

## GCSP Policy Paper 2015/3 - March 2015



### Five Challenges for European Foreign Policy in 2015 by Domhnall O'Sullivan

#### Key Points

1. *Although Europe will be confronted in 2015 by more external challenges than at perhaps any time in its history, the first major hurdle to overcome will be internal threats to cohesion. Populism, fragmentation and a return to nationalist foreign policies must be tackled if an effective external policy is to be achieved.*
- Europe's neighbourhood comprises the next two arenas of difficulty. To the east, the Ukrainian conflict is the tip of a broader geo-economic struggle with Russia, while turbulence in the Middle East and North Africa presents a range of socioeconomic and political challenges. In both regions, Europe will be forced to ask itself some searching questions about values and interests before acting.*
- Beyond the neighbourhood, the international order is fast-shifting, posing fundamental questions to the traditional European worldview. 2015 will see renewed efforts to redefine relations with a US stepping back from its traditional role as world policeman, while this very withdrawal is helping shape a multipolar world to which Europe must adapt in order to navigate.*
- Ultimately, with a new team starting a 5-year term in Brussels, 2015 will be a defining year for setting out the EU's foreign policy and place in the world. A new strategy document for EU foreign policy is being crafted in the next months – the outcome of this important exercise could set the tone for the coming years.*

If the past five years have been about European resilience in the face of economic turmoil and geopolitical shifts, the next five must be about ambition and renewal on the global stage. This is the view of Jose Manuel Barroso, who stepped down as President of the European Commission in October 2014 after ten turbulent years at the helm. For the new team of leaders beginning life in Brussels - including foreign policy chief, Italian Federica Mogherini - such a mantra could be seen as an optimistic way of framing the first year of the new term.

Analysing the current global context suggests otherwise. A sputtering world economy is compounded by the geopolitical struggles which swept across the world in 2014 and show no signs of abating this year. The European Union (EU), ill-equipped to cope with turbulence at the best of times, remains mired in socioeconomic difficulty and surrounded by conflict. Before it manages to show ambition, over the next twelve months it must manage myriad challenges which threaten not only to disrupt its economic recovery, but also to test the very fabric of its cohesion.

## 1. Managing populist passions

A convenient scapegoat for opponents of the disruptive insecurity of economic globalisation and decline of traditional national values, the EU has been the target of populist passions for longer than just the financial crisis. Yet as unemployment across the continent continued to hover above 10 percent and trust in the European project remained 25 percentage points lower than its 2007 peak,<sup>1</sup> last year marked a high point in the popularity of nationalist and Eurosceptic parties across the continent. The most striking example was the May 2014 elections to the European Parliament, where anti-establishment and anti-EU parties made significant gains, with notably the Front National and UK Independence Party (UKIP) coming out on top in France and the UK respectively.

2015 will be another watershed year for the struggle between populists - left and right - and established parties. Snap elections in January in Greece could be dominated by the far-left Syriza group, which has promised an end to austerity policies imposed by creditor states in Northern Europe, a restructuring of sovereign debts and a wave of nationalisations. In Spain, although the situation in Madrid has begun to tentatively recover, the anti-austerity Podemos group would win the election in December if

## 2 If populism represents a fundamental challenge to the survival of the European project, it is also a thorn in the side of any effective foreign policy implementation.

current opinion polls were reflected.<sup>2</sup> In May, the outcome of the general election in the United Kingdom will be largely decided by UKIP, whose anti-immigrant and Brussels-bashing policies have already pushed the established parties to the right. With Britain teetering on the edge of EU membership, this will be a decisive rendezvous.

If this populism represents a fundamental challenge to the survival of the European project, it is also a thorn in the side of any effective foreign policy implementation. Foreign policy begins at home - both in terms of formulation and perception - and failure to get one's own house in order can only lead to an inability to influence the construction of the international edifice. For the EU, historically dependent upon the emulative potential of its civilized model, internal discord only adds to the reputational crisis beyond its borders which has swelled since the mismanagement of the financial crisis. The growing influence of anti-immigrant and Islamophobic groups - such as Pegida in Germany

- could not just undermine the economic argument for continued immigration<sup>3</sup> but also further damage relations abroad.

Moreover, as appetite for integration decreases and national leaders are driven to snub Brussels in an effort to pander to populist voters, strong and coherent foreign policy positions are more difficult to formulate. The "creeping renationalisation"<sup>4</sup> of foreign policy and reluctance of larger member states to empower the EEAS comes just as the need for a united effort is most pressing. From Moscow to Beijing to Washington, 2015 will be a year of proliferating foreign policy challenges, and the first step towards an effective response has to be managing internal tensions to avoid fragmentation.

As well as using all of the instruments which she currently has at her disposal to maximum effect, a key challenge for Federica Mogherini in 2015 will therefore be communication. Not only communicating the importance of a coherent European foreign policy to heads of state in the Foreign Affairs Council and uniting them around vital issue areas; but communicating to European citizens the importance of EU foreign policy to their shared future and prosperity.

## 2. Managing Russian revisionism

Adding to the centrifugal forces which threaten to undermine it from within, Europe will confront more external instability in 2015 than at perhaps any time in its history. The closest, most serious and most complex challenge comes from Russia, whose exaggeratedly belligerent reaction to instability in Ukraine in 2014 revealed a nationalist and revisionist world view which is fundamentally at odds with the liberal internationalism of Brussels. Europe's eastern neighbourhood - previously the most successful theatre for its project of peace exportation - was transformed into the scene of a geopolitical tug-of-war.

In 2015 the challenge of managing Russia will continue to grow. On the one hand, President Putin has been severely shaken by international (and especially European) sanctions, a massive decline in oil prices, and a currency crisis which threatening economic collapse. On the other, he has been skilful enough to craft these events into a narrative of western aggression which has appeased his domestic voters and secured him his highest popularity rating in four years.<sup>5</sup> He has also found ample outlets elsewhere to peddle his wares; Russia-

1 "Europeans in 2014", Eurobarometer, May 2014

2 "Podemos consolida su ascenso y Ciudadanos irrumpe con fuerza", El País, 11 January 2015.

3 "Europe's make-or-break year", Project Syndicate, 24 December 2014.

4 Giovanni Grevi, "A Pivot to Europe", FRIDE, 15 September 2014.

5 "Approval of Vladimir Putin", Levada Center, 11 January 2015.

China relations are deepening, while a spate of foreign visits in recent months (including to India) show that he is in no way dependent upon Europe. In this context, it is difficult to envisage Russia stepping back from the stand-off in Ukraine, let alone altering its world view towards anything resembling Europe's peaceful utopianism.

The options open to Europe in 2015 will thus present leaders with various dichotomous choices, each of which risks further deepening internal divisions. The first is a good cop/bad cop dilemma between a less strangulatory approach of negotiated reengagement or tightening the ratchet to increase economic pressure. Those in favour of this bad cop approach - notably Poland and the Baltics - will point to the relative 'success' of EU sanctions to date and claim that a heavy hand is the only way to push back a Russia which is fast encroaching upon their borders. The 'good' cops, led by Germany, are worried that any victory achieved by the sanctions is pyrrhic; not only does it strengthen Putin's domestic narrative, but the knock-on effects of Russian economic collapse on a stagnant Europe could be highly counterproductive.<sup>6</sup> Mogherini, whose appointment last year was questioned due to her (and Italy's) putative soft line on Russia,<sup>7</sup> will have to tread carefully across this line to avoid deepening a growing schism.

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The second choice will reflect the broader question of the EU's nature as a global actor in the 21st century. Does it attempt to adapt to the return of geopolitics by using the instruments at its disposal to finally approach conflicts in a strategic manner? Or does it continue to stand by its founding values and vocation of democracy promotion which earned it the nickname of "normative power Europe"? It is tempting to say that this is a false dichotomy and that Russia can be strategically confronted while democracy support is continued to Kiev. But the messy world of geopolitics in 2015 is not so simple, and Europe may have to come to agreements with those it opposes while compromising on those it supports. Is it more important to re-establish warmer relations with the morally abject but strategically important Russia, or to stand by Ukraine, a nation whose economy is in a tailspin and which is unlikely to ever fully integrate into the European Union?

### 3. Managing southern strife

Europe's southern neighbourhood experienced a no-less volatile year. In 2015, the violence, political instability and socio-economic deprivation which

have come to characterise much of post-Arab spring Middle East and North Africa will continue to pose challenges for European objectives in the region. The Islamic State poses a tangible security threat both in its spread across the region as well as the imminent threat of radicalised jihadist fighters returning to roost in Europe. Syria and Iraq are ravaged by war, while Libya is fast being dubbed the next failed state.<sup>8</sup> The inevitable waves of migrants attempting to reach Europe's shores via the Mediterranean have already exploded<sup>9</sup> and further increases will severely test the physical and social absorption capacity of Southern European nations. Finally, the Israel-Palestine question will enter a heightened phase of diplomacy in 2015 with the Palestinian Authority - perhaps realising that the time for a viable two-state solution is running out - increasing their activity in international institutions.

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In this context, the EU's decade-old Neighbourhood Policy is obsolete in its current format. Although officials made admirable efforts to revamp the policy following the upheavals of the Arab uprisings in 2011, the sheer pace of change and unpredictability in the region has meant that nobody - not even the US or regional powers from the Gulf - has been able to juggle appropriate policy options. The challenge in 2015 for the EU will be to recognise this and not be afraid to formulate a collection of more flexible and ad hoc policy arrangements which, although de facto reactionary, will attempt to keep pace with developments and contain negative spill-over.

On the one hand, more bilateral differentiation will be needed as discrepancies across the region continue to grow. Some states will require technical assistance and - if they request it - democracy assistance as they continue to reform (Morocco, Tunisia, Jordan), while other states will be in dire need of institutional and financial aid to help combat social pressures (Egypt, Lebanon). In all cases, measures to combat burgeoning youth unemployment - targeted investment, exchange programmes - will be necessary in 2015 before social frustration boils over even more.

On the other hand, more multilateral efforts, taking in the US as well as regional Arab powers, will be

<sup>6</sup> "La crise économique russe inquiète les Européens", *Le Monde*, 18 December 2014.

<sup>7</sup> "Mogherini more hawkish on Russia in EP hearing", *EUobserver*, 7 October 2014.

<sup>8</sup> "Libya: the next failed state", *The Economist*, 10 January 2015

<sup>9</sup> "Arab spring prompts biggest migrant wave since second world war", *The Observer*, 3 January 2015.

necessary to tackle the most precarious conflicts. The besieged Libyan government in Tobruk has already called for help to oust the militia groups holding Tripoli hostage; the quiet 'no comment' reaction of Western governments, who were eager to intervene in 2011 to oust Muammar Qaddafi, will have to be replaced by a more concerted effort to find a solution for a state which otherwise looks likely to implode in 2015. For the fallout, increased security cooperation across North Africa could help constrain terrorism and manage refugee flows, while also leading to much needed economic cooperation across the region. On Syria and the Islamic State, Ms Mogherini has attached significant importance to the Global Coalition to Counter the Islamic State of Iraq and the Levant, an international meeting forum; but to work towards a concerted effort, more contact and buy-in from the all-important Turkey and Gulf States is needed.

#### 4. Managing US shape-shifting

Much discourse in recent years has focused on the desirability and necessity of fostering global ties with emerging markets and new regional powers. This is a logical step in a multipolar world, which the EU has attempted to take - with varying levels of success - through its strategic partnerships and global trade policies. However, despite some reports indicating China recently surpassed the US as the world's largest economy,<sup>10</sup> America remains the world's greatest power and will remain so for the foreseeable future. And, despite shifting US priorities and some diplomatic and ideological spats in recent years, the US also remains the most important and like-minded global partner for the EU. For various reasons, however, the partnership will be tested in 2015.

Firstly, the nature of the relationship and the growing obsolescence of the foundations upon which it is built are being increasingly exposed by the putative isolationism and shifting priorities of Washington. Initially, the very essence of the 'civilian power' EU was allowed to flourish and grow due to the US security umbrella which protected Europe from threats to the east. For some years, however, Washington has been calling for the EU to take responsibility for its own defence and security, calls which have often fallen on deaf ears. In 2015, increasing US unilateralism and reluctance to get embroiled in more messy conflicts in the EU's neighbourhood means that Brussels may finally be forced to stand up for itself, particularly when it comes to dealing with Russia. At the very least, Europe will be forced to re-evaluate its role within and relationship with NATO, where a more active

role (which the Baltic states are calling for) could be one way of reframing the transatlantic relationship.

The growing gap may be compounded by the likely divergent economic fortunes of Europe and the US this year. French thinker Pascal Bruckner wrote in 2006 that "America is more vulnerable than it believes, and Europe less weak than it thinks";<sup>11</sup> but in 2015, at least in terms of the economy, this statement could easily be reversed. After a long hangover from the financial crisis, the US looks set to record strong economic results - the unemployment rate has dropped to 5.6 percent and GDP growth is predicted to be 3.1 percent in 2015.<sup>12</sup> As the European economy struggles to kick-start itself and member states continue to disagree on various aspects of foreign policy, a Washington which will be in tough election mode could lose patience.<sup>13</sup>

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In this context, the most important rendezvous for 2015 will be the outcome of talks on the much-lauded Trans-Atlantic Trade and Partnership (TTIP) agreement. Negotiations have been rumbling on since 2013, with both sides debating stumbling blocks around agricultural subsidies and harmonisation of regulatory standards in certain sectors. Europe in particular has also witnessed significant levels of public opposition to the prospective agreement, seen as an anti-democratic fop to international corporatism and endangering protected regional products.<sup>14</sup> However, the potential for growth offered by this agreement make it an important priority for the Union; one study estimated a €119 billion benefit to the EU each year if the deal is signed.<sup>15</sup> Also, as the US continues to pivot towards Asia - talks on the Trans-Pacific Partnership are ongoing - the deal could help to anchor Brussels and Washington at a time of fraying relations.

The December European Council, where heads of state met to set a "wish-list" for 2015, expressed its hope that the agreement would be signed by the end of the year. For the economic benefits it would provide and to provide a signal of goodwill and partnership with the US, Ms Mogherini must ensure that this happens.

10 "Is China's economy really the largest in the world?", BBC News, 16 December 2014.

11 Pascal Bruckner, *La Tyrannie de la Pénitence*, Paris: Grasset, 2006, pp. 221-222.

12 "World Economic Outlook", IMF, October 2014.

13 "Top Risks 2015", Eurasia Group, January 2015, p. 1.

14 "Sausage row reveals German disquiet over trade talks", Financial Times, 6 January 2015.

15 "Reducing transatlantic barriers to trade and investment", Centre for Economic Policy Research, March 2013.

## 5. Managing multipolarity

Since the highpoint of western-led liberal multilateralism in the late 1990s, the world has been moving steadily towards a polycentric order of large, competing economic (and sometimes ideological) blocs. This has not been to the strategic advantage of Europe, whose identity was founded upon professedly universal values and the promotion of global governance rather than the messy realpolitik which has come to large in recent years. Although calls for a shift in strategy by Brussels have been heard for several years, 2015 could be a tipping point, for several reasons.

The stand-off with Russia and the conflict in Ukraine are an immense wake-up call. Contrary to what many in Brussels have assumed would be the natural teleology of European expansion, Vladimir Putin has hammered home in dramatic fashion that a sizeable proportion of the world is not only uninterested in European universal values, but is fundamentally opposed to them. The ideological reach of the Islamic caliphate, culminating in the social upheaval and outbursts of violence at home in Europe also suggests the same. Ivan Krastev and Mark Leonard have characterised this realisation that the utopian vision of Brussels is just that - utopian - as Europe's "Galapagos moment", after the paradisiacal islands whose ecosystem is unfathomable to the outside world.<sup>16</sup> If this is indeed the case, should Europe shut itself off in its idyll, away from the reaches of the barbarian hordes? Or must it continue to export the best of itself to the outside world, albeit in a more strategic and calculated manner than before?

The unilateralism and shifting role of the US in international affairs (see previous challenge) makes this dilemma even more difficult for Europe. Without the unconditional support of Washington in upholding - and, on occasion, imposing - the western-led multilateral system, how can the EU hope to advance the plight of global governance? One avenue would be to demonstrate a real and open-minded willingness for the reform of international institutions, particularly financial institutions, where the economic clout of emerging economies is sorely underrepresented. Indeed, with figures showing that a large majority of global leaders view global governance as an important concept which is just badly executed,<sup>17</sup> this could be a strategy for continued promotion of international order with more buy-in from global players.

With a young and ambitious High Representative in place in Brussels for a period of 5 years, the scene is indeed set for a re-evaluation of Europe's foreign policy and its role in the world. Ms Mogherini is free to build on the foundational work by her predecessor Cathy Ashton, who initiated and drove the administrative establishment of the EU's foreign policy arm. She is already undertaking the task, set to her by the European Council of December 2013, of crafting a document to follow the outdated European Security Strategy of 2003. And while this document will not be able to answer all of the challenges mentioned above, it will aim to at least give some clarity to the future direction of European foreign policy. Achieving a coherent and ambitious document which will guide European action over the next years is perhaps the biggest challenge of all in 2015.

<sup>16</sup> Ivan Krastev & Mark Leonard, "The New European Disorder", ECFR, November 2014.

<sup>17</sup> "Outlook on the Global Agenda", World Economic Forum, November 2014.

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*NB: This paper is solely the opinion of the author and does not necessarily reflect the official view of the GCSP.*

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