat for a formal EU representative. As a result, while EU member states agree in their assessments of the conflict, they remain largely absent from the negotiations.

In 2011, the Minsk Group met no less than six times. But it was Russia that continued to play the principal role in negotiations about

the conflict settlement. The EU restricted itself to supporting Moscow's initiative to reach a breakthrough in negotiations via a separate track outside the group. However, although Russian President Dmitry Medvedev met the leaders of Armenia and Azerbaijan in February, March and June, the meetings yielded no progress. The agreement on the basic framework of the future political settlement of the conflict – the so-called Madrid Principles – remains on paper only. Both the EU and member states in general seem determined to isolate the Nagorno-Karabakh issue from their relations with both Armenia and Azerbaijan. For example, they did not make discussion with the two countries on issues such as energy or trade conditional on progress on Nagorno-Karabakh. The EU has also failed to engage meaningfully with the other two key players, Turkey and Russia.

Middle East and North Africa

Overall grade

C+

Overall grade 2010 -



	2010	2011
REGIONAL ISSUES	–	B-
53 Rule of law, democracy and human rights in the MENA region	–	C+
54 Reforming financial support to the MENA region	–	B-
NORTH AFRICA	–	B-
55 The Tunisian revolution	–	B+
56 The Egyptian revolution	–	C+
57 The Libyan uprising	–	B+
58 Relations with Algeria and Morocco	–	C+
LEVANT	–	C
59 The Syrian uprising	–	C
60 State building in Palestine	–	C+
61 Middle East peace process and Palestinian statehood	–	C-
PERSIAN GULF	–	C+
62 Iran	–	B-
63 The Yemen uprising	–	B-
64 The Gulf Cooperation Council	–	C+
65 Iraq	–	C+

2011 was a tumultuous year for the Middle East and North Africa (MENA). The Arab Awakening – the spontaneous popular uprising that began in Tunisia and eventually toppled four dictators, and that has forced reform in a number of authoritarian regimes – took the West, including Europe, completely by surprise. Everyone was slow to react. In fact, on 11 January – just a few days before Tunisian President Zine El Abidine Ben Ali fled by plane – the French foreign minister, Michèle Alliot-Marie, offered French knowhow to help Tunisian authorities manage riots. One month later, just before the “day of rage” that sparked the Libyan revolution, European officials were placidly discussing co-operation on migration and borders with the Gaddafi regime in Brussels. Indeed, the most awkward problem for Europe was that years of co-operation with autocratic regimes throughout the region left it lacking credibility in the midst of popular calls for democracy. The EU therefore faced the difficult task of transforming its longstanding policies in order to show meaningful solidarity with the democratic aspirations of people of the region, while safeguarding ongoing European concerns across a set of urgent and complex situations.

At first, it failed. Member states such as France and Italy found it difficult to abandon their former allies and interests. Europe therefore did extremely badly in the first weeks of the crisis – although the US hardly did better. But when Egyptian President Hosni Mubarak also fell in mid-February and the significance of the situation became clear, France, Germany and the UK decided to put their weight behind democratic transition. However, even then, although the EU as a whole made a number of coherent communications and took some strong positions and decisive action – for example, sanctions on Libya and Syria – unity remained precarious.

Europe also failed to commit sufficient resources to make a difference. There is little doubt that the Arab Awakening was a priority for European foreign policy in 2011: Europe used an array of instruments, including active diplomacy, special envoys, sanctions and military action. But its technocratic response fell dramatically short of the “Marshall Plan” for which some initially called. Instead, it mostly reshuffled the EU budget and offered loans by development banks. Member states made symbolic pledges at the Deauville G8 summit in May but failed to actually put much new money on the table. A “Deauville gap” can be said to have emerged between expectations and delivery. The EU’s 3M concept (“money, mobility and markets”) amounted to more differentiation among partners, visa-facilitation negotiations (a first in North Africa) and some tentative progress on trade.

A year after the beginning of the Arab Awakening, the picture in the region is mixed. In Tunisia there has been solid progress towards democracy – although the EU had little to do with it – while in Egypt, Yemen and Libya the situation is still very uncertain. France and the UK did play an important but controversial role in toppling Muammar Gaddafi by sponsoring a UNSC resolution and then pushing its interpretation to the limit during the NATO campaign, and Europe is now positioned to support post-conflict reconciliation and state building. But the EU as such was marginalised, with Germany abstaining on the UNSC resolution authorising military intervention and the French foreign minister supposedly despairing that he could not get his EU colleagues to engage with the issue. In the end, Europe acted first through an ad hoc process and subsequently through NATO.

The EU encouraged reform in Morocco and Jordan and is engaging with Algeria, where substantial reform is elusive but some repositioning has occurred. But other regimes in the region have used widespread repression to maintain stability. The EU helped isolate the Assad regime in Syria, but the killing of civilians has continued on a daily basis and the international community remains divided even if Europe has unified its position. Europeans had even less influence in the Gulf.

There has been some ad hoc co-operation with the Gulf Cooperation Council (GCC) countries, but progress on an FTA remains non-existent and the EU is vulnerable to accusations of double standards. In particular, Europeans looked the other way during the violent suppression of protests in Bahrain. In Yemen, the EU issued strongly worded statements, demanding that President Ali Abdullah Saleh and the Yemeni security forces cease shooting civilians. But the EU's role in the troubled Arab Gulf state is limited, despite having donated large amounts in humanitarian and development assistance.

Iraq, on the other hand, has become more fractious against the backdrop of the US military withdrawal, and the EU remained a marginal player. Finally, there was little progress on wider issues such as the Middle East peace process and the Iranian nuclear threat. With the peace process blocked and Israel increasingly nervous in light of regional developments, Europeans remained as divided as ever and failed to take the initiative. On the other hand, the EU was able to stay united on Iran and adopted new measures, including sanctioning human rights violations. But the nuclear threat remained, as an IAEA report in November indicated. Political agreement for an oil embargo was reached in December and sanctions were adopted in January 2012.

In short, there are improved prospects for democracy in the region, although the transition is far from over. But the EU must be more demanding of itself and will have to dramatically transform its neighbourhood policy if it is to play a meaningful role and work towards regional stability. Firstly, it will have to increase its engagement with a range of actors, including civil society and political forces, especially Islamist parties, which have emerged as the winners in all of the elections held in 2011. Finding a way to engage the region's security establishments will also be key: neither NATO nor the EU have any form of sustained and high-level dialogue with the region's militaries. The unwillingness of Field Marshall Hussein Tantawi, Egypt's de facto ruler, to see even high-level European ministers, illustrates this lacuna.

Secondly, Europeans should build on its co-operation with other actors. While the US is partially disengaging, Turkey, the GCC countries and the Arab League are playing an increasingly important role. Much more impact could have been achieved on Syria and Iran if China and Russia were persuaded to take responsibility. Finally, Europe will have to accept that, as the MENA region becomes more democratic, its direct leverage will probably decrease. The new European approach will have to be based on a partnership with other countries, balancing serious and consistent commitment to democracy and rule of law with careful responses to specific challenges.

53 RULE OF LAW, DEMOCRACY AND HUMAN RIGHTS IN THE MENA REGION

The failings of the EU's approach to democracy promotion were exposed as autocratic regimes collapsed. It now faces a long-term challenge of rethinking MENA policy.

	2010	2011
Unity	-	3/5
Resources	-	2/5
Outcome	-	5/10
Total	-	10/20

C+

2010 score -

In 2011, Europeans suddenly had to provide material and moral support to the spontaneous uprisings and revolutions sweeping across the region. This often meant a huge change of approach after years of compromises with autocratic regimes. Europeans fumbled on several occasions in terms of a lack of short-term support for regime change and human rights, and they came under justified criticism for inaction at the time of the Tunisian and Egyptian revolutions. At times, concerns about immigration seemed more pressing to member states such as Italy and France than support for democratic change. Europeans eventually backed the protest movements in Tunisia and Egypt and imposed political and economic sanctions on Syria and Libya, and NATO took military action in the latter case. But Europeans took a passive role on Yemen (see component 63) and did little to support democratic protests in Bahrain (see component 64).

The longer-term challenge for the EU is to rethink MENA policy and prioritise democracy promotion consistently. Following a European Council decision

in February, the European Commission and the EEAS proposed increasing the use of conditionality and greater incentives for democracy as part of the ENP. So far, however, it is not clear whether this will be implemented. Funding for democracy, civil society support, electoral assistance and governance was redirected towards Libya and Tunisia, where progress towards democracy was most visible – but the amounts still remain vastly insufficient. Poland suggested creating a European Endowment for Democracy, although details are still unclear. High Representative Catherine Ashton launched a global strategy for human rights, but it was supported only by a handful of member states such as Denmark, Poland and Sweden. The EU now faces further challenges as it tries to engage with Islamist movements with which it is unfamiliar and has until now rejected. In the end, deeper democracy in the region will probably translate into a decrease in the EU's direct leverage over resources and policies, but could consolidate more meaningful stability that is ultimately in Europe's interests.

54 REFORMING FINANCIAL SUPPORT TO THE MENA REGION

Europe responded to the revolutions in the region by promising money, mobility and market access. But its support fell dramatically short of a new “Marshall Plan”.

	2010	2011
Unity	-	4/5
Resources	-	3/5
Outcome	-	5/10
Total	-	12/20

B-

2010 score -

Financial co-operation with MENA states over recent years, based on long-term support for modernisation, came under sharp criticism for having contributed to the consolidation of authoritarian rule. While Europe was pressed to show renewed and concrete solidarity with the people of North Africa, the economic crisis and national spending cuts undermined the possibility of any momentous increase in funds. The revolutions prompted changes to European policy towards the region, the ENP and development co-operation in general. The European Commission and High Representative Catherine Ashton took the lead by promising “more for more” and “money, mobility and market access”.

Much of the money for the region was reallocated from the EU budget for Asia and Latin America. Additional funding came mainly from loans: the EIB lending ceiling in the region was increased by €1 billion and the EBRD’s mandate was expanded to include the region. There was a 25 percent increase in funds available for the last two years of the multiannual financial framework (about €700 million)

and a 50 percent increase in funding for the neighbourhood was proposed for the seven years to 2020. How allocation and implementation modalities will change in practice remains unclear, with a need to balance political steering (conditionality and differentiation) with predictability in funding. Some new instruments were introduced, such as a new €350 million SPRING programme to ensure more flexibility in allocating resources to reforming countries, while more focus was put on civil society support, youth, employment and the private sector.

Some member states, including the UK, Sweden, France and Spain, also redirected some of their bilateral funding towards the region, but member states disagreed about whether to use EIB reflows (which was prevented mainly by Germany) and on moving money from the Eastern Neighbourhood to the south (which Slovakia and Poland resented). As a result, the EU’s support for the region fell dramatically short of a new “Marshall Plan”.

55 THE TUNISIAN REVOLUTION

Europeans were relatively united and put together a respectable package of financial assistance. But complicity with the Ben Ali regime will hamper their influence in the transition.

	2010	2011
Unity	-	3/5
Resources	-	3/5
Outcome	-	8/10
Total	-	14/20

B+

2010 score -

As the country that triggered the Arab Awakening, Tunisia is a test case for the whole region. Europe has an interest in supporting the transition and in maintaining influence in whatever new regime is to emerge from the revolution. But the history of complicity with the Ben Ali regime limited Europe's credibility. The rapid escalation of popular demonstrations in late December and January took everybody by surprise, particularly Italy and France, which should have been more aware of the popular mood and political situation. Just a few days before Zine El Abidine Ben Ali finally fled, France's foreign minister, Michèle Alliot-Marie, was still offering him French knowhow on riot control.

After Ben Ali left, the EU was able to coalesce around a common vision, helped by a relatively stable situation in Tunis and solid counterparts in the transitional government. The EU established a task force for Tunisia to co-ordinate support by donors and partners and committed collectively a package of financial assistance for 2011, including €800 million in loans

from the EIB and €160 million in grants from the European Commission (double the initial amount). Similar amounts are in the pipeline for 2012, mainly focusing on economic recovery and rural development. But although this was not an insignificant offer considering the economic crisis, some Tunisian officials called it "ridiculous". The EU also offered electoral assistance, negotiations on "Advanced Status", a DCFTA and a Mobility Partnership for the first time in the Southern Neighbourhood. Humanitarian aid helped buffer the outcome of the Libyan crisis and official visits continued steadily throughout the year.

Although Tunisia held successful elections in October, the transition is far from complete. Poland has offered Tunisia its transition expertise. The main challenge will be to ensure wide ownership of the democratic process and to deliver economic growth. Although political parties seem ready to build a new relationship with the EU, it will take Europeans a lot of time and effort to rebuild trust among the Tunisian people.

56 THE EGYPTIAN REVOLUTION

Europeans were slow to react to the revolution in Egypt and the resources they committed are insufficient to create any leverage in a difficult process of transition.

	2010	2011
Unity	-	3/5
Resources	-	2/5
Outcome	-	5/10
Total	-	10/20

C+
2010 score -

Europe has immense economic and political interests at stake in a successful transition in Egypt but struggled to speak with one voice and use its limited tools. After protests against the Mubarak regime began in January, it took too long for a strong position to emerge in Europe. France, Germany and the UK, together with Catherine Ashton, led the way in condemning violence and calling for reform. But the army continues to run the country in an opaque and often authoritarian manner. Parliamentary elections began in November following weeks of demonstrations and ongoing violence. Although the EU is now relatively united, it will find it difficult to respond to events in Egypt unless it finds a way to engage with Islamists and the military, which is unwilling to engage with external partners. Sharp divisions could easily resurface in relation to the Middle East peace process (see component 61) or to internal developments.

transition. Egypt will receive some of the funds made available for the region as a whole (e.g. around €900 million in EIB loans for 2011, more scholarships and support to civil society, and the European Commission's revised programme of €122 million in grants for social housing, trade integration, rural SMEs and energy). But the transitional authorities' sensitivity about external influence and unwillingness to commit to long-term plans prevented a more substantial increase in funding. There has also been little progress on trade policy or mobility. All this will be crucial as economic and social tensions are likely to worsen with sluggish growth and high unemployment. For now, Europeans could at least make a stronger effort in terms of visibility and public diplomacy, pressuring the army to agree to a meaningful transfer of power to civilian authorities. The EU institutions have been active but, after the initial enthusiasm, national leaders are looking the other way.

Meanwhile, the resources the EU has committed are insufficient to create any leverage in this difficult process of

57 THE LIBYAN UPRISING

Led by France and the UK, Europeans were crucial in removing Gaddafi from power. It remains to be seen whether this will translate into more influence in the new – and still far from stable – Libya.

	2010	2011
Unity	-	3/5
Resources	-	5/5
Outcome	-	7/10
Total	-	15/20

B+

2010 score -

While member states shared a common objective to protect civilians in Libya, they had very different interests and approaches: while Italy, which relies heavily on Libya for energy, struggled the most with the events of 2011, France and the UK saw the uprising as an occasion to make up for their hesitation elsewhere in the region. After Muammar Gaddafi threatened to “crush” the protesters in Benghazi, Europeans made common declarations, imposed sanctions and undertook a significant relief operation at the borders of Libya. But as the situation escalated in March, Germany broke with France and the UK at the European Council and the G8, and ultimately abstained on UNSC Resolution 1973, which authorised military intervention. This prevented the EU from speaking with one voice at a key stage and ruled out the possibility of a non-humanitarian CSDP mission.

While French President Nicolas Sarkozy and British Prime Minister David Cameron were the clear leaders in pushing for military intervention and successfully persuaded the US and other actors to

agree to impose a “no-fly zone”, they were supported by other member states. Belgium and Denmark flew a large number of sorties and even Italy grudgingly provided bases. However, Poland refused to make a military contribution and even made Putinesque comments about the motivations for the conflict. Member states and EU institutions also made contributions in humanitarian affairs, stabilisation and development funding, and diplomatic recognition (and intelligence) for the National Transitional Council (NTC). The EU opened an office in Benghazi in May and a delegation in Tripoli in November.

Despite their divisions, European military assistance was crucial in removing Gaddafi from power. European states deployed an array of instruments, showed more flexibility than other organisations such as the UN and provided concrete support to the NTC when military operations were in full swing. In so doing, they secured important goodwill with the Libyan population. It remains to be seen whether this will translate into more influence in the new – and still far from stable – Libya.

58 RELATIONS WITH ALGERIA AND MOROCCO

The EU struggled to apply a “differentiated” approach to Algeria and Morocco. But the Arab Awakening may have increased its leverage in these countries.

	2010	2011
Unity	-	3/5
Resources	-	2/5
Outcome	-	5/10
Total	-	10/20

C+

2010 score -

Europe’s relations with Algeria and Morocco continue to be driven by a handful of member states, in particular France, Italy and Spain. Relative stability there gave the EU a chance to test its new “differentiated” approach, which was meant to reward substantial efforts to reform. Both countries feared isolation and were keen to get recognition for initiating reform, which gave the EU some leverage. France, which held the G8 presidency, was keen to reassure its partners that Morocco’s reform plans were real, even though it was clear by the autumn that the monarchy intended to retain wide executive powers. Although other member states were more sceptical, the EU in general welcomed the constitutional referendum and parliamentary elections, and did not pay too much attention to the ongoing protests. Meanwhile, increased engagement elsewhere in the region meant that, for the first time in years, Morocco did not receive the highest level of financial assistance in the region.

The EU also welcomed the few positive signals in Algeria, including the lifting of the

emergency law, an invitation for external observers to the 2012 parliamentary elections, increased political dialogue, and openness towards the revamped ENP. However, substantial reform is still far off. The European Commission showed some flexibility on financial co-operation by reallocating part of its funds (€58 million in total) from infrastructure to youth, employment and civil society, but continued to struggle in trade talks with Algeria, particularly for industrial products where some member states have important stakes. Thus, although the Arab Awakening has been a reality check for Algeria, it will continue to be a difficult partner. Finally, Europe continues to be divided and passive on the Western Sahara conflict and on regional co-operation, where it could play a more determined role. In short, the Arab Awakening created an opportunity for Europe, but it has not yet taken full advantage of it.

59 THE SYRIAN UPRISING

After a slow start, Europeans led the way in isolating the Syrian regime, but the sanctions it imposed have not yet stopped the ongoing crackdown on the opposition.

	2010	2011
Unity	-	3/5
Resources	-	3/5
Outcome	-	2/10
Total	-	8/20

C

2010 score -

Europeans initially hoped to persuade President Bashar al-Assad to show restraint and to promote democratic reform. However, after the demonstrations that began in Daraa from mid-March quickly spread nationwide and the regime responded with violent repression rather than reform, EU member states eventually called on Assad to step down. The specific context of Syria and fears of regional conflagration made the prospect of more robust interventions unrealistic and action therefore focused on sanctions. It took until May before the EU took its first concrete measures: a travel ban, asset freeze, arms embargo, and the suspension of development co-operation and of the pending Association Agreement (although this was not particularly courageous since Syria was not going to ratify it anyway). France – which had attempted to re-establish good relations with Syria under Nicolas Sarkozy – was at the forefront in condemning the regime from the end of April. Italy and Greece, which had oil and banking contracts with the regime, were more cautious.

After May, the EU maintained a consensus around a progressive reinforcement of sanctions, which led to more debilitating measures against the oil sector in September and against trade, banks and telecommunications (including the freezing of EIB loans) in November and December. In October and November, various EU leaders started openly meeting the opposition leaders abroad and passed a resolution at the UNHRC condemning the regime. All this was done in co-ordination with the US and Turkey and with increasing pressure coming from the Arab League, whose actions and proposals were welcomed by the EU. However, Europeans failed to persuade Russia to endorse a UNSC resolution that could make sanctions more stringent and effective. By the end of 2011, Assad was almost completely isolated but nevertheless remained in power in Damascus.

60 STATE BUILDING IN PALESTINE

The EU had some successes in supporting Palestinian state-building efforts in the West Bank. But its efforts exist in a political vacuum and are unconnected to the situation in Gaza.

	2010	2011
Unity	-	4/5
Resources	-	3/5
Outcome	-	2/10
Total	-	9/20

C+
2010 score -

In 2011, the EU remained largely united and continued to play a lead role in supporting the state-building project led by PA Prime Minister Salam Fayyad in the West Bank. Member states co-ordinated technical assistance for specific government sector reforms, with the EU contributing €300 million, working closely with Fayyad and even frontloading a payment in August of €22.5 million to avert a crisis in paying salaries and pensions. European governments were also influential in securing the release of PA tax revenues being held as a punitive measure by the Israeli government. These efforts helped the PA achieve “state-readiness”. However, as Catherine Ashton said in April: “These achievements can only be sustainable in the event of a political breakthrough.” With the possibility of such a breakthrough becoming more distant, the state-building effort is becoming less and less anchored to political realities – and the EU has failed in producing a policy that connects the two – especially after the two-year Fayyad plan was completed in August.

Beyond the big-picture politics, even more narrowly defined progress on state-building hit a number of bumps in 2011. Palestinian economic growth slowed – the predictable consequence of insufficient advances in getting Israel to ease movement and access restrictions imposed on Palestinians or to allow PA activity in parts of “Area C” or in East Jerusalem. Gaza and the West Bank remained under two separate governing authorities, with the EU largely a bystander to attempts to consolidate Palestinian internal reconciliation between Fatah and Hamas. Other than certain improvements regarding entry of building materials, Europeans failed to lift the closure imposed on Gaza – a policy which guarantees Gaza’s continued isolation and impoverishment, albeit mitigated by a flourishing Hamas-empowering tunnel economy. Other PA developments that should be a cause for concern and that received insufficient European attention include the ongoing postponement of PA elections; abuses by security services; and the non-functioning of the Palestinian Legislative Council, which created a lack of oversight or democratic accountability for PA institutions.

61 MIDDLE EAST PEACE PROCESS AND PALESTINIAN STATEHOOD

The Arab Awakening made an Israeli–Palestinian deal more essential but also more elusive. Europeans were too divided and indecisive to take the initiative.

	2010	2011
Unity	-	3/5
Resources	-	2/5
Outcome	-	2/10
Total	-	7/20

C-

2010 score -

Although the EU argued that the Arab Awakening made a resolution of the conflict more urgent and vital, it failed to match this rhetoric with new political resolve. The four EU members of the UNSC in 2011 (France, Germany, Portugal and the UK) all supported a resolution on settlements in February and issued a statement on settler violence among other things in December. The E3 intensified their co-ordination on the Middle East peace process, issuing broad parameters for a two-state deal in February, which were later adopted by the EU. But after the PLO declared its intention to apply for statehood at the UN in September, Europeans were too divided and indecisive to play a defining role in the diplomacy. The PLO added to the uncertainty by choosing to seek full UN membership through the UNSC, which meant the application got stuck in a committee and there was no vote at the UNGA, so European unity and adherence to previous declarations was not tested. Member states split three ways on the less consequential – and somewhat last-minute – Palestinian application for UNESCO membership in October (11 voted in favour,

5 against and 11 abstained).

Thus, although Europeans invested much time and diplomatic energy on the peace process in 2011 – including frequent visits by Catherine Ashton and interventions with the Israeli government to prevent additional escalation of problems in East Jerusalem, to get PA tax monies released and defend the rights of imprisoned non-violent Palestinian activists – they were unable to advance an agenda of their own. Barack Obama’s 19 May speech seemed to be at least in part prompted by European suggestions on advancing border and security parameters but could not be translated into a plan of action or even an agreed Quartet statement. Europeans had little impact on the approval and construction of new Israeli settlements, human rights violations in the Occupied Territories and occasional flare-ups between Gaza and Israel.

62 IRAN

Europeans maintained a united front and moved towards adopting an oil embargo – an impressive demonstration of their commitment to put pressure on Iran.

	2010	2011
Unity	-	4/5
Resources	-	3/5
Outcome	-	4/10
Total	-	11/20

B-

2010 score -

Europe's objective in 2011 was to maintain unified pressure on Iran's nuclear programme in the framework of UNSC Resolution 1929, avoid a regional conflagration, and at the same time leave the door open to serious dialogue. Iran had mixed feelings about the Arab Awakening and was left increasingly isolated by the weakening of its key ally Syria. Iran cracked down internally and the regime was accused by the US of involvement in an alleged plot to kill the Saudi ambassador in Washington. The EU adopted human rights-related targeted sanctions in April and October. After an IAEA report in November pointed to an increased potential for the militarisation of Tehran's nuclear programme, the E3 called for new sanctions. Since Russia and China would have opposed a UNSC resolution, the E3+3 tabled a resolution via the IAEA board, which was adopted by an almost unanimous vote.

In December, shortly after an attack by pro-regime students on the British embassy in Tehran, Europeans united around a new round of sanctions, which targeted 180

people and entities in the trade, financial and energy sectors. All the main players (including France, Germany, Italy, Spain and the Netherlands) showed solidarity with the UK through various diplomatic demarches.

These measures fell short of an oil embargo, due mainly to resistance by Greece, which could not afford to renounce its cheap oil imports from Iran. However, European leaders downplayed this division as technical and temporary and informally pledged to target the Iranian central bank and hit oil exports in early 2012, with the support from Italy and Spain, which also rely on Iranian oil. (An oil embargo and further wide-ranging sanctions were eventually adopted in January 2012 against the background of growing tension about a possible blockade by Iran of the Strait of Hormuz.) The steps Europeans took in 2011 were an impressive demonstration of their commitment to the Iranian problem, particularly in the eyes of the US and Israel, which is increasingly nervous of Iran's nuclear programme.

63 THE YEMEN UPRISING

Europeans were rather passive in Yemen but managed to maintain unity by relying on initiatives by the GCC and the US. Like elsewhere in the region, their reputation is tainted by the compromises of the past.

	2010	2011
Unity	-	4/5
Resources	-	2/5
Outcome	-	5/10
Total	-	11/20

B-

2010 score -

Europe has an interest in promoting stability in Yemen to facilitate development and a strong democracy in the Arab world's poorest (and probably most volatile) country. The EU ambassador, Michele Cervone d'Urso, is active in the political dialogue between the ruling party and the opposition coalition. However, Europe had to rely to a large extent on partners and regional players in response to the uprising there in 2011. By the end of April, after President Ali Abdullah Saleh had failed to live up to his initial promises to reform, the EU rallied behind a GCC initiative, which offered him impunity in exchange for a swift political transition. Following a surge in violence in May, Saleh was wounded in a bomb blast in June and was evacuated to Saudi Arabia for medical treatment. This offset the need to impose sanctions, which EU member states had belatedly started to consider.

However, the ongoing crisis worsened an already-precarious situation in terms of lack of food and water. Although the European Commission had co-ordinated an evacuation of European personnel from

Yemen, the EU was nevertheless able to maintain a delegation in Sana'a throughout the crisis. It was therefore able to liaise with the opposition and with the UN and the World Bank on the ground and focus on stabilisation and humanitarian needs. Building on the EU's previous commitment to improve food security in Yemen, the EU increased its relief assistance to €60 million by the end of the year, with €20 million from the EU budget. At the end of October, Europe remained united in the UNSC on a resolution endorsing a GCC proposal that eventually persuaded Saleh to step down in November. Although Europeans disagreed about the implications of the departure of Saleh, they kept their differences below the surface, although this probably came at the expense of a lower political investment in Yemen. The US, by contrast, was still co-operating with the regime on targeted killings of al-Qaeda suspects with drones in September.

64 THE GULF COOPERATION COUNCIL

The EU will have to work harder if it wants to increase its influence in the region and engage the Gulf's immense resources in the management of common challenges.

	2010	2011
Unity	-	4/5
Resources	-	1/5
Outcome	-	5/10
Total	-	10/20

C+
2010 score -

Europe's objective in the Gulf in 2011 was to build stronger and more structural co-operation on common regional and global challenges, while at the same time showing some consistency with its own values in the context of the Arab Awakening. But it made only a limited effort on both fronts. The EU's general approach towards the Gulf has remained fragmented, with member states seeking independent visibility and economic access. The EU's strategic concept for the MENA region does not include the Gulf and co-operation was on an ad hoc basis without any longer-term perspective such as an interregional FTA. Catherine Ashton made her first trip to the region only this year to chair an EU-GCC ministerial in Abu Dhabi in April, which focused on events in the Arab world. Over the year, the EU welcomed the active role of Saudi Arabia on Syria and Yemen, and France and the UK were eager to engage Qatar on Libya.

Meanwhile, the small island state of Bahrain experienced its own uprising from mid-February. With Saudi support, the monarchy responded by imposing

repressive measures on civilians. Ashton and the European Council issued generic calls amidst unproven allegations of Iranian meddling. However, member states responded with a mixture of realism and caution. After the crisis, the EU recovered some credibility by insisting on national dialogue, appropriate investigation and engagement of the UN on human rights violations and respect for the rule of law. This was followed up in November when a national independent commission issued a tough report uncovering widespread abuses and recommending reforms. Eventually, the monarchy invited the Office of the UN High Commissioner for Human Rights to provide support. Although timid calls for democracy and human rights are starting to surface in the Gulf, the EU is still far from being able – or willing – to have an influence.

65 IRAQ

As democracy spread to the rest of the region, 2011 raised questions about the future consolidation of democracy in Iraq and the role of the EU in it.

	2010	2011
Unity	-	3/5
Resources	-	2/5
Outcome	-	4/10
Total	-	9/20

C+
2010 score -

Europe wants to support Iraq's stabilisation and development and its regional integration. Over the last few years, member states have reconciled their differences and the EU is now structuring its involvement in the country around a Partnership and Co-operation Agreement (PCA) and a multiannual strategy. But broader co-operation has been delayed by Iraq's fractious politics, preventing the full entry into force of the EU-Iraq PCA planned in 2011. Relations with Prime Minister Nouri al-Maliki's new government have been relatively difficult. The EU was unable either to influence a resolution of the contentious problem of relocating Iranian dissidents located in Camp Ashraf in Diyala province or to agree on taking charge of the resettlement of Iranian refugees. It also failed to get a stronger commitment by Iraq to a solution to the Syrian crisis as Baghdad continued to offer Damascus support.

On the positive side, the EU prolonged until mid-2012 its rule of law training mission (EULEX) and has increased activities in the field and co-operation with the UN. European companies have

further articulated their presence in the oil sector under the 2010 Memorandum of Understanding on Energy in view of increasing production capacities. Increasing oil revenues led to a cut in financial co-operation funding for the 2011-2013 period. The EU signed a €24 million capacity-building programme, which will partly use Iraqi resources, and it has committed a further €15.7 million on water management. Unfortunately, the EU's development operations towards Iraq will be administered separately from those towards the Southern Neighbourhood, particularly from 2011, which risks increasing inconsistency and fragmentation. Overall, Europe is struggling to build up influence in Iraq as the US withdraws its troops and Iran consolidates its dominance in the country's internal politics. Europe is paying the price for its loss of leverage towards Turkey. A comprehensive strategy towards the wider Middle East and the Gulf could link Iraq and the sub-region to the more structured policies in place around the Mediterranean.

Multilateral Issues & Crisis Management

Overall grade

B

Overall grade 2010 **B+/B-**



	2010	2011
KEY ELEMENTS OF THE INTERNATIONAL SYSTEM	–	B-
66 European policy in the G8 and G20	C+	C-
67 European policy on reform of the Bretton Woods institutions	C+	B-
68 European policy on UN reform	C+	C+
69 European policy on non-proliferation	A-/B+	B
70 European policy on the World Trade Organization	A-	B
INTERNATIONAL JUSTICE	–	B+
71 European policy on human rights at the UN	C+	B+
72 European policy on the ICC and international tribunals	B+	B+
CLIMATE CHANGE AND DEVELOPMENT	–	B+
73 Climate change	B+	A-
74 Development aid and global health	C+/B	B-
HUMANITARIAN RELIEF	–	B
75 Famine in the Horn of Africa	–	B-
76 Assistance to Japan after the tsunami	–	B
PEACEKEEPING	–	B
77 Sudan and the DRC	B-	B-
78 West Africa	C+	B+
79 Somalia	B	B+
80 Afghanistan	C+	C+

The euro crisis highlighted the EU's reliance on multilateral institutions in 2011. The EU repeatedly turned to the IMF for financial and political support throughout the year. Franco-German efforts to use the G20 summit in November as an opportunity to restore faith in the euro turned into a shambles, in part because of doubts about Greek and Italian policies (see component 66). While the EU previously used multilateral institutions to support and influence others, it has thus increasingly looked to global multilateral institutions to buttress its own unity and economic security. At the same time, the EU continued to attempt to shape events elsewhere in the world through multilateral processes – and was remarkably successful given the circumstances.

In last year's Scorecard, we concluded that the EU had scored some defensive successes including on climate change and the Non-Proliferation Treaty, but that it had not created a sense of new purpose or vision in multilateral activity. In 2011, European interventions had more positive effects across a range of institutions and negotiations. The EU and US persuaded majorities of UN member states to censure Libya and Syria through the UNGA and UNHRC – two forums in which Western influence has been weakening for years. French President Nicolas Sarkozy cleverly recast the May meeting of the G8 as a show of support to the Arab Awakening. European sanctions and French troops enforced the UN's calls for Côte d'Ivoire's elections to be respected. The EU took an even clearer leadership role on climate change – an issue on which the US continues to punch below its weight – and the success of UN talks in making progress towards a legally binding deal on carbon emissions was the result of European diplomatic brinkmanship.

These successes were not unqualified. The EU's stance on the Arab Awakening at the UN was complicated by Germany's refusal to vote in favour of UNSC Resolution 1973 authorising military force in Libya. Critics noted that while a Franco-German duumvirate was leading the effort to save the eurozone, France and the UK continued to treat the UN as their privileged territory and overlooked the wishes of other member states. China and Russia stopped the UNSC acting firmly on Syria. The agreement on climate change reached in Durban in December is a weak one that may be undone as the UN tries to secure a deal by 2015.

However, compared to the EU's experience of incremental retreats in multilateral affairs in recent years, this series of qualified successes should be welcomed. The EU can also take credit for its political and financial investments in a number of imperfect but broadly successful crisis-management operations run by the UN and the AU. UN peacekeepers defied widespread predictions to oversee a fairly smooth independence referendum in South Sudan. AU forces made progress in combating Islamist rebels in Somalia, just as EU and other naval forces got more of a grip on piracy off the country's coast. Although they remain reversible, these advances reinforce the argument made in last year's Scorecard that the EU's better crisis-management efforts sometimes involve indirect support to peace operations run by other organisations rather than direct interventions. By contrast, European NATO forces in Afghanistan appeared to be even more marginalised than in 2010 as the US dominated the fight against the Taliban.

Yet for most Europeans these external crises inevitably took second place to the eurozone's internal turbulence. The IMF – which some EU governments including France had wanted to keep out of the initial rescue of Greece in 2010 – became an accepted actor in the recurrent efforts to save the currency bloc. While American and non-Western officials questioned whether the EU deserved special treatment from the IMF, European finance ministers were still able to secure the appointment of Christine Lagarde when Dominique Strauss-Kahn stumbled into a scandal. The EU and IMF find themselves locked into a pact: European officials need the IMF's backing to bolster market confidence in the defence of the eurozone; meanwhile, the IMF has invested so much in this effort that its own credibility depends on its success.

By contrast, the EU's position in the G20 declined sharply in November. The eurozone countries' attempt to craft a convincing package of reforms before the summit was undermined by Greece, which briefly indicated it might need to put the deal to the referendum, and Italian Prime Minister Silvio Berlusconi appeared to downplay his country's difficulties. The non-European members of the G20 conspicuously failed to sign up to a rescue plan, and the EU's political and financial credibility suffered. The ultimate verdict of the EU's performance in multilateral affairs in 2011 will be decided by the fate of the euro. If the currency survives, the flailing economic diplomacy of the last year will be forgotten and European successes on matters such as climate change and human rights will be emphasised. But if the euro crisis ends badly, the EU's approach to the IMF and the G20 in 2011 will come to look disastrous.

Either way, the EU's current economic situation does seem likely to constrain its performance in multilateral diplomacy in the years ahead. Concerns raised in last year's Scorecard about European commitments to development aid and humanitarian relief persist. For example, the EU's response to the drought and famine in East Africa this year was slower and smaller than its aid to Haiti after the 2010 earthquake. It is also a fair assumption that certain crises that the EU downplayed in 2011 because of its internal problems will come back to haunt it in 2012. There are relatively few signs of progress towards the goal of handing over security duties in Afghanistan in 2014. The question of the Iranian nuclear programme is also likely to come to a head and potentially dominate UN diplomacy. But for now Europeans can congratulate themselves on sustaining and advancing a surprising range of multilateral processes and on helping to stabilise a series of highly vulnerable states – even if they might wish they had been able to stabilise the eurozone instead.

66 EUROPEAN POLICY IN THE G8 AND G20

France used the G8 to co-ordinate the Western response to the Arab Awakening. But the G20 was overwhelmed by the euro crisis.

	2010	2011
Unity	2/5	2/5
Resources	3/5	3/5
Outcome	5/10	2/10
Total	10/20	7/20

C-

2010 score C+

France held the presidencies of both the G20 and the G8 in 2011, which focused attention on European interests in both forums. Paris used the G8 summit in Deauville in May to present a strong Western response to the Arab Awakening. But France had always prioritised the G20 over the G8. Early in the year, G20 finance ministers made some progress on devising indicators of global economic imbalances (a process limited by German and Chinese doubts) and held talks on the international monetary system. But the Deauville summit gave France an opportunity for more dramatic initiatives, and the G8 agreed a tough statement aimed at Libyan leader Muammar Gaddafi and committed \$8 billion of direct aid to Egypt and Tunisia. Although only a very small part of this aid was disbursed in the months that followed, Deauville was an unexpected public success.

However, France was foiled in its attempt to use the November G20 summit in Cannes as an opportunity to resolve the euro crisis – in large part because of the collapsing Greek government’s intervention. Three

weeks before the summit, Nicolas Sarkozy and German Chancellor Merkel announced that they would use the G20 as a deadline on an agreement to save the eurozone. European Council talks delivered a deal in the week before the summit, but this was thrown off course by the Greek Prime Minister George Papandreou’s attempt to call a referendum on the agreement. European leaders also used the summit to Silvio Berlusconi accept IMF oversight of Italy’s budget reforms, but this failed to satisfy the markets or save him. Talks on a larger G20 deal aimed at propping up the eurozone reportedly made progress but ultimately failed. Although France’s management of G20 diplomacy prior to Cannes was generally commended for its professionalism – and the UK prepared a reasonably well-received paper on the G20’s future for the meeting – the actual summit did severe damage to both the G20’s status and the EU’s credibility.

67 EUROPEAN POLICY ON REFORM OF THE BRETTON WOODS INSTITUTIONS

The IMF played an important role in supporting the EU through the euro crisis – but this may have weakened Europe's long-term influence.

	2010	2011
Unity	3/5	3/5
Resources	3/5	5/5
Outcome	4/10	4/10
Total	10/20	12/20

B-

2010 score C+

In the past, Europeans made contributions to the IMF that were used mainly to support the developing world, but the euro crisis has made the EU itself increasingly reliant on the IMF. In 2011, the fund channelled billions of dollars to struggling European nations and its involvement gave the EU some much-needed credibility. Relations were not always easy: in August, IMF officials angered their European counterparts by circulating a study highlighting the vulnerability of EU banks. Against this background, European governments tried to maintain their traditional influence in the IMF. In 2011, they confirmed the details of a deal agreed the previous year to reduce their voting weight on the IMF board. However, they successfully ensured that managing director Dominique Strauss-Kahn was replaced by another European after he was arrested in New York in May and charged with sexual assault. But his successor, Christine Lagarde, gave away more top posts to Asian candidates and pointedly criticised EU policies.

Alongside officials from the European Commission and the ECB, IMF staff members participated in the teams that ruled on aid to Greece, Ireland and Portugal. Their presence made it easier to put pressure on local officials to meet their commitments, although Greece in particular struggled to do so. At the G20 summit in Cannes in November, Italy acquiesced to a proposal that the IMF should monitor its proposed financial reforms, underlining the fund's role as a referee in the euro crisis. At the European Council meeting in Brussels in December, European leaders agreed to invest an additional €150 billion of their own money in the IMF to help it manage the crisis – although the UK refused to participate in this if the whole G20 did not engage. Towards the end of the year, the IMF and EU officials were also locked in contentious talks with the Orbán government over financial assistance to Hungary. The World Bank was less prominent in 2011, although its president, Robert Zoellick, underlined that the euro crisis could damage developing economies.

68 EUROPEAN POLICY ON UN REFORM

The EU was divided over Security Council reform and failed to take advantage of its new enhanced status in the UN General Assembly.

	2010	2011
Unity	4/5	2/5
Resources	2/5	3/5
Outcome	3/10	4/10
Total	9/20	9/20

C+

2010 score C+

In 2011, European diplomats focused on reforming the UNSC, a long-running issue, and on securing “enhanced observer status” for the EU at the UN. Together with Brazil, India and Japan, Germany launched a renewed drive to agree a reform of the UNSC that would give those four powers permanent seats. However, the initiative divided Europeans. Most member states, including France and the UK, technically supported Germany and its allies – the so-called G4 – in their quest for permanent seats on the UNSC. But a small minority consisting of Italy, Malta and Spain opposed the initiative. In March, the G4 launched a campaign to get the necessary 120 states to support a UNGA resolution in favour of reform. The initiative briefly gained momentum but did not ultimately succeed.

Meanwhile, the EEAS redoubled its efforts to win “enhanced observer status” in the UNGA, which would give the EU as such limited but concrete rights to intervene in debates. This was particularly sensitive because the UNGA had embarrassed the EU by voting to postpone a decision in

2010. However, a concerted and well-coordinated diplomatic campaign – with an emphasis on winning over sceptical small states in regions such as the Caribbean and the Pacific – gradually turned the tide in the EU’s favour. Nonetheless, it took a personal appearance and direct deal-making by High Representative Catherine Ashton in New York in May to finally win UNGA support. Nor was this victory entirely unproblematic. British officials, always lukewarm on the initiative, now feared the legal ramifications and political precedent of letting EU officials speak at UNGA meetings, and blocked the agreement of numerous EU common positions as a result. Some member states such as Finland spoke up strongly against the British position but many others did not treat it as a priority. Although this issue gained little publicity, it inevitably corroded the EU’s reputation as a bloc at the UN. A compromise deal was agreed in October but tensions remain.

69 EUROPEAN POLICY ON NON-PROLIFERATION

The EU facilitated talks on making the Middle East a WMD-free zone and pushed for greater pressure on Iran, but progress on both fronts is limited.

	2010	2011
Unity	4/5	4/5
Resources	4/5	4/5
Outcome	7/10	5/10
Total	15/20	13/20

B

2010 score B+

After the qualified success of the 2010 Review Conference on the Non-Proliferation Treaty (NPT), there was less intensive diplomacy on the global nuclear agenda in 2011. The EU did, however, prioritise following up on the Review Conference's call for discussions about making the Middle East a WMD-free zone, which offers a potential (if very fragile) framework to de-escalate tensions around Iran's and Israel's nuclear programmes. In July, the EEAS convened a seminar on the issue in Brussels. This was welcomed by disarmament experts as it brought together representatives of all the Middle Eastern states including Iran. In October, UN Secretary-General Ban Ki-moon decided that Finland should host and facilitate a formal conference on the topic in 2012. However, further closed-door talks on the initiative at the IAEA in November were undermined when Iran did not attend and Arab participants launched a series of attacks on Israel. The 2012 conference is likely to be difficult.

the year. In November, IAEA monitors published a report confirming the scale of Iran's efforts to build a nuclear weapon. The IAEA board decided to postpone decisions on its response to 2012. This was widely seen as a setback for the Americans and Europeans – led by France – who had called for a quicker response. The EU has responded by planning more stringent sanctions on Iran's energy industry. The EU's commitment to sustaining the global architecture for non-proliferation may be further tested in 2012 if tensions with Iran escalate. This challenge threatens to undermine European efforts to sustain the NPT as a whole. Meanwhile, a summit on the Biological Weapons Convention in December highlighted the growing risks of new technologies facilitating a bio-attack. While the European Council agreed a position on strengthening this convention well in advance, it favours incremental confidence-building.

Disturbing evidence of Iran's nuclear ambitions continued to emerge throughout

70 EUROPEAN POLICY ON THE WORLD TRADE ORGANIZATION

Russia finally joined the WTO – a long-held strategic goal for the EU – but European efforts to revitalise the Doha Round ran out of steam at the end of the year.

	2010	2011
Unity	5/5	5/5
Resources	4/5	4/5
Outcome	8/10	4/10
Total	17/20	13/20

B

2010 score A-

The EU had a mixed year in the WTO. 2011 saw Russia finally become a member of the organisation, fulfilling a long-held European strategic goal (see component 13). Montenegro also joined the WTO this year, which may help it draw closer to the EU. However, the decade-old Doha Round of talks on trade liberalisation continued to drift, threatening the WTO’s credibility, and the EU was unable to either revitalise or end the talks. At the start of the year, efforts were made to get the process moving again, but by April it appeared that the round could fail altogether. The European Commission, which negotiates on behalf of the EU, continued to highlight the economic benefits of a potential deal and argued for an “ambitious” new round of discussions covering the “recovery and rebalancing of the global economy”. This goal appeared unlikely to be achieved and non-Western governments accused the EU and US of pushing bilateral trade deals in the meantime. The European Commission also highlighted the importance of addressing the concerns of the Least Developed Countries (LDCs).

At the G20 summit in Cannes in November, the assembled leaders concluded that a Doha deal was impossible without a new approach to negotiations, and they also noted the importance of the LDCs. If the G20’s position echoed the EU’s priorities, it was not sufficient to generate action at annual ministerial meetings at the WTO in December. Participants agreed on the need for new negotiating methods, and the diplomatic atmosphere reportedly improved, but there was no substantive progress. The EU also has other interests in the WTO. In particular, in late December, the US made an appeal for up to \$10 billion in sanctions against the EU over subsidies to Airbus. But as protectionism becomes a greater threat against the background of the economic crisis, the failure of Doha is a source of increasing concern.

71 EUROPEAN POLICY ON HUMAN RIGHTS AT THE UN

Several EU successes in 2011, including on Libya and Syria, overturned the assumption that the UN Human Rights Council is irredeemably anti-Western.

	2010	2011
Unity	3/5	4/5
Resources	3/5	4/5
Outcome	4/10	7/10
Total	10/20	15/20

B+

2010 score C+

The EU made significant progress in advancing its human rights agenda through the UN system in 2011. It not only used the UNHRC to put pressure on Libya and Syria but also won victories on homosexual rights and religious free speech. In some cases, American diplomatic activism was decisive in winning states over to non-Western positions, but Europeans were also very active. In the case of Libya, there was unanimous support at the UNHRC in March for stripping the Gaddafi regime of its seat on the council. The UNGA also confirmed the decision. In the case of Syria, the EU and the US pushed for UN investigations into abuses from the spring onwards. Arab states were initially wary, but as the situation in Syria deteriorated, they became increasingly supportive of the Western position. Thus, although China and Russia continued to oppose action against Syria by the UNHRC, they found themselves increasingly isolated. In November, the UNGA also passed a resolution condemning Damascus that was sponsored by all EU member states.

In the spring, American diplomats also persuaded Muslim countries to withdraw a routine UNHRC resolution condemning the “defamation of religions”, a coded attack on freedom of religious expression. An alternative resolution on religious toleration, sponsored by the EU as a bloc, offered a consensual alternative. This gave Europeans a role in resolving a perennially difficult UN human rights debate. EU member states and the US co-ordinated a drive against violence against lesbian, gay, bisexual and transgender persons, which resulted in an UNHRC resolution on the topic in July. Against Chinese and Russian objections, EU member states and the US also sponsored a resolution appointing a UN rapporteur on freedom of assembly. Although the UNHRC remains challenging for the EU, these successes have overturned the assumption that it is irredeemably anti-Western. However, China and Russia ensured that the UNSC did not follow the UNHRC in condemning Syria.

72 EUROPEAN POLICY ON THE ICC AND INTERNATIONAL TRIBUNALS

The arrest of Ratko Mladić was a victory for the EU's pursuit of justice in the Balkans. The ICC was even more active in Africa, including Libya and Côte d'Ivoire, but with mixed results.

	2010	2011
Unity	4/5	4/5
Resources	4/5	4/5
Outcome	7/10	7/10
Total	15/20	15/20

B+

2010 score B+

2011 was a year of intense activity for the ICC, which became involved in the conflicts in Libya and Côte d'Ivoire, in part as a result of European initiatives. Prolonged EU pressure on Serbia also resulted in a success for the ICTY in May when Belgrade arrested and handed over General Ratko Mladić, the last major figure to be indicted for war crimes during the Bosnian war. Mladić's arrest was a condition for Serbia's progress towards EU accession – the Netherlands in particular had insisted on this, although some other member states favoured a softer approach. His capture was thus a belated win for EU conditionality.

The ICC's engagement in Libya was more problematic. In February, the UNSC referred the situation in Libya to the ICC through Resolution 1970 in an effort to put pressure on the Gaddafi regime. Among the European members of the UNSC, Portugal reportedly expressed doubts about involving the court but was overruled. As the war dragged on, there were indications that some EU member states might be willing to let Gaddafi and his henchmen go into exile, sidelining the

ICC. The Libyan rebels, who killed Gaddafi and refused to hand over his son Saif to the ICC prosecutor in November, also appear to have wanted to avoid ICC involvement. Thus, the ICC was primarily a political tool in the Libyan case.

The UNSC did not immediately threaten to involve the ICC in Côte d'Ivoire, but raised the possibility of doing so as the conflict worsened in March. In November, the government of Alassane Ouattara, who had won the elections held in November 2010, handed over the defeated former president, Laurent Gbagbo, to face charges of crimes against humanity. The ICC was less successful in its pursuit of members of the Sudanese government over Darfur. Nonetheless, the fact that sceptical members of the UNSC, including the US, China and Russia, backed its role in Libya represents a success for the EU's long-term advocacy of the ICC.

73 CLIMATE CHANGE

The EU played the decisive role in making progress towards a legally binding global deal on climate change this year – a significant victory for European diplomacy.

	2010	2011
Unity	4/5	5/5
Resources	4/5	4/5
Outcome	7/10	7/10
Total	15/20	16/20

A-

2010 score B+

Although the 2010 climate talks in Cancún, Mexico, made some progress in healing divisions left over from the calamitous 2009 summit in Copenhagen, many analysts expected little from climate change talks in Durban in December. Two issues dominated the agenda. First, would developed countries commit to an extension of the Kyoto Protocol, which currently regulates carbon emissions but places no obligations on developing countries including China and India? Second, would the emerging economies commit to a legally binding global deal on carbon emissions to replace Kyoto at some point in the future? Among the signatories to the Kyoto Protocol, EU member states were strongly in favour of extending it as a quid pro quo for securing a broader deal, but Canada, Japan and Russia expressed concerns about the economic disadvantages. With the US outside the Kyoto agreement, this was a multilateral process in which the EU had the potential to play a decisive role.

as France, Germany and the UK, the EU maintained a united front in favour of extending Kyoto. The EU negotiated as a bloc, and its primary negotiator, Climate Change Commissioner Connie Hedegaard, enjoyed a high level of credibility in Durban. However, the three-week talks began badly. It appeared that neither China nor India were ready to commit to any legal deal in the future. The talks overran, but at the last moment Hedegaard and her counterparts agreed a compromise by which Kyoto would be extended while developing countries promised to agree a “legal outcome” by 2015 that would come into force in 2020. Critics accused the EU of accepting a weak agreement, and Canada announced that it would exit Kyoto. But the Europeans – with US backing in the final days – made diplomatic progress where none seemed likely. Although imperfect, the deal was a significant victory for European diplomacy.

Led by Denmark, Poland (which held the EU presidency) and Sweden, as well

74 DEVELOPMENT AID AND GLOBAL HEALTH

Some EU member states cut aid this year, but others avoided doing so. Although the EU remains the world's leading aid giver, there is an increasing focus on using development funding effectively.

	2010	2011
Unity	-	3/5
Resources	-	3/5
Outcome	-	6/10
Total	-	12/20

B-

2010 score -

Europe's deteriorating economic position poses severe challenges to member state governments' development strategies. They responded in a variety of different ways in 2011. Sweden and the UK made a point of keeping aid at high levels. Bulgaria also led by example by doubling its development aid budget, and Finland and Germany also increased aid spending. But other member states such as France, Spain and the Netherlands made cuts (although Dutch spending remains relatively high at 0.75 percent of GDP). Some of the worst-off governments such as Ireland specifically aimed to mitigate cuts to their developments budgets to ensure that this area of spending did not drop too drastically. Italy's aid budget for 2011, on the other hand, was a shockingly low 0.1 percent of GDP.

Given the growing constraints on aid, there is an increasing focus on ensuring that what development funding exists is used effectively. This was the theme of an inter-governmental conference in Busan, South Korea, in November. A major goal was to improve the dialogue on aid with

emerging non-Western economies. China initially indicated that it would not join a new development ministers' forum to be launched at Busan, but it eventually did so. Non-governmental observers faulted the EU for taking too low a profile at the conference – especially in dealing with China – and for letting the US and other Western powers lead.

In October, the European Commission also announced that it was overhauling its aid to prioritise promoting democracy and good governance in poor states, implying cuts in aid to emerging economies such as India. The European Commission has specifically announced that it will cut aid to growing economies in Latin America such as Brazil. The UK, on the other hand, has decided that it will continue to give some aid to India. Member states and the EU institutions also continued work begun in 2010 to develop the EU's first global health strategy as a framework for spending money overseas more efficiently.

75 FAMINE IN THE HORN OF AFRICA

The EU's initial response to East Africa's drought and famine was uneven – and while it has pledged over €750 million, the crisis still threatens hundreds of thousands of lives.

	2010	2011
Unity	-	3/5
Resources	-	3/5
Outcome	-	5/10
Total	-	11/20

B-

2010 score -

Drought gripped the Horn of Africa in July, resulting in famine in parts of Somalia. By the third quarter of the year, European officials estimated that more than 13 million people were at risk of starvation. Hundreds of thousands of refugees also left Somalia, where food shortages threatened to exacerbate the already-dreadful security situation there – which the EU has tried to improve. The initial European response to the famine was mixed. The UK and the European Commission rapidly pledged significant quantities of aid, and were credited with galvanising the international response to a crisis that initially won little attention, but other member states lagged behind. Figures suggested that the UK had given nearly \$200 million to help in the crisis and the European Commission had given close to \$200 million, while France donated only \$75 million and Germany only \$60 million. The Nordic countries and the Netherlands were also leading donors and Italy focused its humanitarian aid on Somalia.

representing roughly two-thirds of all international assistance, which was channelled through UN organisations and NGOs. This humanitarian assistance did help limit the impact of famine in some regions, although it is worth noting that it is significantly less than the EU pledged after the Haitian earthquake in 2010. Islamist rebels barred or disrupted aid deliveries in areas of Somalia under their control. By contrast, Somali pirates did not interfere with aid shipments, which the EU naval force in the Indian Ocean is tasked with protecting. The drought also reinforced existing concerns about the Horn of Africa. In November, the European Council published its first strategy for the region, which included references to the need to maintain impartial humanitarian aid deliveries. As of December, the EU estimated that a quarter of a million Somalis were still at risk of starvation, and that this crisis could continue into mid-2012. The EU will likely remain engaged in humanitarian aid to the Horn indefinitely.

The overall European response to the crisis eventually passed €750 million,

76 ASSISTANCE TO JAPAN AFTER THE TSUNAMI

The EU was not required to play a major part in assisting Japan, but its members delivered significant quantities of basic supplies and the European Commission played a useful co-ordinating role.

	2010	2011
Unity	-	4/5
Resources	-	3/5
Outcome	-	6/10
Total	-	13/20

B

2010 score -

Shortly after Japan was struck by an earthquake and tsunami in March that resulted in critical damage to the Fukushima nuclear plant, Tokyo asked the European Commission to activate its Civil Protection Mechanism, which co-ordinates and facilitates member states' responses to disasters. Japan's prosperity meant that, unlike in Haiti in 2010 or the Horn of Africa in 2011, this was a humanitarian crisis in which there was little need for Europeans to make large financial contributions. Nevertheless, member states were able to assist by delivering supplies in the two months immediately following the catastrophe.

The Civil Protection Mechanism oversaw seven shipments of aid totalling over 400 tonnes of supplies to Japan. These deliveries, which arrived between 25 March and 28 April, included basics such as blankets and bottled water. Denmark, Lithuania and the Netherlands provided the first batch and traditionally important humanitarian players such as France, Sweden and the UK were also involved. But other less well-established aid-givers

such as Bulgaria, Hungary and Slovakia were also involved in the EU effort. The European Commission agreed to cover some of the transport costs where necessary and some shipments were delivered by European companies such as Lufthansa. Not all European assistance was channelled through the Civil Protection Mechanism: Germany, for example, sent assistance bilaterally.

In early April, the European Commission pledged €10 million to the Red Cross to help house homeless victims of the disaster. In response to criticisms of its low profile after the Haiti earthquake, the European Commission tried to publicise its aid efforts more thoroughly than in the past. Thus, Kristalina Georgieva, the commissioner responsible for humanitarian affairs, visited the disaster zone in April. The crisis demonstrated the utility of the Civil Protection Mechanism, which has performed well in other recent crises but often receives relatively little attention for its co-ordination of member states' responses to disasters around the world.

77 SUDAN AND THE DRC

The UN managed to navigate major challenges in Sudan and the DRC in 2011. The EU was an active but fairly low-profile partner in these processes.

	2010	2011
Unity	-	4/5
Resources	-	2/5
Outcome	-	6/10
Total	-	12/20

B-

2010 score -

In 2011, large-scale UN peacekeeping forces helped guide South Sudan to independence and secure controversial elections in the Democratic Republic of the Congo (DRC). Although EU member states are important political and financial supporters of these UN missions, they played a relatively low profile in both cases in 2011. South Sudan voted for independence in January and formally seceded in July. The January referendum (monitored by the EU) was smooth, although the secession was complicated by fighting over the disputed region of Abyei. As 2011 went on, tensions between Sudan and South Sudan grew worse. The US, the UN and China acted as mediators. EU member states have lost influence over Sudanese affairs in recent years. The European Council offered €200 million in aid to ease South Sudan's transition but suggestions for a military or sizeable civilian mission to assist South Sudan were not implemented, although plans for assisting the main airport were pursued.

The UN experienced a difficult year in the DRC, where President Joseph Kabila put pressure on the peacekeepers to leave. Presidential elections were held in November and December. During previous elections in 2006, the EU deployed troops to reinforce the UN but there was no serious discussion of repeating this mission in 2011. The EU did, however, send electoral observers. They raised numerous concerns about the polls, in which Kabila was re-elected. Overall, the EU's posture towards the DRC and Sudan and South Sudan in 2011 suggests a decreasing desire to take direct risks in both cases. The UN oversaw these situations relatively competently, justifying the EU's indirect approach, but it is not clear that it can do so indefinitely, especially as it reduces its peacekeeping presence in the DRC. UN forces in the Darfur region of northern Sudan continued to struggle. The dangers of further humanitarian crises in one of these huge African countries remain considerable.

78 WEST AFRICA

Led by France, the EU responded effectively to the crisis in Côte d'Ivoire. Elsewhere in West Africa its influence was less certain.

	2010	2011
Unity	3/5	4/5
Resources	3/5	4/5
Outcome	4/10	7/10
Total	10/20	15/20

B+

2010 score C+

With France in the lead, the EU played an essential role in concluding a bloody crisis in Côte d'Ivoire in April. Europe's overall level of engagement in West Africa continued to be significant, with an increased focus on Al-Qaeda in the Islamic Maghreb. But EU member states clashed with the US over the cost of continuing UN peacekeeping in Liberia, which held tense but relatively peaceful presidential elections.

The Ivorian crisis began after elections in 2010, when President Laurent Gbagbo refused to accept his defeat by Alassane Ouattara. French and UN forces in Côte d'Ivoire were initially cautious and the AU took the lead in mediation. However, the EU implemented a series of targeted sanctions aimed at the "economic asphyxia" of Gbagbo, as an EU spokesperson put it. France, still by far Côte d'Ivoire's main trading partner, was decisive in ensuring that these sanctions proved effective. In March, Ouattara launched an offensive against Gbagbo and the UNSC backed a French resolution approving the use of force by international troops to prevent Gbagbo's remaining

supporters slaughtering civilians. France launched significant ground and helicopter operations, which contributed to Gbagbo's final defeat. However, Côte d'Ivoire's longer-term stability is far from assured.

Meanwhile, neighbouring Liberia remained stable. Ellen Johnson Sirleaf won re-election as president after her main rival withdrew alleging fraud. Unlike in the past, the EU did not send electoral observers, but other monitors declared the polls credible. In discussions about the size of the EU peacekeeping force there, the US questioned Europe's commitment to Liberia. France and Britain pushed unsuccessfully for the force to be cut back, possibly for financial reasons. By contrast, the EEAS promised more aid at the end of the year as part of a new strategy to help countries in the Sahel deal with al-Qaeda and there has also been talk of a CSDP mission to the region. West Africa remains an area in which the EU retains real leverage and its instability demands sustained attention.

79 SOMALIA

European naval operations and EU-funded African land operations contained the chaos in Somalia but did not solve it.

	2010	2011
Unity	4/5	4/5
Resources	4/5	4/5
Outcome	5/10	6/10
Total	13/20	14/20

B+

2010 score B

Somalia remained chaotic in 2011, and severe drought and famine struck in the summer. However, the EU also maintained anti-piracy patrols off Somalia while training elements of the national army in Uganda. It also provides funding for an AU force that helps protect the weak government against the Islamist Al-Shabaab movement. The AU won a series of victories in the capital, Mogadishu, in spite of casualties. Al-Shabaab eventually announced a tactical withdrawal from Mogadishu, although analysts ascribed this in part to the effects of famine.

The EU's anti-piracy operation – which operates alongside a NATO mission and ships from other countries – appeared to make progress in limiting attacks in the second half of the year. At the start of the year, the spread of piracy appeared to be inexorable, but reported incidents in November were just one-third of those a year before. One significant factor was closer co-operation between the different international flotillas, with the EU in a co-ordinating role. Nonetheless, a senior European military official stated on the

record in November that the EU was having difficulty identifying enough vessels to sustain the operation. The mission has, however, been mandated to continue to December 2012.

The EU's military training mission for Somalia was also extended into 2012, but this was in part because it had succeeded in training only 1,000 of a planned 2,000 personnel by its original end-date in mid-2011. Success at sea and in training programmes can only complement the creation of order inside Somalia. In October, Kenyan forces entered Somalia to fight the Islamists. In December, Kenya agreed to merge these troops with the AU force. Ethiopian forces also entered the country. There are fears that the conflict will intensify in 2012 as the Islamists face increased pressure. An enlarged AU force will inevitably require increased financial support from the EU.

80 AFGHANISTAN

Europeans maintained their troop levels in Afghanistan but relations with the Afghan government were rocky and the EU had little influence over Pakistan.

	2010	2011
Unity	2/5	3/5
Resources	4/5	3/5
Outcome	3/10	4/10
Total	9/20	10/20

C+

2010 score C+

EU member states played a relatively peripheral role in the Afghan conflict in 2011. They continued to maintain over 30,000 troops in the country under NATO command and none of the largest contributors (France, Germany, Poland, Spain and the UK) significantly varied the scale of their presence. However, these European forces played a secondary role to the 90,000 US troops in Afghanistan. The EU's police training presence in Afghanistan (EUPOL Afghanistan) also continued to operate and has had its mandate extended in principle until 2014. However, NATO took an increasingly active role in police matters, in part because the EU mission's track record is weak and it has struggled to recruit sufficient international personnel to fulfil its mandate. These staffing problems persisted through 2011.

EU member states remained diplomatically active in attempting to chart a stable future for Afghanistan. Their efforts were complicated by increasingly strained relations with President Hamid Karzai, who warned that NATO risks becoming an "occupying force". There was a certain

degree of rapprochement in December, when European leaders attending the Bonn Conference on Afghanistan signed up to commitments to assist the country in the decade after NATO forces withdraw in 2014.

However, the Bonn summit was overshadowed by Pakistan's refusal to attend in retaliation for the deaths of 24 Pakistani soldiers in a US raid on the Afghan border. This was just one of a series of setbacks for American-Pakistani relations, the biggest of which was the assassination of Osama bin Laden. Meanwhile, European governments, which were not informed of the bin Laden raid in advance, have little influence over Pakistan and were not able to improve relations between Islamabad and Washington. As NATO prepares to draw down in Afghanistan, India is increasingly emerging as an important strategic partner for Kabul – which is a further worry for Pakistan. In this fluid context, Europe's influence is declining even further.

Tables



COMPONENTS BY ISSUE

	Unity (out of 5)		Resources (out of 5)		Outcome (out of 10)		Total (out of 20)		Score Grade	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
RELATIONS WITH CHINA							9.2	8.7	C+	C
Trade liberalisation and overall relationship							11.6	9.4	B-	C+
01 Formats of the Europe-China dialogue	2	2	2	2	5	5	9	9	C+	C+
02 Market access and protection of IPR in China	4	4	3	3	5	5	12	12	B-	B-
03 Reciprocity in access to public procurement in Europe and China	4	2	2	2	3	4	9	8	C+	C
04 Trade and investment disputes with China	3	3	3	3	6	5	12	11	B-	B-
05 Co-operation on the Euro crisis	-	2	-	2	-	3	-	7	-	C-
Human rights and governance								5	C-	D+
06 Rule of law and human rights in China	2	2	2	1	1	2	5	5	D+	D+
07 Relations with China on the Dalai Lama and Tibet	2	2	1	1	2	2	5	5	D+	D+
Co-operation on regional and global issues							10.4	11.8	C+	B-
08 Relations with China on Iran and proliferation	5	5	4	3	6	4	15	12	B+	B-
09 Relations with China on the Arab Awakening	-	4	-	4	-	5	-	13	-	B
10 Relations with China on Africa	3	4	3	3	4	5	10	12	C+	B-
11 Relations with China on reforming global governance	3	3	2	2	2	2	7	7	C-	C-
12 Relations with China on climate change	4	4	4	4	5	7	13	15	B	B+
RELATIONS WITH RUSSIA							9.5	10	C+	C+
Trade liberalisation and overall relationship							11	13.5	B-	B
13 Trade liberalisation with Russia	4	5	3	3	5	8	12	16	B-	A-
14 Visa liberalisation with Russia	4	4	3	3	3	4	10	11	C+	B-
Human rights and governance							6.7	6.3	C-	C-
15 Rule of law and human rights in Russia	4	3	2	2	2	2	8	7	C	C-
16 Media freedom in Russia	3	3	2	2	1	1	6	6	C-	C-
17 Stability and human rights in the North Caucasus	4	4	1	1	1	1	6	6	C-	C-
European security issues							9.5	10.7	C+	B-
18 Relations with Russia on the Eastern Partnership	3	4	2	3	3	3	8	10	C	C+
19 Relations with Russia on protracted conflicts	3	4	3	3	4	3	10	10	C+	C+
20 Relations with Russia on energy issues	4	3	2	3	3	5	9	11	C+	B-
21 Diversification of gas supply routes to Europe	2	3	4	4	5	5	11	12	B-	B-
Co-operation on regional and global issues							11	9.7	B-	C+
22 Relations with Russia on Iran and proliferation	4	5	4	4	8	3	16	12	A-	B-
23 Relations with Russia on the Greater Middle East	-	3	-	4	-	5	-	12	-	B-
24 Relations with Russia on climate change	3	3	3	3	3	3	9	9	C+	C+
25 Relations with Russia at the G20	2	1	2	3	2	2	6	6	C-	C-

COMPONENTS BY ISSUE

	Unity		Resources		Outcome		Total		Score	
	(out of 5)		(out of 5)		(out of 10)		(out of 20)		Grade	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
RELATIONS WITH THE UNITED STATES							11	11.2	B-	B-
Trade liberalisation and overall relationship							12.8	11.0	B	B-
26 Reciprocity on visa procedures with the US	3	2	2	2	3	3	8	7	C	C-
27 Relations with the US on terrorism, information sharing and data protection	5	4	5	3	8	7	18	14	A	B+
28 Trade and investment disputes with the US	3	3	3	3	6	5	12	11	B-	B-
29 Relations with the US on standards and norms	4	4	3	3	6	5	13	12	B	B-
30 Relations with the US on the euro crisis	3	2	2	3	5	6	10	11	C+	B-
Co-operation on European security issues							9.8	11	C+	B-
31 Relations with the US on NATO, arms control and Russia	-	2	-	2	-	2	-	6	-	C-
32 Relations with the US on the Balkans	3	2	4	4	7	7	14	13	B+	B
33 Relations with the US on the Libya operation	-	2	-	4	-	8	-	14	-	B+
Co-operation on regional and global issues							10.6	11.8	B-	B
34 Relations with the US on the Arab Awakening	-	5	-	3	-	6	-	14	-	B+
35 Relations with the US on the Middle East peace process	3	2	3	2	2	2	8	6	C	C-
36 Relations with the US on Afghanistan	4	4	2	2	2	2	8	8	C	C
37 Relations with the US on Iran and proliferation	5	4	5	5	8	7	18	16	A	A-
38 Relations with the US on climate change	5	4	4	4	2	7	11	15	B-	B+
RELATIONS WITH WIDER EUROPE							9.5	9.6	C+	C+
Western Balkans							13.3	12.7	B	B
39 Overall progress of enlargement in the Western Balkans	-	4	-	4	-	5	-	13	-	B
40 Rule of law, democracy and human rights in the Western Balkans	3	4	4	4	6	7	13	15	B	B+
41 Kosovo	3	3	4	4	7	8	14	15	B+	B+
42 Bosnia and Herzegovina	4	3	2	3	2	2	8	8	C	C
Turkey							6.0	6.5	C-	C-
43 Bilateral relations with Turkey	2	2	2	2	1	1	5	5	D+	D+
44 Rule of law, democracy and human rights in Turkey	3	3	2	2	2	2	7	7	C-	C-
45 Relations with Turkey on the Cyprus question	3	3	1	1	1	1	5	5	D+	D+
46 Relations with Turkey on regional issues	2	3	3	3	2	3	7	9	C-	C+
Eastern Neighbourhood							9.2	9.5	C+	C+
47 Rule of law, democracy and human rights in the Eastern Neighbourhood	3	4	2	3	2	1	7	8	C-	C
48 Relations with the Eastern Neighbourhood on trade and energy	5	5	4	4	5	6	14	15	B+	B+
49 Visa liberalisation with the Eastern Neighbourhood	3	4	2	3	5	5	10	12	C+	B-
50 Resolution of the Transnistrian dispute	3	4	2	2	2	2	7	8	C-	C
51 Resolution of the Abkhazia and South Ossetia dispute	3	3	2	2	4	3	9	8	C+	C
52 Resolution of the Nagorno-Karabakh dispute	4	2	2	2	2	2	8	6	C	C-

COMPONENTS BY ISSUE
**RELATIONS WITH MIDDLE EAST
AND NORTH AFRICA**
Regional Issue

53 Rule of law, democracy and human rights in the MENA region

	Unity (out of 5)		Resources (out of 5)		Outcome (out of 10)		Total (out of 20)		Score Grade	
	2010	2011	2010	2011	2010	2011	2010	2011	2011	2011
							-	10.1	-	C+
							-	11	-	B-
53	-	3	-	2	-	5	-	10	-	C+
54	-	4	-	3	-	5	-	12	-	B-
							-	11.3	-	B-
North Africa										
55	-	3	-	3	-	8	-	14	-	B+
56	-	3	-	2	-	5	-	10	-	C+
57	-	3	-	5	-	7	-	15	-	B+
58	-	3	-	2	-	5	-	10	-	C+
Levant										
59	-	3	-	3	-	2	-	8	-	C
60	-	4	-	3	-	2	-	9	-	C+
61	-	3	-	2	-	2	-	7	-	C-
Persian Gulf								10.2		C+
62	-	4	-	3	-	4	-	11	-	B-
63	-	4	-	2	-	5	-	11	-	B-
64	-	4	-	1	-	5	-	10	-	C+
65	-	3	-	2	-	4	-	9	-	C+

COMPONENTS BY ISSUE
**MULTILATERAL ISSUES AND
CRISIS MANAGEMENT**
Key elements of the international system

	Unity (out of 5)		Resources (out of 5)		Outcome (out of 10)		Total (out of 20)		Score Grade	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
66 European policy in the G8 and G20	2	2	3	3	5	2	10	7	C+	C-
67 European policy on reform of the Bretton Woods institutions	3	3	3	5	4	4	10	12	C+	B-
68 European policy on UN reform	4	2	2	3	3	4	9	9	C+	C+
69 European policy on non-proliferation	-	4	-	4	-	5	-	13	A ¹	B
70 European policy on the World Trade Organization	5	5	4	4	8	4	17	13	A-	B

International justice

71 European policy on human rights at the UN	3	4	3	4	4	7	10	15	C+	B+
72 European policy on the ICC and international tribunals	4	4	4	4	7	7	15	15	B+	B+

Climate change and development

73 Climate change	4	5	4	4	7	7	15	16	B+	A-
74 Development aid and global health	-	3	-	3	-	6	-	12	C ¹	B-

Humanitarian relief

75 Famine in the Horn of Africa	-	3	-	3	-	5	-	11	-	B-
76 Assistance to Japan after the tsunami	-	4	-	3	-	6	-	13	-	B

Peacekeeping

77 Sudan and the DRC	-	4	-	2	-	6	-	12	-	B-
78 West Africa	3	4	3	4	4	7	10	15	C+	B+
79 Somalia	4	4	4	4	5	6	13	14	B	B+
80 Afghanistan	2	3	4	3	3	4	9	10	C+	C+

¹2010 score for Multilateral Issues

²2010 score for Crisis Management

CLASSIFICATION OF MEMBER STATES

Unless otherwise stated, member states are supporters

CHINA

	1 Formats of the Europe-China dialogue	3 Reciprocity in access to public procurement in Europe and China	9 Relations with China on the Arab Awakening	12. Relations with China on climate change
Austria				
Belgium				
Bulgaria				
Cyprus				
Czech R.				
Denmark				Leader
Estonia				
Finland				Leader
France		Leader	Leader	Leader
Germany				Leader
Greece				
Hungary				
Ireland				
Italy		Leader		Leader
Latvia				
Lithuania				
Luxemburg				
Malta				
Netherlands		Slacker		Leader
Poland	Slacker			
Portugal			Leader	
Romania				
Slovakia				
Slovenia				
Spain		Leader		
Sweden		Slacker		Leader
UK	Slacker	Slacker	Leader	Leader

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RUSSIA

	15 Rule of law and human rights in Russia	19 Relations with Russia on protracted conflicts	20 Relations with Russia on energy issues	21 Diversification of gas supply routes to Europe
Austria				
Belgium		Slacker		Slacker
Bulgaria				
Cyprus	Slacker	Slacker	Slacker	
Czech R.		Leader	Leader	Leader
Denmark				
Estonia			Leader	Leader
Finland				
France	Slacker	Leader	Slacker	Slacker
Germany	Slacker	Leader	Slacker	
Greece	Slacker			
Hungary				Leader
Ireland				
Italy	Slacker	Slacker	Slacker	
Latvia				
Lithuania		Leader	Leader	Leader
Luxemburg				Slacker
Malta	Slacker			
Netherlands	Leader			Slacker
Poland		Leader	Leader	Leader
Portugal	Slacker			
Romania		Leader	Leader	Leader
Slovakia				
Slovenia			Slacker	
Spain	Slacker			
Sweden	Leader	Leader		
UK	Leader			

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UNITED STATES

	26 Reciprocity on visa procedures with the US	30 Relations with the US on the euro crisis	33 Relations with the US on the Libya operation	38 Relations with the US on climate change
Austria				
Belgium				
Bulgaria	Leader			
Cyprus	Leader			
Czech R.	Leader			
Denmark				Leader
Estonia				
Finland				Leader
France		Leader	Leader	Leader
Germany		Leader	Slacker	Leader
Greece				
Hungary				
Ireland				
Italy			Leader	
Latvia				
Lithuania				
Luxemburg				
Malta				
Netherlands				Leader
Poland	Leader		Slacker	
Portugal				Leader
Romania				
Slovakia				
Slovenia				
Spain		Slacker		
Sweden				
UK			Leader	Leader

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Austria		Leader			
Belgium	Slacker				
Bulgaria					
Cyprus		Slacker	Slacker	Slacker	Slacker
Czech R.					Leader
Denmark					
Estonia					
Finland					
France	Slacker		Leader	Leader	
Germany	Leader	Leader	Leader	Leader	Leader
Greece	Slacker	Slacker	Slacker	Slacker	
Hungary	Leader				
Ireland					
Italy					Slacker
Latvia					Slacker
Lithuania					
Luxemburg					
Malta					
Netherlands	Slacker	Slacker			
Poland	Leader				Leader
Portugal					
Romania		Slacker			
Slovakia		Slacker			Leader
Slovenia					
Spain		Slacker			
Sweden	Leader			Leader	Leader
UK				Leader	Leader

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Austria					
Belgium					
Bulgaria					
Cyprus					
Czech R.					Slacker
Denmark					
Estonia				Slacker	
Finland					
France	Leader	Leader	Leader	Leader	Leader
Germany	Leader	Leader	Slacker	Leader	Leader
Greece				Slacker	
Hungary					
Ireland					
Italy	Leader				
Latvia					
Lithuania					
Luxemburg					
Malta					
Netherlands				Leader	Slacker
Poland	Leader		Slacker		
Portugal					
Romania				Slacker	
Slovakia					
Slovenia					
Spain		Leader			
Sweden					
UK		Leader	Leader	Leader	Leader

CLASSIFICATION OF MEMBER STATES

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Austria				Slacker			
Belgium					Slacker		
Bulgaria			Slacker	Leader			
Cyprus							
Czech R.		Leader					
Denmark			Leader	Leader	Leader		Leader
Estonia		Leader	Slacker		Slacker		
Finland		Leader		Leader	Leader		
France	Leader	Leader	Leader	Slacker			Leader
Germany	Leader	Leader	Leader	Leader	Leader		Leader
Greece				Slacker			
Hungary				Slacker	Slacker		
Ireland				Leader	Leader	Leader	
Italy	Slacker	Leader		Slacker	Leader		Leader
Latvia				Slacker	Slacker	Slacker	
Lithuania					Slacker	Slacker	
Luxemburg							
Malta				Slacker			
Netherlands		Leader		Slacker	Leader	Leader	
Poland			Leader	Slacker		Slacker	
Portugal	Leader						
Romania				Slacker	Slacker	Slacker	
Slovakia							
Slovenia							
Spain	Slacker			Slacker		Leader	
Sweden		Leader	Leader	Leader	Leader	Leader	
UK		Leader	Leader	Leader	Leader	Leader	Leader

Abbreviations

AU	African Union
CSDP	Common Security and Defence Policy
DCFTA	Deep and Comprehensive Free Trade Area
ECB	European Central Bank
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EEAS	European External Action Service
EFSF	European Financial Stability Facility
ENP	European Neighbourhood Policy
FTA	Free Trade Agreement
GCC	Gulf Cooperation Council
ICC	International Criminal Court
ICJ	International Court of Justice
IAEA	International Atomic Energy Agency
IMF	International Monetary Fund
ISAF	International Security Assistance Force
ICTY	International Criminal Tribunal for the Former Yugoslavia
IMF	International Monetary Fund
PA	Palestinian Authority
UN	United Nations
UNGA	United Nations General Assembly
UNHRC	United Nations Human Rights Council
UNSC	United Nations Security Council
WTO	World Trade Organization

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