

The EU's New Approach to Global Governance

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For a long period, the European Union has been trying to promote the establishment of global mechanisms at various levels to spread its rules, norms, and ideas. It has done so by enhancing trade, foreign aid and institutional cooperation globally. However, with the EU's relative decline in international stature, it has shifted its focus from idealism to realism and adjusted its approach and pathway of global governance, placing more focus on the acquisition of practical interests in path selections and agenda implementations.

I. The Formation and Features of EU Global Governance Strategy

The EU strategy of global governance was formed with the enlargement of the Union and the deepening of globalization. As a result of the enlargement of the Union, the EU initiated the process of strengthening internal governance, giving rise to the EU's "responsibility" to promote its successful principles of internal governance to the entire world. Globalization reinforced the need for the EU to promote global governance. This strategy is featured

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in efforts to make policies better suited to the power characteristics of the EU and to help expand its model. The fundamental nature of the strategy lies in the concept of “good governance” and it will be achieved with “effective multilateralism” and “Atlantic partnership.”

1. Good governance at the core of EU global governance strategy

The concept of “good governance” has been garnering attention in discussions of economic development since the late 1980s. The concept was mainly advocated by the World Bank and the Development Assistance Commission of the Organization for Economic Cooperation and Development; they claimed that sound financial management and administrative efficiency were prerequisites for sustainable growth and development. The concept gained popularity among donor countries and aid agencies and was soon adopted in broader politics. The concept of “good governance” was supported by the EU and introduced into its white paper entitled “Governance in the European Union: A White Paper” (hereinafter “white paper”), then presented in the first report on European security strategy.

The EU elaborated on the concept from the interpretation of governance. The core of governance is not an organization or institution but rather a system or “game rules.” “The broad concept of governance is the establishment and implementation of a mechanism. The mechanism is more than an institution and also functions as game rules, stipulating the responsibilities for actors in cooperation to achieve social goals and resolve potential conflicts. The mechanism can be substantive policies, public processes, and even spontaneous behaviors.”

On this basis, the EU white paper clearly articulated five basic principles of good governance: openness, participation, accountability,

effectiveness and coherence. If these principles are to uphold technical aspects of the “rules,” the concept of democratic governance in the white paper promoted “good governance” to a core value and it increasingly became a core connotation of “good governance.” The white paper said that each principle, essential to establishing more democratic governance, provides the foundation for democracy and rule of law in member states and will be applicable at various levels of governance, including global, European, national, regional and local government.

In 2006, the document entitled “Governance in the European Consensus on Development: Towards a harmonized approach within the European Union” specifically elaborated, saying, “In an increasingly globalized and interdependent world, peace and security hang to a great extent on the political will and ability of governments and institutions to pursue policies geared to the rule of law, the protection of human rights, democratic governance, eradicating poverty, promoting sustainable development and reducing the inequalities that lie at the root of the main challenges facing the world. The European Consensus on Development sets out the EU’s approach and contribution to this approach, identifying good governance, democracy and respect for human rights as integral to the process of sustainable development and as major objectives of EU development policy.”

According to European Basic Treaties, the Union’s primary strategic goal should be to maintain its values, support and consolidate democracy, rule of law, human rights and international law principles through external actions. The EU should practice these principles in efforts to promote global governance policies and realize its goals. In 2000, “good governance”, based on human rights, democracy and rule of law, was included in the Cotonou Agreement, becoming a fundamental element of the relations between the EU and African,

Caribbean and Pacific countries and subject to regular monitoring that determined the amount and means of foreign aid administered to these regions.

The agreement showed that the EU used trade and foreign aid to export its values by associating trade and development with political issues. In 2004, the EU formulated the Strategy Paper on the European Neighborhood Policy to cope with new neighbors on expanded boundaries. The European Neighborhood Policy, as an important part of the EU's global strategy, stressed that "The privileged relationship with neighbors will build on mutual commitment to common values. The level of ambition of the EU's relationships with its neighbors will take into account the extent to which these values are effectively shared." To achieve this target, the EU took it as a policy priority to recognize and award countries that adhered to those values.

2. Effective multilateralism as a means to global governance

There is yet to be a consensus on the concept of multilateralism. R. O. Keohane said, "Multilateralism is the practice of coordinating national policies in groups of three or more states, through ad hoc arrangements or by means of institutions. It thus involves (exclusively) states and often (not exclusively) institutions, defined as 'persistent and connected sets of rules, formal and informal, that prescribe behavioral roles, constrain activity, and shape expectations.'" J.G. Ruggie said Keohane's definition neglected a qualitative dimension. To illustrate, the preamble of the UN Charter implies that multilateralism means "establish[ing] conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained." Multilateralism thus involves justice, obligation, and a sort of international rule of law. What makes it distinctive, and matters more than the number of parties or degree of institutionalization,

is the type of relations it spawns.

The EU treaty stated that the Union's foreign policy should be committed to the establishment of strong multilateral cooperation and global good governance. In 2003, the European Security Strategy first defined effective multilateralism, upon which an international order will be built as one of three strategic objectives of the EU. The document stated: "In a world of global threats, global markets and global media, our security and prosperity increasingly depend on an effective multilateral system."¹ The document further expressed the EU's understanding of effective multilateralism, including international mechanisms, rules and laws. Regional organizations were also included under multilateralism. The Treaty of Lisbon reiterated these principles. Thus, based on internal governing experience, the EU's multilateralism is close to the rules and mechanisms advocated by Keohane.

Promoting effective multilateralism was in line with the strength characteristics of a European Union that acts as a special international actor. The EU took multilateralism as a tool to achieve global governance through international laws, common rules and principles to reduce unilateral behavior. The Union also aimed to realize its interests and promote the European model and systematic concepts by making the most of its institutional advantages in advancing their multilateral mechanism. Therefore, European scholars pointed out that multilateralism could not be seen from the perspective of norms alone; it should also be seen as a strategic choice that complies with the EU's interests.

The EU encouraged neighboring countries to strengthen institutional cooperation with the Union and become convergent with the EU in systems, standards, rules and conceptions by adopting incentive policies, such as offering to grant member status

1 Javier Solana, "A secure Europe in a Better World: European Security Strategy," Brussels, December 12, 2003, p. 13.



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EU foreign policy chief Catherine Ashton (L) and EU enlargement commissioner for Stefan Fuele (R) give a press conference on May 25, 2011 at EU headquarters in Brussels on Europe's neighborhood policy in the wake of revolts in the Arab world.

to complying countries. The Union also hoped to promote political and economic reforms in developing countries to have the latter converge with the EU in systems, rules, standards, and concepts through partnership dialogues and cooperation in the North-South dialogue. The informal cooperation mechanism at the Asia-Europe Meeting embodies such policy characteristics.

3. Atlantic partnership as an important strategic support

Due to different strength characteristics, Europe and the United States have shown a great discrepancy in their cognition and practice of global governance. In contrast to the EU's emphasis on multilateralism, negotiating and the use of soft power, the United States has tended to practice unilateral policy focusing on deterrence

and the deployment of “hard power,” especially in its security policies. “The United States has been pursuing global governance for its own interest and therefore global governance is subordinate to global policy priorities.” Nevertheless, shared values and interests have shaped a special partnership between Europe and the United States in the global governance framework. In 2009, Javier Solana, the then EU High Representative, said, “The world is increasingly divided between those who are in the system and the rest,” alluding to Europe and the United States as countries that were within the system and highlighting their shared fate as a community. Core values of democracy, human rights, and rule of law are the basis for the transatlantic community that the United States and Europe both adhere to in the global promotion of good governance.

Therefore, both sides jointly promoted “humanitarian interventionist” security policies under the principle of the so-called “responsibility to protect.” The EU and the United States adhered to additional political conditions for foreign aid when making development cooperation policies. They continue promoting liberalization in trade, investment and the service sector as designers and beneficiaries from the post-War international trading system. More importantly, both sides are facing pressures from emerging countries. In addition, the United States has played an important role in the EU’s internal governance, being considered “the most important outsider.” Their relationship has been described as “complex transatlantic governance.” Some even believe that the transatlantic relationship will show how deep the global governance can possibly go.

The European Security Strategy of 2003 had an important debate that the Union had to tackle due to disagreements between new and older member states on the Iraq War. The EU’s emphasis on effective multilateralism, to some extent, was a strong response to

the unilateralism of the Bush Administration of the United States. Nevertheless, the strategy still highlighted the EU-U.S. relationship as a key player in the establishment of a multilateral international order as well as global governance. The document stressed the importance of the transatlantic relationship twice, saying “One of the core elements of the international system is the transatlantic relationship. This is not only in our bilateral interest but strengthens the international community as a whole. NATO is an important expression of this relationship.” “The transatlantic relationship is irreplaceable. Acting together, the European Union and the United States can be a formidable force for good in the world.” In 2008, the Report on the Implementation of the European Security Strategy pointed out that the United States was still the most important partner for effective multilateralism even though the country had declined. “The United States is still Europe’s key partner in its multilateral order.”

II. Decline in International Status Forces the EU to Adjust Its Global Governance

Compared with the international community when the EU formed its global governance strategy, the rise of emerging economies and the sovereign debt crisis have profoundly changed the international situation for the European Union. Changes in the international balance of power have had a growing impact on the EU’s concept of global governance and have motivated the Union to adjust its governance ideas and path.

1. The rise of emerging economies changed the EU’s cognition of international patterns

When forming global governance strategy, the EU implemented an ambitious expansion plan to promote the EU model in the

neighborhood and actively enhance common European security and defense policy, hoping to catch up with the United States by implementing the Lisbon Strategy. In 2003, the EU's first security strategy report said, "Europe has never been so secure nor so stable. The European Union is inevitably a global player. The increasing convergence of European interests and the strengthening of mutual solidarity of the EU makes us a more credible and effective actor. Europe should be ready to share in the responsibility for global security and in building a better world."

By contrast, this sense of accomplishment was replaced by a profound crisis in the EU in the first decade of the 21st century. In "Europe 2020," the second 10-year development plan of the EU, European Commission President Jose Manuel Barroso said, "The crisis is a wake-up call, the moment where we recognise that 'business as usual' would consign us to a gradual decline, to the second rank of the new global order... The recent economic and financial crisis has dramatically shown the extent to which the well-being, security and quality of life of Europeans depend on external developments. The emergence of new players with their own world views and interests is also an important new feature in the international environment."

European Council President Herman Van Rompuy said the biggest challenge for Europe today is how to deal with "the world outside Europe." In a speech entitled "The Challenges for Europe in a Changing World," he said, "In the new, political phase of globalisation, this changes. Politics is about rapports de force. And power is relative. Whereas prosperity is spreading, power is shifting. People in Europe are starting to feel it. They are anxious, not of losing 'power', but of losing their jobs, of declining welfare, as a consequence of a global competition."

The EU believes that the world showed apparent characteristics of multi-polarization. Due to different cognitions of sovereignty

and multilateralism, “Liberal interventionism is hotly contested in the rest of the world and no longer warmly embraced in the West either. State-led industrial policies openly challenge market-led growth models. Ways of kick-starting domestic growth are regarded by emerging powers as a better option to promote development than traditional Western development aid.”¹

The rising power of emerging economies has made international system more complex and unstable, because emerging economies no longer follow a Western-dominated political system but rather emphasize their own interests and willingness to actively participate in and shape the international system. Their competition in rules, order and interests with conventional powers is leading balance of power to be dominated by politics, a trend that runs opposite to the EU-led concept of effective multilateralism based on rules. European scholar Mark Leonard said, “From the perspective of the liberal order – it is worrying that the G-World seems to be one where global governance takes place within informal institutions governed by balance of power rather than treaty-based institutions that pool sovereignty. It is right to engage and involve rising powers in global institutions, but it is now clear that rather than being transformed by their membership of the institutions, the rising are dramatically changing the nature of the institutions themselves.”

2. The sovereign debt crisis weaken EU global governance

The debt crisis and turmoil in the EU's neighborhood have restrained the EU's capacity in global governance. The debt crisis not only slowed down economic growth within the European Union and affected the EU's use of its economic power; it has also resulted in a comprehensive political and social crisis, having a negative impact

1 Giovanni Grevi, “A progressive European global strategy,” *Policy Brief*, No. 140, FRIDE, November, 2012.

on their capacity to “attract and persuade,” an important element of its soft power. The turmoil, which profoundly changed the security environment, forced the EU to focus more on its neighbors, thus hampering the EU’s efforts to exert its influence on the global arena.

The crisis exposed the EU’s institutional defects, adding difficulties to the EU’s economic, political and social transformations. Economically and financially speaking, the EU needs to continue increasing revenue and stabilizing the market to avoid further deterioration and spreading of the crisis. On the other hand, the Union needs to take measures to stimulate growth and alleviate economic and social pressures in order to find a balance between austerity and growth. The EU also needs to take bold initiatives to deepen the integration process. However, constrained by domestic politics and the divergent interests of member states, as well as those countries that remain suspicious of European power, the EU must strike a balance among the various rivaling forces in institutional buildup and policy implementation.

The crisis worsened the social situation and enlarged the perception gap between political elites and the public, resulting in a crisis of legitimacy for the EU. Since 2009, economic and social challenges caused by the crisis significantly reduced the importance of global governance on the EU’s political agenda as the crisis and relevant responses dominated the agenda and the Union entered a phase of overhauling its internal structures and catering to transitions. In addition, the debt crisis triggered a divergence of interests for member states and weakened internal coordination, affecting the EU’s capacity to speak with a single voice.

The EU’s security strategy has been focusing on making an “arc of stability and prosperity” to ensure its own safety. The Arab Spring unprecedentedly challenged the EU’s security. Europe was plagued by refugees and illegal immigrants produced by the unrest in Egypt



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Arab League Secretary General Amr Mussa (L) and EU Foreign Affairs Chief Catherine Ashton attend a meeting at the Arab League headquarters in Cairo on June 18, 2011.

and the war in Libya. Meanwhile, the EU faced soaring risks of terrorism, organized crime and the proliferation of weapons of mass destruction. Having promptly assessed its neighboring policies in the face of new challenges, the EU clearly put forward new approaches in response to the financial crisis. It pledged to provide more support to establish democracy in neighboring countries, which would further limit its resources and capabilities in global actions.

3. The EU is less motivated to build a multilateral mechanism

Over the years, the EU has prioritized the promotion of the Doha Round of World Trade Organization and a globally binding framework for climate change, based on its own strength characteristics. However, the EU increasingly feels ineffective in its ability to control the negotiation process and has turned to reach a

multilateral consensus through bilateral agreements when it faced stagnation at the Doha Round and had to negotiate with blocs of small and medium developing countries.

The EU was even in an embarrassing position in climate change negotiations in Copenhagen. As the leader of the climate change movement, the EU failed to achieve a single-track process for negotiations that was strongly opposed by other countries. The meeting reached an agreement that was far from the EU's expectation and the Union became a spectator in the final stages of the meeting. The meeting was a serious blow for the European Union's attempt to build multilateralism. "The European Union, aware of the limits of multilateralism, increasingly emphasized strengthening contacts between major countries outside a multilateral framework."¹

The EU's multilateralism attached more importance to functional value to serve its strategic interests. In an increasingly multi-polarized international power structure, the European Union saw a growing gap between expectations and capabilities to build a multilateral mechanism, making its multilateralism hardly achieve its strategic objectives. The EU's insistence on effective multilateralism has gradually shifted focus from multilateralism to effectiveness, showing a significant decline in its willingness to build a multilateral mechanism.

III. The EU's Global Governance Approach Becoming More Pragmatic

Under the new international framework, the EU's approach on global governance is becoming more pragmatic. Although "good governance" is still its core conception, it now pays more attention to the following aspects: the balance between its values and its

1 Juha Jokela, "The G20: A Pathway to Effective Multilateralism," *Chaillot Papers*, No. 125, April, 2011.

interests in reality, the “effectiveness,” “functionality” as well as “mutual benefit” in its multilateralism; enhancing the construction of a bilateral partnership, the “coalition of the willing,” and informal international mechanism; shifting its focus to its neighbors and its advantageous fields.

1. Focusing more on the balance between values and interests

The EU will continue to hold its core vision of “good governance” in pushing forward the process of global governance, but it will pay more attention to the balancing of its values and its interests in reality. Different from its vision of promoting its values through trade and aid, the EU now increasingly looks to adopt its advantages in the fields of trade, aid and climate change to elevate its international competence, enlarge employment and internal growth, reflecting a reemergence of mercantilism.

In 2006, the EU released the Global Europe Strategy, which to some extent reduced many of its non-trade visions such as fairness, multilateralism, and development that it used to emphasize in its trade policy. Market access has now become the focus of its trade policy, and the instant economic effect is highlighted. Under the above trade policy objective, the EU pays more attention to bilateral agreements, regarding them as an important strategic tool to realize market access. In choosing its negotiating partners, the non-trade factors are no longer major considerations. Instead, the factors that are related to market access, like market potential, trade barriers and economic scale are becoming more important. The focus on negotiations is usually beyond the Doha Process.

Since the Doha Round has been in limbo, the EU has signed a lot of bilateral free trade agreements. When it evaluated its external trade strategies in 2010, the EU in particular highlighted the “principle of reciprocity,” and said that all the partnerships should be two-way,

based on mutual-benefit, and recognize the necessity to carry out duties while enjoying the benefit.

In the face of a stalling economy after the debt crisis, the EU has presented a more aggressive posture in seeking exportation and investment agreements, and the other concerns have been overshadowed by the importance of economic security. Superficially, the EU is still dedicated to multilateral free trade. But the new EU regulations released since the crisis are apparently discriminative against non-EU nations and their enterprises. Invisible trade protectionism in forms of financial principles, rules and standards is growing substantially. Recent global trade warnings show that in terms of discriminative measures, the EU is the most serious violator of international trade regulations. Under the principle of mutual-benefits, the European Commission proposed to close its government procurement market to countries that excluded European enterprises from obtaining their government procurement contracts.

2. Strengthening the construction of a strategic partnership and the “coalition of the willing”

The EU is increasingly reinforcing contacts with its major partners outside multilateral frameworks, and strengthening construction of strategic partnerships and the “coalition of the willing,” as a supplement to its traditional multilateralism and the Atlantic partnership, so as to achieve its vision of global governance.

In contrast to developing relations with its regional strategic partners in the 1990s, the EU is more inclined to enhance bilateral strategic partnerships with major forces. From its traditional allies to the world’s emerging economies, the EU has established strategic partnerships with ten countries at different levels. As for the position of strategic partnerships in the global governance, a 2010 report that evaluated the EU’s foreign policy claimed that strategic partnerships

between the EU and major powers had provided important means for the EU to realize its strategic interests and goals, regarding the improvement of the bilateral ties as a key step to realizing effective multilateralism.

In such a context, the strategic partnership becomes an innovative policy tool in the EU's external policy that will help achieve its vision of global governance. In specific areas, both the bilateral trade agreements and the framework of bilateral partnerships reflect the EU's new pragmatic thinking on pushing multilateralism through improving bilateral relationships.

During the debates at the Copenhagen Climate talks, many factors – such as the highlighted role of the G20 as an informal governance mechanism as well as the increasing cooperation among the BASIC countries – pushed the EU to take more flexible manners to strengthen cooperation with the BRICS countries as a supplement to its traditional Atlantic partnership. In October 2010, the EU parliament passed one report that called for a new network with the BRICS countries as the traditional Atlantic partnership cannot realize the EU's vision.

Similarly, when drawing lessons on the negotiations in Copenhagen, the EU stressed that it needs to coordinate with the Pacific countries on top of the Atlantic countries. Therefore, the EU will be more flexible in its global governance strategy and seek different alliances under various circumstances. As Herman von Rompuy said, “Strengthening partnerships is an important diplomatic path for the EU. The first step is to select partners and figure out how to push forward the agenda.”

3. Emphasizing neighborhood

Turbulence in the neighborhood and the United States' pivot policy towards the East both forced the EU to focus more on its

neighbors. After the turbulence in the West Asia and North Africa, the EU has taken measures to increase investment in the neighboring region, including the establishment of different funds to support democratic transitions and the increase in trade and the transfer of personnel. It raised more than 80 million euros in 2011 to back the transition of the North African and West Asian countries. It scaled up aid to its neighbors with a plan to increase aid worth 1 billion euros to southern neighboring countries in two years. The European Investment Bank lifted its debt allowance to 1.15 billion euros. The European Bank for Reconstruction and Development also expanded its power to act in this region.

Apart from these pledges, major EU countries like Germany, France, the UK, and Italy were all committed to give more aid to this region under the framework of the G8. Together with the increased input, the EU adopted a more expansive neighboring policy. Attaching more strings in its new neighboring policy and its performance in the Libyan conflict have both reflected the tendencies of the EU in this regard.

At the initial stage after the formation of the EU's global governance conception, the Union always prioritized peace and security in its agenda on global governance, devoting itself to crisis management and state building. But the nature of the EU's strength determines that it can hardly realize any major achievement regarding peace and security policies. Therefore, the EU's agenda on global governance became more outstanding, conforming to its power features and strategic objectives. The EU values its advantages in free trade, development aid and climate change. By exploring the third-party market through free trade, development aid, the EU pushed the agenda on climate change to serve its economic transition. So far, the European Union has enhanced its voice in international society to push forward this agenda. In the beginning of 2012, the

EU attempted to unilaterally levy carbon emission trading taxes on all airlines arriving in or departing from Europe, a development that demonstrates its determination to advance the process of governance in its advantageous areas.

IV. Cooperation and Competition between China and Europe in Global Governance Intensify Together

The Sino-EU relationship, already more than bilateral, has had a key impact on pushing forward the process of global governance. The EU's vision and expectation for China has changed, from taking China as a passive "object" and trying to incorporate China into the EU-led global governance system at the beginning to looking upon China as a major partner in global governance, and calling on China to take on more responsibility and face challenges worldwide. Therefore, the EU's new thinking on global governance will not only influence its bilateral ties with China, but also will change the priorities and manners of the two sides' cooperation on global governance. The two sides will have more opportunities for pragmatic cooperation on an equal footing as competition intensifies in concepts and interests.

Sino-EU ties face new challenges due to the adjustment of the EU's policy that is a pivot from multilateralism to more bilateralism, and the relationship also embraces new opportunities. The opportunities include the facts that the growing importance of the Sino-EU strategic partnership provides a basis for a more equitable cooperation, and that the deepening pragmatic collaboration in specific areas helps build consensus and push forward the process of global governance. In recent years, the joint statements at bilateral summits have reflected the characteristic of pragmatic cooperation. The challenge are that as the EU becomes more pragmatic and expects more from China, competition between the two parties will increase simultaneously;

and how to manage the divergences and narrow the differences of recognizing “reciprocity” will be the key to easing tensions and improving cooperation.

The EU’s shifting focus on its neighbors will intensify conflicts between China and the EU on issues pertaining to West Asia and North Africa. Although pragmatism is an important characteristic of the new thinking of the EU’s global governance, the new thinking attaches more strings to the aid and trade to push forward “the process of democracy,” or tends to launch “humanitarian interventions” to realize regime change in the EU’s neighborhood which is seen as the EU’s “core interests” – performances that are at odds with China’s position. The EU thinks China’s growing influence in the area will offset its policy effect. Therefore, it ceaselessly applies pressure on China and asks China to act responsibly. The conflicts between the two sides have emerged during the Libyan war, the crisis in Syria, as well as the Iran nuclear crisis.

The EU’s emphasis on the “coalition of willing” and building bilateralism flexibly have dual effects on its global governance and bilateral ties with China. On the one hand, the EU strongly values cooperation with China that will help both sides face common challenges; but on the other hand, it is concerned that China’s interests, concepts and advocacies pose a threat to its vision of global governance. Therefore, the EU’s new maneuvers in its policies are to pay more attention to forming alliances at multilateral occasions in order to enhance its pressure on China, all while strengthening its bilateral relationships. The EU has divided the “BRICS” into two groups based on the closeness to the EU stance. India, Brazil and South Africa are sharing a close stance, while China and Russia belong to the other group. The competition between China and the EU will increase in multilateral occasions to varying degrees with different issues.