



EUROPEAN STRATEGIC PARTNERSHIPS OBSERVATORY

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# Why EU strategic partnerships matter

**GIOVANNI GREVI**



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»» **The pursuit of so-called strategic partnerships** between the EU and a selected range of important countries owes less to a clear-sighted masterplan than to the travails of the EU to redefine its role in a post-hegemonic, polycentric international system. It is commonly argued that these bilateral relations have evolved in an accidental way. The very concept of strategic partnerships is ill-defined and the informal list of the ten partners in question is too heterogeneous to provide direction. Furthermore, strategic partnerships are often deemed ineffective in producing tangible deliverables for the EU, whether in terms of market access or support for EU-sponsored sanctions. Grand summit statements conceal the more mundane practice of inconclusive and disconnected technical dialogues and negotiations. Process, the argument goes, fails to deliver progress at the political level, where the instincts and positions of the EU and many of its strategic partners remain apart on issues from climate to trade. Relations with unlike-minded countries would not fit the bill because of the normative divides between them and the EU.

These and other reservations about the concept and practice of strategic partnerships stem from years of inadequate partnering. This paper argues, however, that the political rationale behind the elevation of strategic partnerships to one of the top priorities of EU foreign policy in 2010 is a sound one. Besides, a truly strategic approach to these partnerships suggests that their effectiveness should be assessed against a broader range of criteria and objectives than usually done.

Investing in bilateral strategic partnerships fits the transition reshaping the international system, strengthens the distinct identity of the EU and contributes to defending its interests at the bilateral and multilateral level. In a fluid global context, the EU needs to reposition itself, sharpen the definition of its priorities and adapt its foreign policy to remain a pertinent, if in many ways unusual, power. Strategic partnerships are a critical vector of this essential adjustment process. Shortcomings and inconsistencies in the operationalisation of strategic partnerships call, in the words of High Representative Catherine Ashton, for “fewer priorities, greater coherence and more results.” However, they do not detract from the merit of the strategic investment in these relationships.

This paper fleshes out the broad lines of recent debates on the concept and relevance of strategic partnerships, suggesting that partnerships are strategic when they pursue objectives that go beyond purely bilateral issues and help foster international cooperation. Besides, it provides a framework, and evidence, for assessing progress in implementing strategic partnerships, highlighting that they fulfil reflexive, relational and structural purposes at once. The overarching review carried out here does not aim to reflect the remarkable diversity of EU partners and partnerships. These include essential allies such as the US, difficult but pivotal neighbours like Russia and relatively distant regional powers such as South Africa or Mexico.

It goes without saying that some partnerships are more strategic than others when it comes to Europe's security and prosperity. However, this paper does not focus on well-known rankings. It advocates a sharper approach to EU foreign policy, drawing on multiple levers, options and entry points to foster the influence of the Union in a fluid international environment where not only global powers but also middle or regional ones can make a difference on important issues. There is a case to look at how different partnerships serve multiple purposes to enhance the EU's profile, interests and values.

## Debating strategic partnerships

According to EU policy documents and joint statements, ten countries are commonly included in the list of EU strategic partners, namely Brazil, Canada, China, India, Japan, Mexico, Russia, South Africa, South Korea and the US. The heterogeneity of these partners, addressed below, is reflected in the diversity of the legal bases or political statements framing the respective relationships. 'Strategic partnership' is a broad concept that encompasses different 'contractual' arrangements.

The EU-US relationship is of course very deep and extensive but it is not based on a formal joint statement establishing a strategic partnership as such. The relationship is grounded in the New Transatlantic Agenda adopted in 1995 and has grown with the conclusion of the Transatlantic Economic Partnership in 1998 and the set up of the Transatlantic Economic Council in 2007. Relations with Japan were upgraded to a new level with the adoption of the EU-Japan Action Plan back in 2001 but, again, no formal joint statement decreed the establishment of a strategic partnership. The EU and Canada adopted a Comprehensive Partnership Agenda in 2004, where their relationship was defined as being of 'strategic importance', following the 1976 Framework Agreement for commercial and economic cooperation. Russia and the EU signed a Partnership and Cooperation Agreement in 1994 and further structured their dialogue along four 'common spaces' (economics, internal affairs, external security, research and education) in 2003. In the meantime, the European Council adopted an EU common strategy towards Russia in 1998, intended to strengthen the "strategic partnership" between the parties.

Relations with large emerging powers were all upgraded between 2003 and 2007. Relations with China were elevated to a strategic partnership in 2003 and remain legally anchored to the Trade and Cooperation Agreement concluded in 1985. The strategic partnership with India followed in 2004, building on the Cooperation Agreement of 1994. A detailed Joint Action Plan was adopted in 2005 and revised in 2008. EU-Brazil relations evolved along similar lines, moving from the bilateral Framework Cooperation Agreement of 1992 and the EU-MERCOSUR framework agreement of 1995 to the launch of the EU-Brazil strategic partnership in 2007, followed by a joint Action Plan for 2009-2011 and a new one covering 2011 to 2014.

Over the last few years, the EU has established strategic partnerships with pivotal regional powers carrying growing influence on the global stage. Initially framed in the context of development cooperation and codified with the Trade, Development and Cooperation Agreement of 1999, the EU relationship with South Africa was elevated to a strategic partnership in 2007. The EU and Mexico signed an Economic Partnership, Political Coordination and Cooperation Agreement in 1997 which established a free trade area, while their strategic partnership was launched in 2008. South Korea and the EU announced their strategic partnerships alongside the conclusion of their free trade agreement and of a comprehensive Framework Agreement in 2010.

## Why EU strategic partnerships matter

The EU seems to be in the process of establishing a more consistent approach to the legal framing of its partnerships. The purpose is to match deepening economic ties with the codification of bilateral relations on a much broader set of issues, reflecting the extent and ambition of the relationships. Cross-cutting framework political agreements have been negotiated alongside comprehensive trade deals with South Korea and Canada and the same two-track approach is envisaged for Japan. Where free trade deals are not on the cards, the EU is seeking to negotiate new partnerships and cooperation agreements with Russia and China, replacing those dating back to 1994 and 1985 respectively, but progress has been meagre so far.

EU relations with such a diverse range of countries are inevitably very different in scope, depth and ambition. It is difficult to identify common criteria for selecting this particular set of countries, whether in terms of their power status, their normative affinity to the EU, or the core EU interests pursued through such partnerships.<sup>1</sup> The 2003 European Security Strategy did not provide much guidance on this point. Having defined the transatlantic relationship as “irreplaceable” and called for progress “towards a strategic partnership” with Russia, the document stated that the EU should “look to develop strategic partnerships with Japan, China, Canada and India.” This was not to be considered a closed list, however. Partnerships could be envisaged with all those who share the Union’s interests and values “and are prepared to act in their support.” A distinction was introduced between the essential partner (the US), pivotal ones (the BRIC countries), natural partners (Canada, Japan and South Korea) and regional actors (Mexico and South Africa).<sup>2</sup> Such a ranking exposes the two basic rationales underpinning strategic partnerships, namely the normative proximity and/or the political and economic clout of the partners.

On that basis, partnerships of choice among like-minded states, which expose a natural convergence of priorities, can be differentiated from partnerships of necessity. Under the latter, priorities may differ but seeking common ground is critically important given the potential of individual partners to foster or harm the EU’s interests. The EU shares values and a vast platform of common interests with traditional allies such as the US and Canada, as well as Japan, whereas its relations with China and Russia are mainly based on economic or energy needs. Such a distinction, however, is probably too neat to reflect real politics.<sup>3</sup> Each partnership includes an uneven mix of elective choice, inescapable necessity and also quite practical convenience, depending on the issues at stake.

With a view to the future of strategic partnerships, the interest-values continuum has been scrutinised in conjunction with the option of whether to deepen strategic partnerships with a core set of countries or widen the range of these partnerships.<sup>4</sup> The implications of these different options are not an exact science. It has been argued that deepening would lead the EU to join forces with select partners to strengthen international cooperation, whereas widening would reflect the realist pursuit of the EU’s distinctive interests on an increasingly bilateral level.<sup>5</sup>

This debate is closely related to the question of whether bilateral partnerships are alternative or complementary to other vectors of engagement, notably inter-regional relations and multilateral cooperation. Strategic partnerships can be regarded as part of the evolution of EU foreign policy from

<sup>1</sup> E. S. Grätius, ‘The EU and the ‘special ten’: deepening or widening strategic partnerships?’, Policy Brief 76, FRIDE, June 2011.

<sup>2</sup> T. Renard, ‘The Treachery of Strategies: A Call for True EU Strategic Partnerships’, Egmont Paper 45, Egmont Institute, April 2011, p.23.

<sup>3</sup> G. Grevi, ‘Strategic partnerships: smart grid or talking shops?’ in G. Grevi (ed.) with G. Khandekar, ‘Mapping EU Strategic Partnerships’, FRIDE book, November 2011.

<sup>4</sup> S. Keukeleire et al., ‘The EU foreign policy towards the BRICS and other emerging powers: objectives and strategies’, Directorate General for External Policies, European Parliament, October 2011, pp. 28-31.

<sup>5</sup> S. Grätius, *op. cit.* in note 1.

traditional Cold War alliances to inter-regional relations in the 1990s to eventual linkages with emerging powers in a multipolar context.<sup>6</sup> The relationship between bilateral partnerships and the EU commitment to multilateral cooperation is often portrayed as a trade-off. However, the 2008 report on the implementation of the European Security Strategy speaks of “partnerships for effective multilateralism”, including bilateral ones, while providing no direction on how the two dimensions may reinforce each other.

The case can be made that effective strategic partnerships are those that pave the way to reconciling bilateral engagement and multilateral cooperation, strengthening both dimensions at once.<sup>7</sup> As argued in what follows, strategic partnerships stand at the interface between bilateral, mini-lateral and multilateral relations and are intended to facilitate the shift of the level of engagement up and down this ladder, depending on requirements. Such an approach broadly fits and informs the EU discourse on strategic partnerships. As High Representative Ashton recently stated with reference to the BRICS countries, “We need a more creative and joined up approach as we look at how we deal with those bilateral relationships, but also to work with that group of countries in regional and global forums.”<sup>8</sup>

However, translating this commitment into policy practice and concrete outcomes has proved very difficult. Arguably, the pursuit of multilateral ends by bilateral means entails a degree of sequencing. Partnerships with unlike-minded countries may not be conducive to short-term convergence on contested issues in multilateral formats. Over time, however, confidence building and the experience of cooperation on several concrete initiatives may contribute to strengthening the fabric of international cooperation.

Different views on the links between bilateral and multilateral cooperation are an important variable in assessing the pertinence of the very concept of strategic partnerships. The latter has been widely criticised as ill-defined, all-inclusive and relatively empty of political substance.<sup>9</sup> Some stress that this “amorphous” concept has led “a somewhat awkward life in EU diplomatic parlance” to the point of resulting relatively unknown even among EU officials well into 2010.<sup>10</sup> There have been helpful attempts at defining the basic elements of a real strategic partnership, which would include comprehensiveness, reciprocity, empathy and normative proximity, duration and the ambition to reach beyond bilateral issues.<sup>11</sup> Based on this demanding benchmark, only the EU-US relationship would conceivably qualify as a strategic partnership.

A different approach to the issue would consist of shifting the focus from criteria and definitions to substance and, above all, purpose. Partnerships do not become strategic by virtue of defining them as such and the practice of attributing this label to important bilateral relations has surely been inconsistent. However, putting these partnerships in a global context, truly strategic ones are those that accompany current power shifts with a shift towards positive-sum and not zero-sum relations among major powers.<sup>12</sup> Assuming that this is an overarching, defining goal for the EU, strategic partnerships are those that help in this direction. They are essential, if imperfect, enablers of dialogue and cooperation among pivotal and increasingly interdependent powers.

<sup>6</sup> Ibid.

<sup>7</sup> G. Grevi and A. de Vasconcelos (eds.), ‘Partnerships for effective multilateralism. EU relations with Brazil, China, India and Russia’, Chaillot Paper 109, EU Institute for Security Studies, May 2008; G. Grevi, ‘Making EU strategic partnerships effective’, Working Paper 105, FRIDE, December 2010; T. Renard, op. cit. in note 2.

<sup>8</sup> C. Ashton, speech on ‘EU foreign policy towards the BRICS and other emerging powers’, European Parliament, Brussels, 1 February 2012.

<sup>9</sup> R. Menotti and F. Vencato, ‘The European Security Strategy and the partners’, in S. Biscop and J.J. Andersson, *The EU and the European Security Strategy*, Abingdon, Routledge, 2008; T. Renard, op. cit. in note 2; S. Gratius, op. cit. in note 1.

<sup>10</sup> S. Keukeleire et al., op. cit. in note 4, pp. 23-24.

<sup>11</sup> T. Renard, op. cit. in note 2, p. 6.

<sup>12</sup> G. Grevi, 2010, op. cit. in note 7.

## Why EU strategic partnerships matter

This approach is not specific to the EU, although it could be of particular value given its commitment to effective multilateralism. While achieving a ‘multi-partner’ world, as outlined in 2009, proved a distant goal for the Obama administration, much of the American strategic community has not given up on it. This quote by a prominent scholar sums up well the overall US posture: “For American foreign policy, the key now is to enter deep strategic conversations with our new partners—without forgetting or neglecting the old. The U.S. needs to build a similar network of relationships and institutional linkages that we built in postwar Europe and Japan and deepened in the trilateral years. Think tanks, scholars, students, artists, bankers, diplomats and military officers need to engage their counterparts in each of these countries as we work out a vision for shared prosperity in the new century.”<sup>13</sup>

The strategic value of EU partnerships need not be undermined by tactical reversals. Mixing up the two levels would amount to missing the wood for the trees. Taking the case of the often challenging EU-Russia relationship, the President of the European Council Van Rompuy noted: “Recognising the modernisation of Russia as a core interest for all 27 member states should be the pole star on our strategic compass.”<sup>14</sup> Strategic partnerships are those that are pursued consistently over time, keeping the bar straight through the ups and downs of the respective relationships.

Part of the controversy regarding the concept of strategic partnerships relates to whether the emphasis is put on the ‘strategic’ or the ‘partnership’ dimension. Stressing the latter means focusing on shared values and experiences and on deep-rooted habits of cooperation between the parties. Like-mindedness would be the defining feature of a strategic partnership. Privileging the strategic dimension entails focusing on the selection of EU priorities and assessing to what extent different partnerships are instrumental in achieving them.

Such priorities can be defined in more or less transactional terms, as only consisting of the gains that the EU reaps from its partners (market access, energy supplies). They can also be related to the EU’s vital interest in an open and stable international system (averting protectionism, mitigating climate change, preventing WMD proliferation, enhancing maritime security and cyber-security). A strategic approach to bilateral partnerships would encompass both profit-maximising and system-shaping goals.

Such an approach would not simply take stock of normative proximity but also consider the scope for normative convergence over time. Where the latter proves beyond reach over the short term, strategic partnerships can serve an important purpose by preventing mutual alienation. This risk cannot be neglected in a global context where countries with different worldviews and self-conceptions rub shoulders. The unintended consequences of drifting apart would be serious ones, whether in terms of trade protectionism, a scramble for resources, friction between spheres of influence, irresponsibility to protect and overall fragmentation of global governance. This is not about realpolitik, but about a realistic approach to advancing EU interests and values in ways consistent with the EU identity of a civilian (but not necessarily soft) power in a polycentric world.<sup>15</sup>

<sup>13</sup> W.R. Meade, ‘The Myth of America’s Decline’, *The Wall Street Journal*, 9 April 2012.

<sup>14</sup> H. Van Rompuy, speech on ‘The Great Challenges of the European Union’, Warsaw University, Warsaw, 17 January 2011.

<sup>15</sup> M. Telò, *Europe: a Civilian Power? European Union, Global Governance, World Order*, Houndmills, Palgrave Macmillan, 2005.

## Strategic partnerships have multiple purposes

The relevance and effectiveness of EU strategic partnerships need to be assessed at multiple levels, avoiding narrow or stark binary approaches. A narrow approach to strategic partnerships, largely focused on specific deliverables at the bilateral level, risks neglecting issue-linkages, the connections between separate partnerships as well as the implications of bilateral dealings for different levels of engagement, including multilateral frameworks. A binary approach to these critical relationships, framing them as directed to *either* maximise respective interests *or* pursue broader goals to reform the international order, does not do justice to the inevitable complexity of foreign affairs.

Real-life strategic partnerships are multi-purpose ones, pursuing *both* bilateral and multilateral objectives and shifting focus across these and other dimensions of the relationship in a fairly pragmatic way. The ability to do so represents a key benchmark of their efficacy. Testing strategic partnerships means, therefore, dissecting their multiple functions as a foreign policy tool, thereby delivering a more sophisticated picture.

### Reflexive partnerships: putting the EU on the map

The first function of strategic partnerships is a reflexive one, namely the self-assertion of the EU as a partner, an actor or a pole in a challenging international system. From this standpoint, the very fact of announcing a strategic partnership sets up the two parties as pivotal mutual interlocutors, upgrading their status in mutual relations and beyond. Establishing a strategic partnership therefore carries political value for both parties but it may do so in different ways, at different stages. A decade ago, demand for upgrading the status of their relationships with the EU came from large emerging powers such as China and India, seeking to enhance their status as global players. More recently, middle powers such as South Korea and Mexico, eager to boost their international profile beyond their own regions, pushed for their formal recognition as strategic partners of the Union.

From an EU standpoint, strategic partnerships fulfil not only a 'positional' role – setting the EU on the map as a key global player beyond trade and economic issues – but also what has been defined as an 'integrative' role.<sup>16</sup> Performing as a strategic partner requires the EU to improve coherence between the different instruments in its toolbox and between action at the EU and national level. In other words, setting up strategic partnerships entails, at least in principle, deepening the political cohesion of the Union and intensifying foreign policy cooperation.

It is not by chance that the issue of strategic partnerships climbed the EU foreign policy agenda right at the time when the Treaty of Lisbon came into force and new appointments were made to the top EU posts. Deepening these partnerships provided a rationale for progress in implementing the Lisbon reforms and a political selling point for the new EU leadership. Following the appointment of the President of the European Council (PEC) and of the High representative (HR) for the EU foreign and security policy in November 2009, a complex inter-institutional agreement on the establishment of the EEAS was eventually reached in July 2010 and the service launched five months later, in December. The newly appointed PEC convened an extraordinary meeting of the European Council mainly dedicated to EU foreign policy and strategic partnerships in September 2010, preceded by an informal debate at ministerial level at the Gymnich meeting in Brussels.

<sup>16</sup> M. Smith, 'Strategic Diplomacy in Action? The Diplomacy of the EU's 'Strategic Partnership' with China', Paper presented at the conference 'Conceptualising and analysing strategic and structural diplomacy', Katholieke Universiteit Leuven, 7-8 April 2011. See also D. Allen and M. Smith, 'The EU, Strategic Diplomacy and the BRIC Countries', Policy paper 11, DSEU network, February 2012.

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As mandated by the summit conclusions, the HR delivered in December 2010 a first set of three reports addressing “the particular issues arising from relations with individual partner states.” These papers focused on the US, Russia and China and sketched out the objectives of the Union over the short to medium term and some options on how to achieve them. While the EEAS was taking the first steps in the course of 2011, the elaboration of the EU approach to strategic partners continued, although in a rather unstructured way. Three more reports addressing the partnerships with Brazil, India and South Africa were delivered to the Gymnich meeting in Sopot in September last year.

There is a notable affinity between the goals pursued by institutional reform under the Lisbon Treaty and the basic requirements for running effective strategic partnerships. Doing so presupposes vision, confidence, direction, coordination and flexibility. The reforms introduced by the Lisbon Treaty are essentially about providing more continuity, coherence and agenda-setting capacity at European level, while thickening the links between EU and national diplomatic structures and initiatives.

According to its conclusions, the European Council discussed in September 2010 “how to give new momentum to the Union’s external relations, taking full advantage of the opportunities provided by the Lisbon Treaty.” Besides, leaders agreed that, “In accordance with the Lisbon Treaty, and in line with the European Security Strategy, the EU and its Member States will act more strategically so as to bring Europe’s true weight to bear internationally.” The EEAS is called upon to support all EU institutions “concerning the strategic overview and coordination necessary to ensure the coherence of the European Union’s external action as a whole.”<sup>17</sup>

The integrative implications of strategic partnerships operate both in day-to-day policy making and at the level of perceptions. Launching these partnerships focuses minds and creates expectations, putting the credibility of the Union on the frontline and sending a message both to third countries and to EU member states. The self-assertion of the EU as a strategic partner and its recognition as one by leading global actors augment its profile. However, they also raise the stakes for the EU, if such a status is not matched by institutional performance and political substance.

The practice of strategic partnerships exposes the relative fragility of the Union at both the institutional and political level. As to the former, renewed focus on selected bilateral relations has engendered tighter procedures for summits’ preparation and follow up, including better monitoring of the implementation of relevant commitments. EU delegations in some of the largest partners such as China and India have been beefed up and proved more proactive in their coordination and reporting tasks. There is a growing focus within the EEAS on making strategic partnerships functional to EU priorities instead of bending or diluting the latter to fit strategic partnerships.

That said, the pursuit of strategic partnerships has not yet generated an adequate degree of coordination within the EU institutional framework. While some progress is achieved on separate policy issues, as noted below, cross-sectoral policy making is mostly yet to materialise. The EEAS hosts platforms for coordination but does not carry the weight to set priorities across the board, including the many issues falling within the remit of the Commission. The reiteration of the importance of strategic partnerships has entailed piece-meal progress in decision-making but as yet failed to deliver an integrated approach, involving EU member states.

<sup>17</sup> Conclusions of the European Council, EUCO 21/10, 16 September 2010.

<sup>18</sup> See A. Martingui and R. Youngs (eds.), ‘Challenges for European Foreign Policy in 2012. What Kind of Geo-economic Europe?’, FRIDE book, December 2011; and J. Vaisse and H. Kundhani et al., ‘European Foreign Policy. Scorecard 2012’, European Council on Foreign Relations, January 2012.

The integrative potential of EU strategic partnerships remains largely to be fulfilled. The question is, of course, a political and not an institutional one. Since late 2010, the uprisings shaking the EU's Southern neighbourhood have diverted political focus and resources from the drive to upgrade strategic partnerships. Fire-fighting dominated EU foreign policy in 2011 and economic challenges marginalised broader foreign policy objectives.<sup>18</sup>

Mutual positional goals and EU integrative aims continue to underlie strategic partnerships but, since the economic and financial crisis hit the EU in 2008, the politics have arguably shifted. Shaken by Eurozone troubles, hampered by anaemic growth and torn by political tensions, the EU is both less attractive to its partners and more in need of recognition as a cohesive, significant political actor. The ritual of strategic partnerships, including regular summit events, high-level dialogues and joint statements, continues to provide the EU with reassurance concerning its international profile. However, the terms and perception of the relationships with some large partners such as China, India and Brazil are changing. The EU is no longer mainly a supplier but increasingly a demandeur of political recognition, which, conversely, appears less urgent for partners whose self-confidence is rising faster than their GDP figures.

### **Relational partnerships: economics first**

Strategic partnerships serve to manage bilateral relations in the direct pursuit of the respective interests of the two parties. The conclusions of the European Council in September 2010 put the accent on this relational dimension. The document stressed that EU strategic partnerships “provide a useful instrument for pursuing European objectives and interests” but made clear that this would only work “if they are two way streets based on mutual interests and benefits and on the recognition that all actors have rights as well as duties.” EU leaders agreed on the need for Europe to “promote its interests and values more assertively and in a spirit of reciprocity and mutual benefit.”

Economics remain the backbone of the partnerships' agendas, such as in the case of the EU and the US (non-tariff barriers, regulatory convergence, transatlantic marketplace, action plan for growth and jobs), the EU and China (market access, market economy status, level-playing fields, subsidies, investment agreement), the EU and India (market access, trade and investment agreement, technology transfers, energy) and the EU and Russia (energy, economic modernisation). Trade and investment, in particular, are the cornerstone of most strategic partnerships. The EU is the biggest merchandise trade partner of six of its strategic partners (Brazil, China, India, Russia, South Africa and the US), the second largest for two of them (Canada and Mexico), the third largest for Japan and the fourth for South Korea. China will soon become the EU's largest trade partner.<sup>19</sup>

The Union's trade flows with most of its partners remain large, although they are mostly declining as a share of the respective partners' overall trade volumes. Instead, the levels of foreign investment stocks and flows between the EU and its strategic partners offer a very uneven picture. The EU absorbed 60 percent of US foreign investment between 2000 and 2010 and its current stock of investment in the US is about 40 percent larger than that in all the other nine strategic partners combined. Conversely, the inward investment stock from these nine partners amounted in 2010 to only one third of that coming from the US. Investment from Canada in the EU was larger than that of the five BRICS together and Brazil's stock bigger than that of the other four BRICS combined.

<sup>19</sup> For a wealth of data on trade and investment flows between the EU and its strategic partners, see G. Grevi (ed.), 2011, op. cit. in note 3.

## Why EU strategic partnerships matter

Following the conclusion of a free trade agreement with South Korea in 2010, trade liberalisation and the promotion of two-way investment flows are a major dimension of EU relations with Brazil (prolonged negotiations with MERCOSUR), Canada (Comprehensive Economic and Trade Agreement due for signature in 2012), India (negotiations on a Broad-based Trade and Investment Agreement at an advanced stage) and Japan (ongoing scoping exercise towards the negotiation of a comprehensive trade and investment agreement).

Progress on these major strands of negotiations will be an important indicator of the effectiveness of the respective strategic partnerships. Prospects for concluding an FTA with MERCOSUR are not encouraging, at least over the short-term. Agriculture remains a hindrance, intra-MERCOSUR politics are in flux, Argentina has hardened its position and the EU seems a less attractive export market, although that may be a conjunctural factor. Negotiations with India are very advanced but still stumble on market access, public procurement and movement of professionals, among other issues.<sup>20</sup> It remains to be seen whether political momentum will deliver the trade and investment agreement over the coming year. At their last summit, the EU and China agreed to launch negotiations towards an investment agreement “rich in substance” but it is unclear how fast these negotiations will start and proceed, considering the glacial pace of talks on a new Partnership and Cooperation Agreement between the parties.<sup>21</sup> At the same time, the two parties have been hardening their stance on controversial trade matters, including high-tech goods, and these disputes have been souring the relationship.<sup>22</sup>

Over the last two years, negotiations on trade and investment issues have taken place within a new political context, given the impact of the sovereign debt crisis on Europe and uncertainty over the future of the Eurozone. The EU has found itself between a rock – seeking financial support – and a hard place – defending its own trade interests – vis-à-vis some of its partners, such as China. The EU has sought support from China but also Japan, Russia and Brazil, asking them to contribute to the financial mechanisms set up to support individual member states and prevent contagion. The perception of insufficient European commitment and cohesion in addressing the crisis, however, has met with frustration and scepticism among rising powers and the US, which are particularly vulnerable to the European economic downturn.

Russia and China hold a considerable share of their foreign currency reserves in Euros (estimated at, respectively, 40 percent and 25 percent of the total). Together with the other BRICS countries, they have called for a multipolar monetary system less dependent on the US dollar as the global reserve currency. While interested in supporting the Eurozone, however, they have conditioned their contribution to the increase of resources made available by EU member states. They have also made clear that they would work via the IMF as opposed to bilateral channels. This position is directly related to prospects for a new round of negotiations on the revision of the distribution of quotas and votes in international financial institutions. At the time of writing, Japan is the first EU strategic partner to have provided USD 60bn in new IMF resources – a step that the EU hopes other partners will follow. Whether or not they unleash these resources, however, the financial crisis has dented the image of the EU as a reliable partner and tempted EU member states to turn to strategic partners for financial support instead of adopting a concerted strategy.<sup>23</sup>

<sup>20</sup> G. Khandekar, ‘The EU-India summit: on the threshold of change’, ESPO Policy Brief 1, FRIDE and Egmont Institute, February 2012.

<sup>21</sup> Z. Pan, ‘After the China-EU summit: reaffirming a comprehensive strategic partnership’, ESPO Policy Brief 3, FRIDE and Egmont Institute, April 2012.

<sup>22</sup> J. Chaffin, ‘Tempestuous trade winds’, Financial Times, 29 May 2012.

<sup>23</sup> A. Martingui and R. Youngs (eds.), op. cit. in note 18..

## Structural partnerships: enhancing global governance

Strategic partnerships are important bilateral means that can be mobilised to foster international cooperation. The redistribution of power at the international level enhances the clout of a number of EU partners in formal and informal multilateral formats.<sup>24</sup> Given the diverse priorities and normative outlooks of its main stakeholders, a more heterogeneous international system results in a more contested and consequently weaker multilateral order. At the same time, the alignments of different major actors on global issues vary very much depending on the matter at hand and are relatively fluid. There is little evidence of a bloc of emerging powers countervailing established ones (assuming these broad categories make sense) or of the West being confronted by the rest across the board.<sup>25</sup> For example, emerging countries facing increasing capital inflows share criticism of loose monetary policy in the US and the EU but Brazil and the US, as well as the EU, share an interest in the further appreciation of the Chinese currency to help their industry. The BRICS may be calling for a reform of international financial institutions but Russia and China are reluctant to enlarge the UN Security Council to include India, which, instead, benefits from US support. The EU and the US join forces to tackle security issues and crises, from Syria to Iran, but have often parted ways on the climate agenda.

Structured relations with major global and regional actors can provide critical leverage for common action or at least to approximate respective positions on the multilateral stage. Effective strategic partnerships are those that seek to make bilateral dealings not only compatible with but also conducive to stronger multilateral cooperation. As such, they form part of a structural approach to foreign policy, shaping international relations beyond bilateral transactions. A structural foreign policy, as traditionally practiced by the EU, is grounded on coherence between internal and external policies and the pursuit of specific interests through broader, sustainable frameworks of rules and cooperation.<sup>26</sup>

Linking bilateral partnerships and multilateral cooperation faces normative hurdles. Put simply, some of its strategic partners do not share the EU's stated aim to strengthen a multilateral, rule-based order and delimit their national sovereignty in the process. Emerging powers, in particular, take a rather instrumental approach to international cooperation. They favour the emergence of a multipolar system primarily as an antidote to American or Western hegemony. By and large, they regard multilateral bodies as useful in so far as they amplify their respective national positions, constrain or inhibit unwelcome initiatives and uphold the traditional principle of non-interference in internal affairs. A deeper understanding of multilateralism, as entailing mutual and binding obligations for large and small countries over the long-term, is not the prevalent one in countries whose room for manoeuvre in international relations is expanding. Albeit for different reasons, the American approach to multilateralism is in many ways closer to that of large emerging powers than to that preached by the EU, namely selective and pragmatic.

While such a normative disconnect hampers substantial cooperation on many grounds, it does not pose an insurmountable impediment to engaging at the multilateral level. Both the EU and its strategic partners are less dogmatic and more flexible than their rhetoric would suggest. The EU talks multilateral but can act via different channels when needed. For example, it actively pursues bilateral trade

<sup>24</sup> Among many sources, see C. Jaffrelot (ed.), *L'enjeux mondial. Les pays émergents*, Paris, Presses de Sciences Po, 2008; numerous articles on global economic governance in *International Affairs*, Vol. 86, Issue 3, May 2010; 'Global Governance 2025. At a Critical Juncture', Joint Report, US National Intelligence Council and EU Institute for Security Studies, September 2010; S. Patrick, 'Irresponsible Stakeholders?', *Foreign Affairs*, Vol. 89, No. 6, November/December 2010.

<sup>25</sup> B. Jones, 'Beyond Blocs: The West, Rising Powers and Interest-Based International Cooperation', Policy Analysis brief, The Stanley Foundation, October 2011.

<sup>26</sup> S. Keukeleire, 'The European Union as a Diplomatic Actor: Internal, Traditional and Structural Diplomacy', *Diplomacy and Statecraft*, Vol.14, No.3, 2003; M. Telò, 2005, op. cit. in note 15; S. Keukeleire and J. MacNaughtan, *The Foreign Policy of the European Union*, Houndmills, Palgrave Macmillan, 2008.

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deals while the Doha round is sinking, it favours differentiation in dealing with individual countries in its neighbourhood, and EU member states seek to shape or join multinational coalitions to address geopolitical crises if multilateral bodies are paralysed, as has been the case for Syria.

Conversely, the fact that most of its partners reject binding constraints on their sovereignty does not mean that they are not prepared to defining new terms for cooperation at the international level. The US – the main architect of the current multilateral system – has reverted to playing a leading role in the UN Security Council. It has helped kick off the reform of Bretton Woods institutions, while dragging its feet on their implementation, and pioneered looser forms of cooperation such as the Proliferation Security Initiative and the Nuclear Security Summit. Some of the EU's strategic partners, while not instinctive advocates of multilateral solutions to shared problems, appreciate the benefits of multilateral engagement on particular issues to fulfil their own goals. China and Russia have joined the WTO and both of them, as well as many other EU partners, have a strong stake in the nuclear non-proliferation regime. Climate change negotiations in Cancun and Durban have delivered sensible, if as yet inadequate, progress towards binding emission targets with the (reluctant) commitment of key emitters such as China and India. While uncomfortable with their representation or standing in institutions such as the IMF and the World Bank, the BRICS have been seeking a stronger position within, and not outside these bodies.

Besides, international cooperation increasingly takes place in looser formats than traditional multilateral organisations, as witnessed by the multiplication of the so called 'Gs' – club or summit diplomacy – and of initiatives such as the Major Economies Forum. These platforms for confidence-building, agenda-setting and enhanced coordination of national policies offer new opportunities for the EU to connect with its strategic partners, all of which are both in the G20 and in the Major Economies Forum, on a more informal basis.

As noted above, the EU clearly frames its partnerships as transcending the purely bilateral dimension. "Europe and China can pave the way for global solutions and promote international peace and security across the world," stated President Van Rompuy in Beijing.<sup>27</sup> "In today's world... Europe is the United States' indispensable partner for building a multilateral world that integrates emerging powers," argued President Barroso in New York.<sup>28</sup> "I see India as a vital strategic partner to meet a vast range of global and regional challenges on top of more advanced bilateral cooperation," said High Representative Ashton in New Delhi.<sup>29</sup>

The objective of developing what may be defined as structural partnerships has informed the drafting of the six internal reports addressing relations with the US, China, Russia, India, Brazil and South Africa between 2010 and 2011. Summit statements and action plans regularly include a section on regional and global issues. In the case of Brazil, the Action Plan adopted last year states that high-level meetings between the parties "will notably address global challenges and crises." The EU and Brazil have committed to collaborating in international fora and to holding regular consultations at the level of their permanent representatives to major UN bodies.<sup>30</sup>

The connections between dialogue or cooperation at the bilateral, mini-lateral and multilateral level can take many forms, which complicates the assessment of the EU's efficacy in coordinating multiple vectors of engagement. As in other fields of external relations, failure is much more visible than progress.

<sup>27</sup> H. Van Rompuy, speech on 'Europe and China in an interdependent world', Central Party School, Beijing, 17 May 2011.

<sup>28</sup> J.M. Durao Barroso, speech on 'Post-Crisis: A Leading Global Role for Europe', Columbia University, New York, 21 September 2010.

<sup>29</sup> C. Ashton, speech on 'EU-India relations post-Lisbon: cooperation in a changing world', India International Centre, New Delhi, 23 June 2010.

<sup>30</sup> Council of the European Union, V EU-Brazil Summit, Joint Statement, Brussels, 4 October 2011.

Between 2010 and 2012, the EU has launched a high level dialogue on foreign and security issues with China and regular foreign policy consultations with India, both led by the High Representative for foreign and security policy and her counterparts. In addition, the EU holds regular consultations at ministerial level with the US and Russia and meetings of political directors with all its major partners. More structured high level exchanges have begun to deliver some progress in dealing with transnational threats such as terrorism, piracy and cyber-crime. The EU aims to deepen the level of cooperation with its strategic partners involved in the naval operations against piracy in the Indian Ocean. For example, the EU and India have agreed in principle to cooperate in escorting the shipments of the World Food Programme to Somalia. The EU and the US have set up a cyber-security and cyber-crime working group in 2010, followed by the decision to establish an EU-China cyber task-force and to intensify consultations on cyber issues with India this year. In the absence of a relevant multilateral framework to protect the freedom and security of internet, such bilateral dealings may help pave the way for future international regimes.

Strategic partnerships have been so far of limited relevance to cooperation in crisis management. Framework agreements on the participation of personnel from strategic partners in operations under the EU's Common Security and Defence Policy have been concluded with Canada and the US and are under discussion with Russia and Brazil. Enhanced consultations on EU-US cooperation in crisis management are underway. EU member states and some EU strategic partners increasingly deploy personnel side-by-side within UN peace-keeping operations too, from Lebanon to the DRC. This can result in regular exchanges of best practices with major contributors such as India. At the political level, however, EU member states are the primary actors in this context and their initiatives, or differences, entail that the EU is often not seen as a primary interlocutor, including within the UN. Besides, some partners such as Brazil and South Africa tend to regard the role of Europe in security affairs as essentially framed within NATO, which delimits scope for engagement on the part of the EU as such.

That said, a review of the negotiations concerning three major geopolitical crises in 2011 shows some scope for concerted European action at the UN level to engage relevant partners, including those most uncomfortable with European positions.<sup>31</sup> UN debates on intervention in the Ivory Coast and in Libya, as well as on how to deal with the violent government repression of the uprising in Syria, exposed a varying degree of pragmatism on the part of the BRICS countries. The defence of the principle of non-interference is one variable among others in determining the position of authoritarian China and Russia, and even more so of democratic Brazil, India and South Africa in the face of close cooperation between the Europeans and the US.

Normative differences on this front run deep and can generate mutual resentment. However, the BRICS supported the use of force in the Ivory Coast, voted in favour of resolution 1970 (imposing sanctions on the Libyan regime and referring the situation in Libya to the Prosecutor of the International Criminal Court) and opted for abstention on resolution 1973, thereby not endorsing but *de facto* enabling the ensuing intervention in Libya (except South Africa, which supported the resolution before becoming one of the most severe critics of the intervention). Their positions on the crisis in Syria have sensibly evolved since mid-2011, up until the launch of the ongoing UN supervision mission in the country, although Russia remains a stumbling block to more decisive steps in the face of mounting violence. Recent experience suggests that there is at least room for the EU to engage some of these partners on the question of responsibility to protect. The debate on 'responsibility while protecting'

<sup>31</sup> R. Gowan and F. Brantner, 'The EU and Human Rights at the UN: 2011 Review', Policy Memo, The European Council on Foreign Relations, September 2011.

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launched by Brazil at the UN in November 2011, following controversy over the conduct of the Libya operation, provides an important input in this context.<sup>32</sup>

Bilateral partnerships can be a suitable format for regular exchanges on geopolitical hotspots, such as the sensitive question of Iran's nuclear programme. The 5+1 group leading international diplomatic efforts includes of course three EU strategic partners (the US, Russia and China). The positions of India and also Brazil (let alone Turkey) are increasingly important factors in the equation. China and Russia supported the US and the EU in imposing sanctions on Iran in 2010 but opposed further coercive measures in 2011. Like Brazil and Turkey did in 2010, Russia has sought to develop an alternative diplomatic approach (to little effect). The effectiveness of Western sanctions is at least in part predicated on the stance of Asian powers concerning their energy imports from Iran. Strategic partners including Japan, South Korea and also India have aligned to the sanctions' regime. Sanctions are taking a toll but Iran has not significantly budged so far. Russia, China and others are part of the critical mass that can foster progress: they are walking a tightrope between their concern with WMD proliferation and their suspicion of punitive or intrusive measures sponsored by the US and the EU. Liaising with these partners will be key for the EU to unlock a political process within which to frame the nuclear issue.

High level dialogues and councils on issues of energy and climate change, such as those established with the US, China and Brazil among others, are an important complement to laborious multilateral negotiations in this domain. Cooperation on concrete projects or sectors such as carbon capture and storage with China, clean energy technologies with the US and China and bio-fuels with Brazil builds mutual understanding from the bottom up. Sustained through regular consultations, this can create space at the multilateral level not only on climate change negotiations but also, for example, towards a pluri-lateral trade agreement on green energy products. The EU and the US, as well as the EU and Brazil, explicitly committed last year to reinforcing their cooperation at the multilateral level on a range of specific issues related to energy and climate. Intensive, if not always smooth, dialogue between the EU and Brazil has, for example, played a critical role to set the terms of the deal reached at the Durban conference on climate change in December 2011, including the prospect of introducing by 2015 a framework with legal force on emissions' reduction applying to all emitters.

Dialogues on development cooperation have recently been upgraded with the US and Japan but also with China and Brazil. Summit statements with the US and Brazil have put special emphasis on, respectively, "coordinating our preparations" and "work[ing] closely together to strengthen [...] coordination" with a view to the Fourth High Level Forum on Aid Effectiveness in Busan. The EU aims to develop so-called triangular cooperation on development and related issues (food security, health but also good governance and human rights) with its partners and recipient countries, notably in Africa. For example, triangular cooperation with Brazil focuses on bio-energy development in Africa.

Bilateral exchanges in this domain also fit into the broader shift towards a new development agenda with the input of old and new donors, as discussed in the context of the G20 Multi-year Action Plan on Development. It is hard to gauge, however, to what extent bilateral dialogues actually feed into deliberation in broader formats. The recent BRICS summit in Delhi has considered the possibility of setting up a BRICS Development Bank and instructed finance ministers to explore the feasibility of the initiative.<sup>33</sup> If pursued, this project may suggest the emergence of an alternative or competing in-

<sup>32</sup> Letter from the Permanent Representative of Brazil to the United Nations addressed to the Secretary General and Annex, A/66/551, 9 November 2011. This initiative was followed by an informal UN General Assembly discussion on 'Responsibility while Protecting' hosted by the Minister of External Relations of Brazil on 21 February in New York.

<sup>33</sup> Fourth BRICS Summit, Delhi Declaration, 29 March 2012, Paragraph 13.

stitution to the World Bank and regional development banks. The terms of reference of the envisaged BRICS Development Bank will provide important pointers on the way in which the new body would fit existing regimes.

Because of its own experience of integration, the EU is a natural advocate of multilateral cooperation. This reputational advantage, however, can quickly turn into a political deficit if the EU and its member states do not practice what they preach. As noted above, lack of cohesion in tackling its debt and competitiveness crisis has diminished the EU as a strategic partner and in turn hampered its ability to work with others in the context of the G20. Because of its internal differences, the EU as such has not been able to mobilise its strategic partnerships in this important format in the run up to the summit in Cannes. Likewise, EU member states resist pulling their weight and representation in Bretton Woods institutions, which affects the credibility of the Union as a partner and an agent of effective multilateralism. In these and other fields, enhancing multilateral cooperation through EU partnerships requires a high degree of internal cohesion, and joined up policy-making.

## Conclusion

EU strategic partnerships are work in progress and their output is very uneven, depending on the respective partner countries and policy domains. These partnerships are part of the broader effort undertaken by the EU, and by other major global players, to adjust to a shifting international context where power grows more dispersed, norms are contested and interdependence deepens. This paper has argued that truly strategic partnerships transcend the purely bilateral dimension to connect multiple levels of cooperation in the pursuit of the distinctive EU normative goal of strengthening international cooperation.

Over the last ten years, the EU has been widening the range of its strategic partnerships without a clear rationale but engagement with major global and regional players was elevated to an EU foreign policy priority in 2010. Drawing definitive conclusions on the development and efficacy of EU strategic partnerships under the post-Lisbon regime would be premature at this stage. However, an interim and non-comprehensive assessment of recent experience shows a modest, if as yet unsatisfactory, degree of progress.

At the bilateral level, strategic partnerships have grown more focussed with the negotiation of several large trade and investment deals with South Korea, Canada, India and, in perspective, Japan, and the launch of an action plan for growth and jobs with the US. The economic dimension is complemented by the establishment of high level dialogues on foreign and security affairs with China and India and of similar formats addressing climate change and energy issues with the US and China, among others. Concrete projects and specific areas of cooperation have been identified under these frameworks.

The EU has showed a clear intent to mobilise bilateral partnerships to address global and regional issues and crises with its partners. Modalities for regular engagement at the multilateral level have been set up under recent action plans, such as that concluded with Brazil last year. This is part of a nimbler, if only tentative, approach to bridge normative divides and foster international cooperation by linking bilateral, mini-lateral and multilateral formats. Evidence of progress is as yet rather modest but sustained bilateral dialogues are key to build the necessary confidence and common ground to join forces, or avert clashes, on the global stage.

## Why EU strategic partnerships matter

From an institutional standpoint, emphasis on the importance of selected partnerships has focussed minds and entailed some progress in policy-making. However, inter-institutional coordination at EU level, at the service of a truly integrated approach, remains loose and cooperation with member states intermittent at best. At the political level, the financial and economic crisis has strained political cohesion within the Union, sidelined foreign policy priorities and seriously affected the EU's profile and credibility in the eyes of its strategic partners. It remains to be seen whether EU institutions and member states will mobilise sufficient political will to make of the economic crisis a political opportunity, define their core priorities and join forces to pursue them on the global stage. Strategic partnerships will be a critical test of their common resolve, or mutual estrangement. The jury is out.

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