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Testimony before the Senate Foreign Relations Committee Strains on the European Union: Implications for American Foreign Policy

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The European Union (EU) has long been a symbol of peace, prosperity, and unity. But today, in the face of an array of complex external threats (a historic migration crisis, the threat of terrorism, and a resurgent Russia) as well as internal challenges (the rise of right wing parties, the potential exit of one of its largest members, weak economies, and a loss of faith in the institution as a whole), the EU is at risk of unraveling. Within the EU, officials are questioning the organization's future as its aging structures struggle to keep pace with and respond to what feels like a never ending series of geostrategic surprises. In national capitals, EU member states are questioning EU solidarity as countries fail to answer others' calls for assistance. And in the streets of Europe, European citizens are questioning the value and vitality of an institution that they increasingly see as unaccountable and unresponsive to their needs. That America has a vested interest in saving the European project it has long supported goes without saying. The real question is what to do about it. Broadly, the United States needs to reinvigorate and reinvest in the EU-U.S. relationship, which has atrophied in recent years. More specifically, the United States will have to do more to help alleviate some of the external and internal challenges plaguing the EU, most notably in regards to the migration crisis. As a country that is not a member, the United States faces limitations in what it can do. But given the stakes, the United States cannot afford indifference. A weak, fractured or failed EU would have devastating consequences for the United States, the global economy, and the wider region.

Europe's External Threat Environment

After several years of relative stability in its immediate neighborhood, the EU now finds itself addressing a number of compounding security threats. Looking to Europe's south and southeast, one finds a region brimming with weak, failing or failed states that threaten the European continent with instability, migration flows, and terrorism. Syria, the most tragic case and most consequential for Europe, has been engaged in a brutal civil war for five years. In addition to leaving more than 250,000 dead and 6.5 million internally displaced, the war has left large swaths of the country ungoverned, creating the ideal operating space for radical terrorist groups like the Islamic State and Al-Qaeda. The developments in Syria have created two separate but interlinked challenges for the EU.

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The first is a transformative migration crisis on a scale not seen since the 1960s when several Western European countries invited “guest workers” to address the labor shortage following World War II. Last year approximately a million refugees arrived on Europe’s shores. The EU estimates that another two million will arrive by the end of 2017.¹ Not all of the refugees that arrived in Europe last year were from Syria but the conflict there continues to be the greatest driver.² EU officials, trying to strike a positive note and reassure an anxious public, stress how, if integrated into the workforce, the refugees will boost the EU’s economic output. But the reality on the ground looks much darker. Countries are erecting border controls and razor-wire fences, which might lead to the dissolution of the “Schengen Agreement” allowing for passport free travel throughout 26 of the EU’s 28 countries. Pleas from Germany (the country that has taken in the highest number of refugees) to “Europeanize” the problem and share the burden have fallen on deaf ears.³ Tensions between city leaders and federal officials continue to rise as cities reach maximum capacity at temporary shelters and conclude that most of the refugees aren’t a good fit for economies seeking high skilled workers.⁴ And European efforts to get Turkey to disrupt the people-smuggling networks that are bringing many of the refugees to Europe have largely gone nowhere. For the EU, this crisis has been devastating, raising questions about solidarity among member states and fueling anti-EU and anti-immigration sentiment across the entire continent.

Beyond the migration crisis that stands to alter the face of Europe for generations to come, the conflict in Syria poses a very serious national security risk for Europe. Thousands of European nationals – estimates range between four and six thousand – have traveled to Syria to join the fight, often alongside the Islamic State.⁵ Despite an array of counter radicalization efforts across Europe, those numbers are growing.⁶ In fact, Syria attracts foreign fighters faster than in any past conflict, including the Afghan war in the 1980s or Iraq after the Americans invaded in 2003.⁷ EU officials’ chief concern is the ease with which these fighters could return home to Europe and attack European citizens. In May of 2014, one such foreign fighter, Mehdi Nemmouche, did just that. After a year fighting in Syria with Islamic State-linked militants, he returned to Europe and killed four people in Belgium’s Jewish Museum in Brussels.⁸ Several other alleged terrorist plots linked to returnees have been foiled.

As the Paris attacks in November of 2015 proved, an equally worrisome – if not greater - terrorist threat stems from homegrown terrorists – European nationals that are radicalized from within Europe, sometimes without ever travelling to Syria or other terrorist hotbeds. Some of these jihadists have direct links to groups like the Islamic State. Others are simply inspired by the group’s ideology. Both groups have been able to capitalize on a national security system that was built and designed for another era and that values freedom of movement and freedom of expression. The Paris attacks revealed a number of weaknesses in member states’ national counterterrorism

¹ Directorate-General for Economic and Financial Affairs, “European Economic Forecast,” *European Commission* (Autumn 2015)

² “Migrant crisis: Migration to Europe explained in graphics,” *BBC News* (January 2016)

³ *Ibid.*

⁴ “An Ill Wind,” *The Economist* (January 2016)

⁵ Paul Gonzales, “Vera Jourova : ‘Près de 6000 Européens sont partis faire le djihad,’” *Le Figaro* (April 2015)

⁶ Kristin Archik, Christopher M. Blanchard, Carla E. Humud, Derek E. Mix, “European Fighters in Syria and Iraq: Assessments, Responses, and Issues for the United States,” *Congressional Research Service* (April 2015)

⁷ “It Aint Half Hot Here, Mum,” *The Economist* (August 2014)

⁸ Charles Lister, “Returning Foreign Fighters: Criminalization or Reintegration?” *The Brookings Institution* (2015)

capabilities. But they also revealed several EU shortcomings in the areas of border security, intelligence sharing, and the collection of data from the movement of people across borderless Europe. With many fearing that another large-scale attack is all but inevitable, the EU is under enormous pressure to show that it has the capacity and resources to protect European citizens.

To Europe's East, the biggest threat stems from Russia, a country that the West spent some 20 years courting and carefully integrating into Western institutions and structures. The hope behind all of those cooperative efforts and what they might deliver in the future faded to black in 2012 when Putin returned to his position as President, a post he formerly held from 2000 to 2008. Since then, President Putin has rolled back democratic reforms at home, used force to illegally seize the territory of neighboring states, violated international norms, and used economic coercion to advance his agenda. In response, the United States and Europe have issued sanctions and isolated Russia internationally. But even though Putin himself recently stated that the sanctions were "severely harming" the Russian economy, his aggression abroad and authoritarianism at home show no signs of slowing.⁹ Still frail from the economic crisis of 2008, the 28 countries that make up the EU are now struggling to find the best way to deter Russian aggression without weakening their own economies. Many of them also want to avoid damaging the critical energy ties to Moscow on which they still rely. Increasingly, EU member states are divided about the degree to which the West should engage Moscow, with views varying depending on geography and historical relationships. With Putin likely to remain in office at least until 2024, this challenge threatens to divide Europe for years to come.

Any one of these three external challenges – the migration crisis, the terrorism threat, and Russia – would be enough to test the limits of EU solidarity and capacity. Taken together, though, they are nearly intractable and expose deep differences in approach and urgency among EU member states. Understandably, the countries in Europe's south are more consumed with the migration crisis and the instability in North Africa and the Middle East. Conversely, the countries in Central and Eastern Europe question the degree to which wider Europe cares about their security and whether in an actual crisis with Russia its European neighbors to the West would do much about it. The end result has been an alarming fracturing of EU solidarity, policy paralysis, and inaction, which in turn is exacerbating a number of internal crises.

Challenges from Within

The EU's struggle to respond to the challenges outlined above has only compounded the existing loss of faith in the institution as a whole. The message citizens take away from these challenges is that the EU can neither defend its borders nor protect its citizens. Citizens then pair those messages with the conclusion many of them reached long ago that the economic stagnation they face at home is rooted in Brussels' overreach. Having failed to solve the structural problems associated with the 2008 financial crisis and facing high public debt, the EU is not seen as a credible guarantor of European economic policy. Europe's growth in 2015 was just 1.6 percent in the euro area and 1.9 percent in the broader EU (mainly due to a stronger performance by the United Kingdom and

⁹ Robin Emmott, "Sanctions Impact on Russia to be Longer Term, US says," *Reuters* (January 12, 2016)

Poland).¹⁰ It is likely that growth across the EU will remain anemic. Excessive regulation, weak protection of property rights, heavy taxation, generous welfare systems and inefficient bureaucracies at the national and supranational levels will continue to stifle much-needed entrepreneurship and long-term investment. In addition to these issues, the viability of the euro remains an open question.

Europe's underperforming economies, questions about the EU's democratic legitimacy, and concern about threats from abroad, particularly refugees, are triggering a backlash against Brussels, one that is, as my CNAS colleague Robert Kaplan describes, "finding powerful expression in domestic politics." Europe has witnessed a notable rise in anti-EU, anti-immigration, anti-austerity parties in recent years, which is rooted in large part by the public's growing disaffection with globalization. One of the better known examples is the National Front in France, which gained 28 percent of the vote in the first round of last December's regional elections. (In the second round, the right and left united to keep Marine Le Pen's party out of power but polls in 2014 showed that she could beat Hollande in a second round run off in 2017.¹¹) Similar trends can be found in virtually every corner of Europe. Sweden has its Swedish Democrats, The Netherlands has the Dutch Party for Freedom, and last October, Poland's opposition Law and Justice party, another hard-line, euro-skeptic party, won parliamentary elections. And of course, the infamous Viktor Orban, Hungary's Prime Minister, with his contempt for much of what the EU stands for, will remain in power at least through 2018.

For the United Kingdom, the uptick in anti-EU sentiment, stands to do far more than shift the balance of domestic politics at home. It could very well issue a fatal blow to the UK's relationship with the EU. British Prime Minister David Cameron promised to hold a referendum on EU membership before the end of 2017 if the Tories won reelection in 2015. In the wake of that Tory victory last spring, Britain's actual exit from the EU ("Brexit") seemed remote. But the polls have narrowed in recent months due to the migration crisis and Europe's weak economic performance. Cameron is now promising to reform his country's relationship with the EU in advance of the vote. But his efforts to allow Britain to delay benefits to newly arrived migrants or secure recognition that the euro is not the only recognized currency of the EU have not gotten very far.¹² While no one knows when the actual referendum will take place, British policymakers as well as Brussels bureaucrats are genuinely worried that a "Brexit" may indeed occur. America should worry too.

Implications for U.S. Foreign Policy

Will the European Union collapse under the weight of such a long list of seemingly intractable internal and external challenges? We don't know. What we can predict with relative certainty is that even if the EU remains intact, its ability to shape events in and outside Europe will likely be weakened in the coming years. Either one of these scenarios – a complete unraveling of the EU or an exceedingly weak EU – spells trouble for the United States. The EU, after all, was an American project of sorts. The United States obviously wasn't a founding member but its European Recovery Program – more famously known as the Marshall Plan – helped rebuild Europe after the war,

¹⁰ Enrico Colombatto, "Global Trends: Europe's Weak Spots Ready to Become New Crises," *Austrian Economics Center* (January 2016)

¹¹ Hugh Carnegie, "Poll Shows Le Pen beating Hollande in presidential run-off," *the Financial Times* (September 2014)

¹² "What Britain Wants From Europe," *BBC News* (January 2016)

restore its confidence, and make it prosperous once again. Between 1948 and 1952, Europe's economies grew at an unprecedented rate, and the development of the coal and steel industries helped shape the EU we know today.¹³ Since then, the United States has had a strong interest in seeing the EU succeed and grow.

For decades, the EU-U.S. relationship – along with the NATO Alliance – has served as the backbone of the Western Alliance. A fractured or divided EU would weaken that critical alliance and embolden our adversaries at a time when multiple actors around the world are challenging our resolve and unity. President Putin is already doing everything he can to capitalize on and fuel the rise of anti-EU sentiment across Europe with the goal of dividing Europe and driving a wedge between the United States and Europe.¹⁴ Preventing the further weakening or complete fracturing of the EU is therefore in America's national interest.

Historically, the EU has played a critical role in the U.S. foreign policy agenda. A weakened or failed EU would result in the loss of one of America's most reliable and closest partners. Americans sometimes joke about the EU's preference for dialogue over action and its struggle to throw its weight around in the national security realm. But the "whole" of the EU is almost always greater than the sum of its parts. Partnering with the EU brings international legitimacy, clout, skilled diplomacy and real capabilities. The EU has been an indispensable partner in a number of U.S. foreign policy priorities, including, most recently, the Iran nuclear deal, sanctions against Russia, counterterrorism cooperation, and supporting the prosperity and territorial integrity of Ukraine following Russia's illegal annexation of Crimea. Those that assume that a collapse of the EU would benefit the United States by enabling it to focus on only the strongest European partners lack an appreciation of how Europe works. A failed European project would very likely result in a distracted, divided, and discombobulated Europe, unable to focus on the outside world and incapable of making valuable contributions to joint missions with the United States. Today European soldiers are serving alongside the United States in Afghanistan and assisting the United States in the anti-ISIS coalition to name just two examples. Those soldiers are not serving in EU missions but it is hard to imagine countries making such contributions – under any multinational framework – in the face of an EU collapse.

A weak or distracted Europe also spells disaster for countries that fall between Europe and Russia, countries such as Moldova, Georgia and Ukraine. For these countries and for so many in Central and Eastern Europe that are now members of the EU, the prospect of EU membership has been an important way to spur much-needed reform while integrating these countries into Western institutions. Without the "carrot" of EU membership, the United States and Europe would lose one of the most effective tools in security their long repeated goal of a Europe that is "whole, free, and at peace."

Finally, the EU sits at the heart of the global economy. It is comprised of 28 nations but operates as one large market with a total GDP of \$18.51 trillion.¹⁵ And, while it may only be home to 7 percent of the world's population, the EU's trade with the rest of the world accounts for about 20 percent of

¹³ The George C. Marshall Foundation, "The History of the Marshall Plan," *GCMF* (December 2015)

¹⁴ Russia's active support for parties on the far left and far right has been well documented. See https://www.wilsoncenter.org/sites/default/files/pc_prezi_wilsoncentre.pdf

¹⁵ The World Bank, *Data on the European Union* (2016)

total global exports and imports.¹⁶ An economic collapse would spell disaster not only for the West, but the entire global economy. Ultimately, the negative impact of an economic disaster in Europe would be felt heavily by the United States. The U.S. and EU's bilateral trade relationships is not only the largest in the world, it is also the most complex. In 2015 alone, the U.S. exported almost \$251 billion dollars in goods to the EU.¹⁷ The transatlantic relationship also employs up to 15 million workers in mutually "onshored" jobs on both sides of the Atlantic.¹⁸ A collapse of the euro would mean far fewer U.S. opportunities to export goods and services to Europe due to the unaffordability of the dollar. It would also be disastrous for U.S. and European employment. Most troubling, the chance for another economic recession with worldwide consequences, reminiscent of 2008, would loom overhead.

A U.S. Response

The United States must be clear-eyed about the degree to which it can and should shape the future of the European Union because it is not, after all, an actual member. And Europeans themselves will tell you that there are no quick fixes to the countless challenges facing this institution. But the United States needs to make its relationship with Europe a priority and take a number of steps to strengthen Europe's position in the world, alleviate some of the pressure bearing down on Brussels, and enhance the EU-U.S. relationship.

Assist with the Migration Crisis: By far the greatest pressure on the European Union stems from the migration crisis. Just to provide a sense of scale, last year in the month of January, Germany welcomed a total of approximately 2,000 refugees. This January, Germany welcomed approximately 2,000 refugees PER DAY. In fact, January's total refugee count in Germany came to 64,700.¹⁹ This total comes mid-winter when refugee flows are supposedly at their slowest. As Europe prepare a plan to address what will no doubt be a significant surge this spring (thanks in no small part to Russia's role in the Syrian war), it is imperative that the United States do its part. As Harvard Professor Michael Ignatieff stated in a recent report on the subject, "this is more than a humanitarian drama. It is a strategic challenge for the United States."²⁰ With Europe expected to double or possibly triple the million refugees it accepted in 2015, America should commit to accepting at least another 65,000 refugees. We shouldn't just do this because it would signal strong U.S. leadership and reinforce U.S. values. America should shoulder some of the burden of this historic migration crisis because it is threatening our closest allies in ways that will ultimately threaten the United States.

Energize EU-U.S. links: In recent years, U.S. willingness to join an array of EU-U.S. engagements at all levels – including at the Heads of State level – has waned. In 2010, President Obama decided not to attend the scheduled EU-U.S. Summit, causing the EU to cancel it. Irrespective of the reasoning behind that particular decision, U.S. policymakers *along with their European counterparts* regularly question the utility of the heavily scripted exchanges that rarely result in the free exchange

¹⁶ The European Union, *About the EU, Facts and Figures, The Economy* (January 2016)

¹⁷ The United States Census Bureau, *Trade in Goods with European Union* (January 2016)

¹⁸ Daniel Hamilton and Joseph P. Quinlan, "The Transatlantic Economy 2015," *Center for Transatlantic Relations* (2015)

¹⁹ I was given this figure by a senior ranking member of the German Foreign Ministry.

²⁰ Michael Ignatieff. "The United States and the Syrian Refugee Crisis: A Plan of Action," Prepared for the Holbrooke Forum, American Academy Berlin at the Brookings Institution on February 4-6, 2016.

of ideas. However frustrating such engagements might be, it behooves both partners to now invest in these forums while altering their format. Today's complex security environment demands that our international institutions and forums be agile, flexible, and innovative. Reenergizing EU-U.S. engagements at all levels, including with the U.S. Congress, should be a priority. But carrying on with the traditional, hierarchical formats of the past should not. The EU and the United States should use quarterly and annual engagements to run table top scenarios, conduct forecasting, share intelligence, and foster dialogue with the private sector and NGOs.

Press the United Kingdom to remain a part of the EU: Telling another country what is in their national interest is rarely a good idea. And in this case, the United States publicly urging British citizens to renew their faith in an institution that has failed to address their list of grievances may very well backfire. But senior leaders in United States should stress to their British counterparts the geostrategic risks that a UK departure from the EU would pose. Such a departure would not only issue a crushing blow to the future of the European Union, it could also jeopardize the “special relationship.” Post exit, Britain would be subject to “the same tariffs, and other trade-related measures, as China, Brazil, or India,” warned Michael Froman, the U.S. Trade Representative. That scenario is neither in the interest of the United Kingdom nor in the interest of the United States.

Get the Transatlantic Trade and Investment Partnership (TTIP) Done: A new trade agreement between Europe and the United States would provide much needed economic growth, position the two sides of the Atlantic to set global standards in a number of sectors, and send a clear message about the US and EU's willingness to open markets in order to more easily facilitate trade and cooperation. It would also breathe fresh life and energy into the transatlantic relationship at a time when the West is worried about its share of global power and the durability of the liberal order. Just as Truman launched an ambitious campaign to educate the American public about the Marshall Plan, Washington and Brussels need to launch their own engagement plan that would answer tough questions, directly engage stakeholders, and counter the anti-TTIP narrative dominating the debate today. This project's value stretches far beyond creating jobs and boosting exports but one would never know that from the way the two sides have been promoting it.

In an environment where global crises seem to erupt almost every month, it is easy to become consumed with what we are fighting – terrorists, land grabs, global pandemics, rogue states, governments that are killing their own people, and interstate war. But as we take on such challenges, we cannot afford to lose sight of what we must fight to preserve. The European Union is a critical component of a liberal order that has benefited the West and the United States in countless ways. Finding ways to harness U.S. leadership to ensure that institution does not collapse therefore needs to be a top priority for the United States.