

Multilateral Issues

Overall grade

B+



EUROPEAN IMPACT IN THE MULTILATERAL SYSTEM	B-
68 European policy in the G20 and G8	C+
69 European policy on the reform of Bretton Woods institutions	C+
70 European policy on UN reform	C+
71 European policy on the financing of multilateral institutions	B
HUMAN RIGHTS AND HUMANITARIAN ISSUES	B
72 European policy in the Human Rights Council and UN General Assembly	C+
73 European policy on the ICC and ad hoc tribunals	B+
74 European policy in the international humanitarian system	B
CLIMATE CHANGE	B+
75 European policy on climate change in the multilateral context	B+
NON-PROLIFERATION REGIME	A-
76 European policy on Iran and proliferation in the multilateral context	A-
77 European policy on the NPT Review Conference	B+
DEVELOPMENT AND TRADE	B
78 European policy on global health	B
79 European policy on the Millennium Development Goals	C+
80 European policy in the World Trade Organization	A-

At the beginning of 2010, three issues threatened to do lasting harm to international cooperation. First, the chaotic 2009 Copenhagen summit on climate change had left serious doubts about international efforts to address global warming. Second, Iran's nuclear programme and the weaknesses of the Non-Proliferation Treaty (NPT) were eroding faith in multilateral efforts to stem the spread of nuclear weapons. Third, the US and emerging economies including China and India were raising pressure to reform the governance structures of bodies such as the International Monetary Fund (IMF) and the World Bank, implying that the biggest EU donors to these institutions should lose some influence. These dilemmas arose against the background of uncertainty over the relative importance of the G20 (empowered during the financial crisis) and the G8 (losing traction), as well as renewed debate over whether and how to reform the UN Security Council. Both these issues threaten to reduce European influence as power shifts from the West towards Asia.

By the end of the year, however, the outlook for multilateralism – and Europe’s role in the multilateral system – had significantly improved. The December 2010 climate conference in Cancún restored confidence in the UN-led negotiations on climate change. The EU played a major – if not absolutely decisive – role in restoring faith in the UN talks through diplomatic declarations and targeting aid to address climate issues.

While the EU played a more progressive role on climate diplomacy than the US, it played a supporting role to the Americans on combating proliferation. Nonetheless, the EU’s extremely firm application of sanctions on Iran, following a new UN Security Council resolution, does seem to have left Tehran temporarily off-balance in its pursuit of a nuclear weapon. European powers had less impact in efforts to impede North Korea’s proliferation, and had to accept a series of compromises during a 2010 Non-Proliferation Treaty Review conference to ensure that there was consensus on an outcome document.

The EU suffered greater problems over the reform of the IMF. Although European powers agreed on the need to expand the IMF’s funds and transfer some voting rights to emerging economies, exactly how to do so became a source of confusion in 2010. Worse, it resulted in an open conflict with the US, which threatened to hold up routine business on the IMF board unless the Europeans resolved the situation. They finally did so, guaranteeing increased funding to the IMF from the emerging economic superpowers, but this episode was a lingering humiliation to the EU, having been outflanked by the US.

Europe’s stumbles over IMF reform were partially offset by a relatively smooth, if less ambitious, reform of governance and funding for the World Bank. More broadly, however, the EU’s members made only limited progress in consolidating their influence in the G20 – now the primary arena for financial talks – and European proposals for a global bank levy to prepare for future crises ran aground at the Toronto G20 summit. The November 2010 G20 leaders’ meeting in Seoul was especially fractious, with Germany joining China to criticise American financial policy. While European leaders generally aimed to lower expectations for the G20, it also became clear in 2010 that they will struggle to act as a unifying force between the US and rising powers in the new forum.

The EU endured other setbacks over the reform of international institutions in 2010. It became entangled in an unnecessary fight with the US over the governance of a new UN women’s agency and was irritated when the UN General Assembly (UNGA) postponed a vote on giving the EU “enhanced

observer status". Nonetheless, European initiatives did help strengthen the International Criminal Court (ICC) during a review conference in 2010, and France led a spirited defence of homosexual rights in UNGA in late 2010.

The overall level of European influence in the multilateral system was complicated by financial pressures. Reports by the G8 and OECD highlighted that France, Germany and, in particular, Italy had failed to meet earlier commitments on development spending. France was also heavily criticised for slashing spending on humanitarian aid, as were a number of smaller EU donors such as Hungary and Ireland. Other EU members, most notably the Nordic countries and the UK, defied this trend. Additionally, the European Commission has consolidated its position as an anchor of the EU's multilateral engagement, boosting its contribution to humanitarian funds, global health programmes and efforts to meet the Millennium Development Goals while some member states cut funds.

European powers, with France to the fore, have kept up a steady campaign for new mechanisms to fund multilateral initiatives, such as an international transactions tax to help fund development programming. Although these ideas are gradually gaining traction, many emerging powers have demonstrated a degree of contempt for multilateral cooperation in areas such as aid, preferring to invest in bilateral programmes instead. Given the EU's relative fragmentation on financial support to international organisations, it may well struggle to persuade sceptical rising powers to finance multilateral initiatives.

Overall, therefore, 2010 can best be described as a year of defensive successes for the EU in the multilateral system: it helped prevent a general loss of faith in climate diplomacy and the non-proliferation system, and it ultimately made necessary compromises on the governance of the IMF. Yet these successes should be distinguished from progressive contributions to the international system. Although the EU has deepened its support for the IMF and played an important role in strengthening the ICC, it has lacked the financial and political muscle to drive more fundamental change across the multilateral system, whether over UN Security Council reform or securing full funding for global healthcare.

The post-Lisbon EU foreign-policy architecture is also taking time to adapt to the multilateral system, as symbolised by the setback on representation in UNGA. In 2011, France presides over both the G8 and the G20, and President Sarkozy has outlined plans to debate and reform the international system.

European initiatives and concessions in 2010 provided some bases for this, but it remains unclear whether the EU has the traction to drive a process of multilateral reform, however well its members coordinate in the future.

68 EUROPEAN POLICY IN THE G20 AND G8

EU coordination in the G20 has improved, but individual member states such as France and Germany still set their own priorities – and other powers often ignore European proposals.

Unity	2/5
Resources	3/5
Outcome	5/10
Total	10/20

C+

While the G20 and G8 showed remarkable unity in response to the economic crisis in 2009, there were growing divisions between the US, EU member states and emerging economies in the G20 over financial policy in 2010. The EU's internal coordination on G20 affairs has improved, although this has not easily translated into increased leverage. Although the EU did aim to play an agenda-setting role in the run-up to the Canadian G8/G20 meetings in July, proposing an EU-backed proposal for a system of bank levies to prevent future bank collapses, this failed to win support from the emerging economies.

The run-up to the second G20 leaders' summit of the year, in Seoul in November, was overshadowed by the dispute over IMF reform (see component 69) and the American decision to expand its domestic money supply through quantitative easing (see component 39). Germany joined China in condemning the US policy prior to the summit – a reminder that the individual European members of the G20 sometimes set their own priorities rather than act as a unit. This tendency was also illustrated by

President Sarkozy's decision to discuss his priorities for the French presidencies of the G8 and G20 in 2011 as early as the summer of 2010, apparently without much prior consultation with EU partners.

The presidents of the European Council and European Commission took a step towards consolidating the EU's presence in the G20 by agreeing on a division of labour early in the year. Proposals to increase the already sizeable European presence at G20 meetings – for example, by including the president of the eurozone – have been dropped. But, as the failure of the bank-levy proposal shows, even unified EU positions may fail to move other G20 members. Meanwhile, European influence in the G8 is a wasting asset as the smaller forum loses influence.

69 EUROPEAN POLICY ON THE REFORM OF BRETTON WOODS INSTITUTIONS

The US publicly embarrassed the EU by forcing it to accept a diminution of its influence at the IMF, although the final deal protects EU interests. World Bank reform was smoother.

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

C+

EU member states are formally committed to governance reform in both the International Monetary Fund (IMF) and the World Bank. This inevitably means reducing Europe's overall voting weight in both institutions, but in 2010 there was no common EU strategy on how to manage this – and what concessions to ask from the US and the emerging economies in return for a deal.

World Bank reform proved relatively easy. In April, the Europeans agreed to shift of three percent of voting rights from developed to developing countries. China and other non-Western governments pledged additional capital to the bank in return. IMF reform was much more controversial, with intra-EU debates failing to produce a consensus on reform options. In August, the US demonstrated its impatience with the EU's lack of progress on the issue by threatening to veto the routine election of the IMF's board (see component 39).

While the Americans argued that the EU should shift towards a consolidated

presence on the IMF board, European governments united around a less radical set of reforms. These included surrendering some board seats and six percent of voting rights to the rising Asian economies. They also privately lobbied for the US to reduce its own voting weight on the IMF board, which gives Washington veto power over all decisions. The US refused and a compromise was eventually agreed at a hectic G20 finance ministers' meeting in October.

The final deal is arguably still favourable to the EU – the Europeans' combined voting weight at the IMF will continue to be greater than that of the BRIC countries. The emerging economies also pledged new capital for the IMF. Nonetheless, the way in which the US publicly forced the EU to compromise on the issue (and gave no concession in return over its own de facto veto right and other reform) was a severe embarrassment and sets a bleak precedent for future rounds of reform in the international financial institutions.

70 EUROPEAN POLICY ON UN REFORM

The EU failed to win “enhanced observer” status in the General Assembly – and was overruled by the US and developing countries on the governance of UN Women.

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

C+

There were few openings for fundamental UN reform in 2010, although there has been more discussion of Security Council reform. The main structural reform at the UN was the creation of UN Women, an agency that merges a number of pre-existing UN entities dealing with gender issues. The EU has also focused on its efforts to win “enhanced observer status” at the General Assembly to reflect the Lisbon Treaty.

The EU’s level of unity varies. On Security Council reform, Italy remains firmly opposed to Germany’s desire to secure a permanent (or “semi-permanent”) Council seat. On other issues, unity is far higher, but the EU was embarrassed when the US and developing countries overruled arguments that the governance structure of UN Women should be weighted in favour of major donors such as the Europeans. The US concluded that the board should give non-Western countries a strong voice, which the EU fears will compromise UN Women’s pursuit of gender equality.

The EU’s quest for “enhanced observer” status, which would give EU officials new rights to speak and make proposals in the UN General Assembly, caused more embarrassment. Although the EU had made it a priority to attain this special status for itself, it did not want it to be given to other regional groupings such as the African Union. (This was a concession to the US, which feared that a proliferation of “enhanced observers” could complicate UN diplomacy.) Developing countries engineered a vote to postpone a decision on the issue shortly before the opening of the new UN General Assembly in September and even some friends of the EU, such as Canada and Australia, abstained – for some European diplomats, a sign of a broader loss of EU power at the UN. Germany and Portugal did, however, defeat Canada in a three-way competition for two temporary Security Council seats.

71 EUROPEAN POLICY ON THE FINANCING OF MULTILATERAL INSTITUTIONS

The EU helped persuade emerging economies to take a greater role in funding international financial institutions, but more radical reform proposals have faltered.

Unity	4/5
Resources	4/5
Outcome	5/10
Total	13/20

B

The EU's members play a huge role in the financing of multilateral institutions, providing between 30 and 40 percent of the financing for the international financial institutions and the UN's core budget. They provide a larger share of voluntary contributions in areas such as development (component 79) and humanitarian operations (component 74). Even prior to the financial crisis, EU members were concerned by the fact that emerging economies including China and India were not making contributions to international organisations comparable to their new financial clout. During the crisis, the UK, France and Germany have pressed this issue.

The main opportunities to address this issue in 2010 centred on the international financial institutions, while the scale of contributions to the UN will be debated in 2011. Although the EU approach to IMF reform was confused through much of 2010 (see component 69), it was agreed first that the IMF's financial quotas (defining the maximum possible contributions from its members) should

double to over \$700 billion, and second that China, India and other emerging economies should take on larger "quota shares" than before.

While the EU's members increased their gross financial commitments to the IMF, therefore, this is partially offset by the emerging economies' higher contributions. This was broadly in line with goals set by European leaders earlier in the financial crisis, despite the difficult reform negotiations. The World Bank's financial base was also expanded in 2010, with members donating \$5.1 billion of ready money, nearly a third of which came from emerging economies in return for additional voting rights. However, it is clear that emerging economies prefer to direct development aid bilaterally rather than via multilateral institutions, while French-led proposals to fund development through an international transactions tax have gained support from powers including Brazil, but they remain controversial (see component 79).

72 EUROPEAN POLICY IN THE HUMAN RIGHTS COUNCIL AND UN GENERAL ASSEMBLY

The EU is on the defensive over human rights in UN forums. It suffered an embarrassing split over the Mavi Marmara but put up a strong fight over sexual orientation.

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

C+

The EU had another difficult year in the UN Human Rights Council (HRC) and in debates on human rights at the UN General Assembly. The EU, working with the US, succeeded in maintaining pressure on Iran, Myanmar and North Korea through UN resolutions. However, a statement drafted by the US and supported by the EU on political repression in Iran won the support of just 56 of the UN's 192 members.

The EU was split on an HRC vote condemning the Mavi Marmara incident, in which Israeli commandos killed members of a civilian flotilla sailing to Gaza (see also components 35 and 59). Italy and the Netherlands sided with the US in rejecting efforts to censure Israel, while the UK and France abstained and Slovenia voted in favour. This followed a pattern of European disunity on Middle East issues set in 2009 during the debate on the Goldstone Report and the Durban II racism conference.

The EU members fought a running battle with African and Islamic countries about sexual orientation. In November, the African bloc succeeded in removing a long-

standing reference to sexual orientation as a source of persecution in an annual resolution on extra-judicial killings. Acting on behalf of the EU in December, France coordinated a non-binding declaration rejecting the criminalisation of homosexuality. Although 65 countries supported it, another 60 nations signed an alternative declaration that there was no legal basis for protecting sexual orientation as a human right in international law. In August, the UN Committee on the Elimination of Racial Discrimination raised concerns over France's policy towards the Roma and thus about the EU's own human rights record. But the year concluded positively, when both the EU and its usual opponents condemned post-electoral violence in Côte d'Ivoire in December – an unusual display of unity at the Human Rights Council.

73 EUROPEAN POLICY ON THE ICC AND AD HOC TRIBUNALS

The EU has played a central role in sustaining both the ICC and international justice for the former Yugoslavia – although it was divided over ICC efforts to define the crime of international aggression.

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

B+

The EU has a principled commitment to the International Criminal Court (ICC), which celebrated its tenth anniversary in 2010, and a direct interest in the International Criminal Tribunal for the Former Yugoslavia (ICTY), which continues to deal with crimes involving countries that want to enter the EU. The EU also supports other international courts, such as those in Cambodia and Sierra Leone, but has less immediate interest in their work.

The ICC was the subject of a review conference in May and June 2010. The EU's contribution has been assessed positively by legal experts. It made a promise to support the universality of the court and pledged funds to a Trust Fund for Victims linked to the ICC. Belgium played a lead role in amending the ICC's Rome Statute to cover the crime of using poison gas and other unacceptable weapons.

The EU had less success on a proposal to define the crime of international aggression. The EU entered the conference divided about the merits of a definition: France and the UK were reportedly opposed, while

Germany and other EU members were in favour – and the European Parliament's delegation to the conference was particularly voluble on the need to achieve this goal. A compromise was devised by Argentina, Brazil and Switzerland.

The EU's efforts to assist the ICC's pursuit of Sudan's President Omar al-Bashir are described in component 55. Its support for ICTY has been sensitive because of Serbia's failure to apprehend the former Bosnian Serb general Ratko Mladic, who is linked to the Srebrenica massacre: the Netherlands, in particular, views this as a huge obstacle to Serbia's progress towards EU accession. In October, the European Council devised a formula to let accession talks progress while still pushing Serbia to work with ICTY. Overall, the EU played a major role in keeping international courts on the global agenda throughout 2010.

74 EUROPEAN POLICY IN THE INTERNATIONAL HUMANITARIAN SYSTEM

While the Commission and member states played an essential part in funding humanitarian operations, the EU's overall contribution was reduced by big cuts.

Unity	2/5
Resources	4/5
Outcome	7/10
Total	13/20

B

EU member states and the European Commission play an essential role in supporting the global humanitarian system, accounting for roughly half of all relief spending each year through agencies such as UNHCR, the United Nations World Food Programme and UNICEF. In 2010, that system was put under huge strain primarily due to the disasters in Haiti and Pakistan (see components 57 and 58). Aid organisations raised a record \$13.1 billion (€9.6 billion) in appeals during the year. Having projected humanitarian spending of just over €800 million in 2010, the European Commission ultimately disbursed nearly €1.1 billion.

Although final figures are not available for all member states, it is clear that economic pressures had an uneven effect on humanitarian spending. France, for example, cut its voluntary donations to UN programmes and the International Red Cross to €55.1 million, a 21 percent drop on the previous year. This already followed a comparative percentage reduction in 2009. Some smaller donors including Greece, Hungary and Ireland also made

cuts. On the other hand, Finland, Germany, Portugal and Sweden did not make cuts. Poland actually increased its spending. The UK, traditionally a leading donor, probably also increased its humanitarian spending after a cut in the 2009-2010 financial year. The Netherlands marginally increased its spending in 2010, but the new government has promised to slash it by roughly 20 percent in 2011.

With a great deal of humanitarian spending going to Haiti and Pakistan, aid agencies noted that projects elsewhere – such as in Iraq – suffered shortfalls. While EU officials have laid the groundwork for reforms to Commission-funded relief and the creation of a European Voluntary Humanitarian Aid Corps, they see potential funding shortfalls as a huge threat to future crisis response: even if the Commission and certain member states maintain or raise funding levels, this will be offset by other countries' cuts.

75 EUROPEAN POLICY ON CLIMATE CHANGE IN THE MULTILATERAL CONTEXT

Continued EU support for a new legally binding global deal on climate change after the Copenhagen debacle in 2009 paid off with solid progress at the Cancún conference.

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

B+

The 2009 Copenhagen conference on climate change was a diplomatic nightmare for the EU, which was sidelined by the US and major emerging economies. In 2010, the EU – guided by the European Commission – recommitted to its quest for a legally-binding international agreement on climate change to replace the Kyoto Protocol. The 2010 follow-up conference to Copenhagen in Cancún took small but significant steps in that direction.

After the Copenhagen debacle, there was significant debate over whether to continue climate talks through a UN framework or the smaller Major Economies Forum (MEF), which largely overlaps with the G20. The EU supported the UN route. EU member states and the Commission broadly met the promises they made in Copenhagen to release “fast-start funding” for climate-related aid to poor states. Critics argued that some of the funding package was badly designed, but it was credited with stimulating other donors to meet their commitments. EU governments could not, however, agree whether to unilaterally increase their carbon-emission reduction

targets as an incentive for a global deal, an option that remains on hold.

At the Cancún summit itself, the EU was not always central to negotiations – China and the US proved decisive in many sensitive areas. However, British Prime Minister David Cameron and German Chancellor Angela Merkel were reportedly crucial in persuading Japan to shelve contentious questions about the future of the Kyoto Protocol (which is set to lapse in 2012) until a later date. Other member states such as Denmark played important roles in finessing agreements on specific policy issues such as deforestation. Although the Cancún conference resolved very few issues once and for all, the tone of the talks was unexpectedly constructive. This restored optimism that a much broader UN-negotiated deal on climate change is possible and validated the EU’s continued commitment to this option.

76 EUROPEAN POLICY ON IRAN AND PROLIFERATION IN THE MULTILATERAL CONTEXT

Cooperating closely with the US, the EU has imposed tough new sanctions on Iran, apparently throwing it off-balance, although not persuading it to give up its nuclear ambitions.

Unity	5/5
Resources	5/5
Outcome	7/10
Total	17/20*

A-

* Scores reflect EU diplomacy on Iran, given its limited direct involvement on Korean affairs.

The EU played a significant role in diplomacy to contain Iran's nuclear programme in 2010, although often in tandem with the Obama administration (see component 37). As an increasing number of Israeli and US analysts called for military action against Iran, European governments – led by France, Germany and the UK – have stood by their long-standing goal of a diplomatic solution. The EU did not play a comparable part in diplomacy on North Korea's proliferation activities – but it has never had a strong hand in this area, and Pyongyang's erratic and aggressive behaviour made diplomatic engagement difficult for all actors (see component 9).

At the start of the year, it seemed possible that the EU might also lose traction on the Iranian issue, as the US took the lead in the drive for a new sanctions resolution at the UN. European powers were also unable to dissuade Brazil and Turkey from a quixotic effort at outreach to Iran in May. But the EU regained prominence after the Security Council passed Resolution 1929 mandating new sanctions in June. In July, member states announced a genuinely severe set

of measures against Tehran. In December, High Representative Catherine Ashton was the lead negotiator in talks with Iranians in Geneva.

Although these discussions did not generate any immediate results (other than further talks in January 2011) analysts have concluded that Iran was temporarily thrown off-balance by the strength of the new sanctions and that Iran was, at the end of 2010, further from a nuclear weapon than previously believed. Although the US has taken primary credit for this diplomatic success, the EU's united front and the willingness of major European corporations such as Siemens to disengage from Iran helped give its diplomacy teeth. But, however much pressure it faces, Iran still appears to be set on developing a nuclear weapon.

77 EUROPEAN POLICY ON THE NPT REVIEW CONFERENCE

The EU achieved some of its goals at the 2010 NPT Review Conference, contributing to cautious optimism that the international non-proliferation system will survive.

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

B+

The EU struggles to have a coherent position on the international nuclear architecture for the simple reason that it contains two nuclear powers and 25 non-nuclear ones, although this is further complicated by the role of nuclear weapons in NATO. However, EU members are broadly united in their support for the Non-Proliferation Treaty (NPT) and the International Atomic Energy Agency (IAEA).

Following a US-convened Nuclear Security Summit in April, in which EU members played a constructive but limited role, an NPT Review Conference was held in May. The stakes were high, as the previous Review Conference in 2005 ended in disarray. The European Council agreed a common position prior to the conference, and many of its stated goals were achieved, although it had to accept compromise language on contentious issues including tactical nuclear weapons, intrusive IAEA inspections of nuclear sites and the cessation of production of fissile materials. Although the conference was ultimately criticised for putting too much pressure on Israel and too little on Iran, there was relief

that it produced a substantive consensus outcome document at all.

In December, the IAEA's board approved the creation of the multilateral fuel bank to provide fuel for civilian nuclear use by countries that do not produce it themselves, thus reducing proliferation risks. The European Commission and member states, most notably Germany, had strongly supported this initiative. The board's decision came after pledges for the project passed the \$100 million mark, triggering a promised private donation of \$50 million by US financier Warren Buffett. Although the US and Middle Eastern governments were instrumental in this process, the EU deserves credit for supporting it. Overall, European policies contributed to a moderate but real restoration of faith in the international non-proliferation architecture through 2010, reducing fears of an imminent increase in proliferation activities by insecure governments.

78 EUROPEAN POLICY ON GLOBAL HEALTH

European governments have agreed a new global health strategy, but the financial crisis has placed limits on many member states' funding for multilateral health initiatives.

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

B

In May 2010, the European Council released conclusions on an “EU Role in Global Health” in response to proposals from the European Commission. This is the first formal EU strategy in this area, although previous European agreements on health issues had recognised the need to address global challenges including AIDS and pandemic diseases. There have been growing concerns over poor progress on the health dimensions of the Millennium Development Goals (see also component 79).

The EU’s new strategy emphasises long-term goals – such as gradual reforms of the governance of the World Health Organization (WHO) – and it is too early to assess the EU’s performance against this document. In the meantime, 2010 saw EU member states and the Commission review existing commitments on global health. A gigantic UN conference on AIDS in Vienna in July highlighted that overall funds for fighting the disease had flatlined during the recession, although EU members led by the UK have continued to be important funders (Denmark, the Netherlands, Ireland and

Sweden are particularly generous relative to the size of their economies).

In October, the UN hosted a pledging conference for the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), with a target of at least \$13 billion in pledges. In the event, only \$11.7 billion was committed, and health activists faulted EU members including Italy, Spain and Sweden for making no pledges. By contrast, France was praised for a pledge of over €1 billion, Germany made a €600 million offer, and the Commission significantly increased its pledge. The debate over support to GFATM was complicated in early 2011 by reports of corruption in a small number of projects. The WHO has highlighted that other multilateral health initiatives (including its own work) are markedly underfunded at present, while private foundations and pharmaceutical firms play a growing role in shaping global health spending.

79 EUROPEAN POLICY ON THE MILLENNIUM DEVELOPMENT GOALS

Major EU donors have been criticised for missing aid spending targets. EU efforts to fulfill the MDGs are complicated by a lack of guaranteed funding.

Unity	2/5
Resources	3/5
Outcome	5/10
Total	10/20

C+

The UN's September 2010 summit on the Millennium Development Goals (MDGs) focused attention on the EU's development spending. There was considerable criticism of the EU's overall performance in the first half of the year and OECD figures showed that some European governments, including Germany and Italy had reduced development spending in 2009. The OECD also concluded that limits to European development budgets throughout 2010 would reduce aid flows to Africa in particular. The release of the G8's first accountability report in June showed that France, Germany and especially Italy were missing aid commitments set in 2005, although other member states, including the UK and the Nordic countries, have met their targets.

Foreshadowing the MDG summit, in April the European Commission launched a 12-point action plan to help get the MDGs "back on track". In June, the European Council agreed a detailed action plan for supporting progress on the MDGs up to 2015. In the run-up to the September meeting, the Commission committed €1

billion to helping the neediest countries make progress on the MDGs. Aid NGOs welcomed this, but noted that this was not new money but rather previously unearmarked Commission development funds. More broadly, aid experts have criticised the EU for failing to back up its proposals for advancing the MDGs with a guarantee of necessary funding.

During the September summit, France and Spain emphasised their support for an international financial transactions tax, with the proceeds going to global development, potentially in the health area. Versions of this proposal enjoy support from other EU member states, and the European Parliament voted in favour of the innovation earlier in the year, but the US is wary of the proposal and some economists have queried its potential benefits. In the meantime, few analysts now believe that the world's poorest states – especially those in Africa – can meet the MDGs by 2015.

80 EUROPEAN POLICY IN THE WORLD TRADE ORGANIZATION

Europe scored successes on bilateral free-trade agreements and made a big push for regulatory convergence, but couldn't resuscitate the Doha round.

Unity	5/5
Resources	4/5
Outcome	8/10
Total	17/20

A-

At the World Trade Organization (WTO), EU member states speak with just one voice – that of EU Trade Commissioner Karel De Gucht. The EU has three main objectives: restarting multilateral free-trade negotiations within the Doha framework, pursuing the completion of bilateral free-trade agreements with various trading partners, and pushing for regulatory convergence with the EU's major partners, including the US and, most notably, China.

Although the Doha round is on hold, there were signs of a possible restart, largely initiated by European officials within WTO working groups. Meanwhile, the EU concluded – swiftly by usual standards – a major bilateral trade agreement with South Korea, as well as other bilateral agreements with a group of Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama), and with Peru and Colombia. The EU has also made progress in defending its agricultural interests in bilateral negotiations with the South American trade bloc MERCOSUR. In December, the EU also formally backed

Russia's bid to join the WTO, which is set to take place in 2011. This development highlights the EU's commitment to enhancing the universality and centrality of the WTO as the forum for commercial negotiations.

Europeans are formally united behind their newest objective of regulatory convergence, and although a few member states have some qualms about this approach, they did not undermine European coherence. The EU was also proactive in probing China's practices during the review of its trade policy, which was based on the principle that emerging economies such as India (with which bilateral trade negotiations began in 2010) should not benefit from special treatment. Europeans used their political weight to push for a convergence in regulatory approaches in order to ensure fair-trading practices – an objective shared by Americans but on which the EU is the leading power.