

United States

Overall grade

B-



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|--|---------------|
| TRADE LIBERALISATION AND OVERALL RELATIONSHIP | B |
| 27 Reciprocity on visa procedures with the US | C |
| 28 Relations with the US on terrorism, information sharing and data protection | A |
| 29 Trade and investment disputes with the US | B- |
| 30 Agreement with the US on standards and norms, consumer protection | B |
| COOPERATION ON EUROPEAN SECURITY ISSUES | C+ |
| 31 Relations with the US on counter-terrorism and human rights | C+ |
| 32 Relations with the US on NATO and NATO reform | C- |
| 33 Relations with the US on arms control and Russia | C |
| 34 Relations with the US on the Balkans | B+ |
| COOPERATION ON REGIONAL AND GLOBAL ISSUES | B- |
| 35 Relations with the US on the Middle East peace process | C |
| 36 Relations with the US on Afghanistan | C |
| 37 Relations with the US on Iran and proliferation | A |
| 38 Relations with the US on climate change | B- |
| 39 Relations with the US on global economic and financial reform | C |

While relations between Europe and other great powers are all characterised by a mix of cooperation and competition, transatlantic relations are distinctive because of the overwhelming predominance of the former over the latter. Europe and the US collaborate on a wide range of international issues, both in the Old Continent and in the wider world, and on both economic and political issues. This uniquely dense relationship does not mean, however, that European and American interests are identical, nor that the relationship automatically serves European interests. Apart from the few purely bilateral issues, assessing European performance in dealing with the US is thus largely an exercise in measuring how successful Europeans were in persuading the US to respect their positions and take into account their red lines in joint ventures.

In 2010, Europeans had mixed results in influencing Americans in this way. Mostly, this was because of a lack of unity and coordination; sometimes, it was because they lacked assertiveness and hesitated to affirm and defend European interests. This was compounded by the legacy of the past, which still weighs on some present situations such as European security, where Europeans are divided between NATO members and non-NATO members, by their strategic cultures, and by their views of Russia – all of which ends up consolidating American leadership.

More generally, bilateral relations between individual member states and the US remain very strong – each country claims its own “special relationship” with Washington, as noted in ECFR’s Power Audit of EU-US Relations, which was published in November 2009. This can be an asset – many issues are usefully debated in the so-called Quad format between the US president and the leaders of France, Germany and the UK – but it can also be an obstacle to broader coordination. The events of 2010 also illustrated another particularly unfortunate feature of the EU-US relationship identified in the 2009 Power Audit: the European fetish for meetings and symbols over substance. Although duly warned by American officials that no decision had been taken, the Spanish Presidency informally let it be known that a US-EU summit was planned in Madrid for May 2010, thereby creating the impression of a snub when the White House later decided that President Obama would not attend. The deeper problem, however, is the reason that Obama did not attend: such summits are of little value to the US. The Lisbon Treaty has since streamlined EU representation at such summits, but the lack of US interest in the summit in November 2010 suggests that the EU must go even further. Obama spent most of his time in Europe on NATO issues and wrote to Europeans in an op-ed that he intended to “deepen cooperation with organizations that complement NATO strengths, such as the European Union, the United Nations and the Organization for Security and Cooperation in Europe”.

On bilateral issues, 2010 offered two contrasting examples of European success and failure: data protection (SWIFT) and visa reciprocity. In February 2010, the European Parliament rejected the deal previously made by the European Council to allow the virtually unmonitored transfer to US authorities of personal financial data transiting through the SWIFT system (which is based in Belgium) for anti-terrorism purposes. This rejection caused tension between the EU and the US, and stopped the flow of data for six months, but led in July to a second deal that better protected the privacy and right of redress of Europeans. While there is still some debate about the right balance between security concerns and privacy rights, the forced renegotiation led to an equilibrium that was accepted by both anti-terrorism officials and the European Parliament. This success contrasts with the imposition by the US in 2010 of a fee that accompanies ESTA (the compulsory system of registration to travel to the US), which means that a family of five European tourists must now pay \$70 just to enter the US territory, while Americans pay nothing to visit Europe. EU member states and EU institutions should forcefully demand the withdrawal of this fee and threaten retaliation.

Meanwhile, on European security issues, EU member states are structurally subordinate to the US and therefore generally not able to even define their

common interests. Whether the issue is the future of NATO, the Conventional Forces in Europe (CFE) Treaty, missile defence or relations with Russia, the US leads and a divided Europe follows. The only exception is the Balkans, where past crises have prompted Europeans to get their act together and devote significant resources. There, at least, cooperation with Washington is a two-way street – despite remaining EU divisions.

Unfortunately, this is not the norm for US-Europe cooperation in the wider world. In 2010, Europeans had little or no influence on Americans on issues ranging from the Middle East peace process and Afghanistan to climate change. As a result, they often saw their preferences ignored – even when they could formulate preferences. The one exception is Iran, where Europeans were able to combine close cooperation with Washington on commonly defined non-proliferation goals with a respect for their red lines (on the multilateral process, on extraterritorial sanctions, etc.). Of course, it remains unclear whether this policy driven jointly by Americans and Europeans will ultimately work.

Finally, 2010 was dominated by the aftermath of the economic crisis and the euro crisis. While Europeans and Americans cooperated well in 2009, the economic fortunes of the EU and the US diverged in 2010, leading to different macro-economic policies – in particular, Europeans did not welcome the US stimulus in the form of quantitative easing and the extension of Bush-era tax cuts. However, they had no leverage to change the situation. On the contrary, it was the US that influenced Europeans: during the weekend of 8-9 May, when European leaders created the European Financial Stability Facility (EFSF), Obama called several European leaders to urge them to act decisively. This US pressure was a reminder not only of the intertwined nature of our economies, but also of the inequality of the transatlantic relationship.

27 RECIPROCITY ON VISA PROCEDURES WITH THE US

Some member states still don't enjoy visa-free travel to the US, but they themselves are partly to blame. A more shocking asymmetry is the ESTA fee levied on Europeans at US borders.

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| Unity | 3/5 |
| Resources | 2/5 |
| Outcome | 3/10 |
| Total | 8/20 |

C

While Americans face no specific requirements and no entry costs to visit the EU, Europeans travelling to the US have either to get a costly tourist visa – for citizens of Bulgaria, Cyprus, Poland and Romania – or to pay the \$14 Electronic System of Travel Authorization (ESTA) fee instituted in 2010. However, this striking asymmetry is only in part due to a lack of resolve or solidarity among Europeans.

The four member states that are still not part of the visa-waiver program (VWP) had visa refusal rates and/or overstaying visa rates that were deemed too high by the US to allow admission (Greece, on the other hand, was admitted in spring 2010). Cyprus did not even have biometric passports until the end of 2010. And Washington insisted that Romania and Bulgaria get into the Schengen Area to qualify for the VWP, a somewhat puzzling condition, since requirements for the former are much more stringent than for the latter, non-Schengen European countries such as Ireland and the UK are part of the VWP, and Schengen countries such as Poland are not. More generally, the legacy of past

bilateral deals and resulting asymmetry between the US and the EU, as well as the fear of terrorism on the American side, all contribute to the problem.

There is no justification, however, for the ESTA fee levied on European visitors, which, ironically, is meant to fund the promotion of tourism in the US. Although modest – at least for now – it is objectionable in principle and because no similar fee for Americans exists on the EU side. Several members of the European Parliament have protested about this situation and called for a European ESTA, with or without a fee. However, member states are reluctant in principle to take such a step, and it is difficult to see not only how it would work when visitors cross European borders, but also who would collect and receive the money. Europeans should therefore join forces to ask Washington to drop the ESTA fee altogether for the sake of smooth transatlantic mobility.

28 RELATIONS WITH THE US ON TERRORISM, INFORMATION SHARING AND DATA PROTECTION

Against the wishes of the Council, the Parliament forced the renegotiation of the SWIFT agreement with the US, which resulted in better data protection for EU citizens.

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| Unity | 5/5 |
| Resources | 5/5 |
| Outcome | 8/10 |
| Total | 18/20 |

A

Since 9/11, Americans have stepped up their worldwide monitoring of financial transactions and airline passenger data for counter-terrorism purposes. While Europeans recognise the usefulness of anti-terrorism programmes and the unique role played by the US, they also want to protect their privacy and obtain a similar right of redress as Americans.

2010 was a landmark year in this regard. On 11 February, the European Parliament rejected an agreement previously approved by the European Council that gave the US government broad rights of access to the financial transactions performed through SWIFT, a private cooperative society based in Belgium. This decision suspended the availability of data, opening a six-month “security gap” and setting off a frenzy of lobbying by the US government (including presidential attention and a visit by Vice President Joe Biden to the European Parliament) until a second deal was negotiated and approved by the Parliament. While it did not completely satisfy some, this second deal brought tangible improvements, including conditions and

limits on the availability of SWIFT data, the screening of American demands by Europol, and monitoring by a European official in Washington. The European Parliament used the SWIFT case not just to meet privacy concerns but also to assert its new powers under the Lisbon Treaty – and get recognition in Washington. Many worried about antagonising a major ally and suspending a useful anti-terrorism programme at a time when Europeans have neither the unity nor the capacity to track terrorism financing themselves. But the renegotiation of the deal still brought concrete improvements.

The 2010 record is more mixed on the transfer of airline passenger data (PNR): Americans balked at the renegotiation of the 2007 deal before finally agreeing at the end of 2010. But they continued to show no enthusiasm for discussing an umbrella agreement on data protection.

29 TRADE AND INVESTMENT DISPUTES WITH THE US

While Europeans are generally united on trade and investment issues, there is a lack of solidarity on specific disputes like the EADS case.

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| Unity | 3/5 |
| Resources | 3/5 |
| Outcome | 6/10 |
| Total | 12/20 |

B-

While the US is a major partner in trade and investment, there remain impediments to free trade and investment across the Atlantic, and disputes still capture the headlines. In 2010, on top of various issues at the WTO, and apart from the question of standards and norms (see component 30), there were confrontations about the EADS tanker contract and the “Open Skies” aviation agreement.

EADS, a European company with French, German, Spanish and British stakes, was competing with Boeing to supply \$35 billion worth of refuelling tankers to the US Air Force. After losing the competition in 2008, Boeing protested and new tenders were issued. But they were seen as favouring Boeing, so EADS’s local partner Northrop Grumman dropped out. EADS decided to submit a bid on its own, in spite of fierce “patriotic” attacks against this foreign plane. (It was announced in February 2011 that EADS had lost.) While EU officials lobbied in favour of a fair process and a level playing field for European defence firms, member states other than the four main stakeholders

have not been very concerned, even those with defence equipment to sell to the US. Leaked cables have shown the extensive use of presidential lobbying to help US firms such as Boeing win contracts abroad: European firms cannot claim the same solidarity and clout.

In March, the EU signed a new “Open Skies” aviation agreement with the US. While the 2007 deal had been seen as excessively favourable to the US, the 2010 one is more satisfactory for Europeans. But it still doesn’t include full freedom of investment in the other side’s airlines, or the right of cabotage for European companies (whereas American ones can take passengers from the US to an EU destination, and then to a second one). This disappointing result, however, is not due to a lack of unity or combativeness, but rather to a legacy of past bilateral deals with the US. Still, Europeans should insist on holding further negotiations to reduce the remaining transatlantic imbalance.

30 AGREEMENT WITH THE US ON STANDARDS AND NORMS, CONSUMER PROTECTION

Europeans are generally united to negotiate harmonisation of norms and regulations with the US, and have met occasional success, but they face increased global competition.

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

B

It is critical that Europeans actively negotiate common regulations, standards and norms with Americans. It helps protect European consumers, extends trade and business opportunities for European firms, and creates a common normative power vis-à-vis third countries, in particular China. This objective, however, runs into various obstacles, from divergent social and cultural preferences to entrenched commercial interests.

In 2010, some of the efforts to harmonise regulation on both sides of the Atlantic paid off. In December, the EU and the US signed an important memorandum of understanding on e-health (harmonisation of electronic health records and education programmes for IT and health professionals), in the context of the Transatlantic Economic Council (TEC) – a bilateral body which aims at removing non-tariff barriers to trade through increased regulatory cooperation. But, on other issues, efforts fell short. Results are slow to materialise on consumer protection (product safety, exchange of information on scams or dangerous products for

recalls, etc.) and non-existent on food issues, which remain among the hardest to tackle. Indeed, the TEC process largely stalled in 2010 on the issue of bleached chickens, a practice that is forbidden in Europe. More generally, social and cultural approaches are most divergent on food issues, and neither side has made progress in addressing them – whether the ban on genetically modified meat in Europe or the ban on European beef because of mad-cow disease or on many dairy products because Americans don't accept European standards.

With increased international competition, Europeans and Americans should step up their efforts to benefit their economies and define global norms.

31 RELATIONS WITH THE US ON COUNTER-TERRORISM AND HUMAN RIGHTS

A disunited Europe went from hope in 2009 to disillusion in 2010 about the possibility of getting the US to change its legal practices.

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

C+

Europeans want Americans both to assist them in fighting terrorism and to recommit to the rule of law in their counter-terrorism policies. In the recent years, this latter point has included the closing of the Guantánamo prison, protest against extraordinary rendition and the CIA secret prison network, as well as increased oversight of the use of personal data coming from Europe (see component 28).

Evaluating the quality of transatlantic cooperation on counter-terrorism information and operations is inevitably very difficult because of its secret nature. All major players in this field, including member states, are reluctant to share information with smaller countries, and always prefer strictly bilateral exchanges, some of which are very significant. A good sign of cooperation and solidarity was given in the second half of September, when, based on American intelligence, terrorism-threat alerts were raised in France and Germany.

In 2009, Europeans had been heartened by President Obama's decision to close

the Guantánamo prison. However, 2010 brought a major setback. In May, the US Congress effectively blocked any possible relocation of detainees to the mainland US in the future, making it awkward for Europeans to help by admitting inmates themselves. This increased divisions and confusion among member states: some refused to take Guantánamo prisoners out of principle (including Austria and Denmark) or for legal reasons (including Poland and Romania); others asked for help or compensation on other issues in return (including Bulgaria and Latvia); and others still took some inmates to show solidarity for or encourage the new administration (including Belgium and Italy). More generally, Obama has found it very difficult to break with the Bush legacy (for example, on the use of military tribunals). The joint declaration signed in Luxembourg on 3 June, which reaffirmed the transatlantic partnership in combating terrorism while respecting the rule of law, falls short of the binding set of principles sought by Europeans.

32 RELATIONS WITH THE US ON NATO AND NATO REFORM

EU countries which are part of NATO have few objectives in common and sometimes even conflicting objectives, leaving the United States preside over NATO and European security.

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| Unity | 2/5 |
| Resources | 2/5 |
| Outcome | 3/10 |
| Total | 7/20 |

C-

Given that six member states are not members of NATO, the EU cannot have a truly common position vis-à-vis the organisation, in the sense of shared objectives for European security that would be negotiated with the US within NATO. The EU itself does not take an official position on NATO questions such as the 2010 Strategic Concept. EU countries that are members of NATO could with that caveat conceivably defend a “European position”, but they are divided over many fundamental issues regarding their own security, leaving Washington in the driver’s seat of the organisation. Because Europeans have not identified common interests in NATO reform, it is difficult to evaluate their performance.

Indeed, in 2010, there was little agreement on the priorities for NATO reform and the new Strategic Concept. Central and eastern European countries insisted with the US on reassurance vis-à-vis Russia, following up on the secret defence plan “Eagle Guardian” revealed by WikiLeaks, while Western Europeans insisted on a conciliatory tone with Moscow. Germany and other countries

questioned the presence and relevance of American tactical nuclear weapons on European soil, but that position was disputed by France and others in the run-up to the Lisbon summit in November. Europeans also maintained a half-hearted commitment to NATO expeditionary missions such as Afghanistan, and acquiesced to American preferences on cyber security and missile defence.

More generally, Americans have pretty much defined the agenda for reform and the direction taken by NATO in 2010, as in years gone by. Because of the economic crisis, most European countries decreased their defence expenditures, which led to a collective admonishment of NATO allies by the US Secretary of Defense Robert Gates in February. Gates also abolished the US Joint Forces Command in Norfolk, Virginia, leaving its NATO counterpart (the Allied Command Transformation) with no American equivalent. Europeans mostly want American protection under NATO and they get it – but they are dependent and subordinate actors in their own security.

33 RELATIONS WITH THE US ON ARMS CONTROL AND RUSSIA

EU countries do not define the terms of European security: their divisions leave Americans in the driver's seat, including when crucial security relations with Russia are concerned.

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| Unity | 2/5 |
| Resources | 2/5 |
| Outcome | 4/10 |
| Total | 8/20 |

C

America looms large in European security architecture – not only through NATO (see component 32), but also as a military power in its own right. While the US, Russia and the EU seem to form a strategic triangle, European preferences are of secondary importance in US-EU deliberations because member states lack unity and have few strong objectives in common. Above all, they differ on their approach to Russia.

In 2009, most member states welcomed the Obama administration's decision to replace the Bush missile defence plan with the Phased Adaptive Approach – a move, however, that was not chiefly motivated by European pressure. In 2010, European views have tended to converge, with France dropping its objections about the risk for deterrence, and central and eastern European countries dropping theirs about the inclusion of Russia, which had been advocated most forcefully by Germany. The whole issue moved into NATO at the Lisbon summit, and an offer to participate was extended to Russia. Europeans also jointly pushed the US Congress to ratify the New START Treaty in the hope of

encouraging the “reset” policy with Russia. They also supported the US effort to revise the Conventional Forces in Europe (CFE) Treaty, although they differed on priorities (flanks for Eastern European countries, host-nation consent for the Baltic states, or confidence measures for countries such as the UK and France).

Still lacking, however, is an independent and common EU position on European security architecture. The German and French attempts to redefine relations with Russia at the June 2010 Merkel–Medvedev summit in Meseberg and the trilateral summit in Deauville in October are a good start. However, they do not yet represent an EU consensus, have not yet delivered results on existing disputes, and have been criticised by Washington for their exclusivity.

34 RELATIONS WITH THE US ON THE BALKANS

Europeans receive excellent cooperation from the US despite their own disagreements. But their lack of unity prevents the EU from taking the larger leadership role to it aspires.

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| Unity | 3/5 |
| Resources | 4/5 |
| Outcome | 7/10 |
| Total | 14/20 |

B+

Getting American cooperation on the Western Balkans and presenting a united front enhances the ability and credibility of EU countries in promoting stability there – especially vis-à-vis Bosnian Muslims or Kosovo Albanians – and transatlantic cooperation has worked well in this regard during recent years. A second, more long-term objective is to gradually decrease US involvement in the Balkans. While officially welcomed in Washington, this objective runs counter to its impulse to keep things under American control and its scepticism about whether Europeans can handle the situation on their own.

Although cooperation has been good on Bosnia and Herzegovina (BiH) in 2010, Americans have disagreed with most Europeans on closing the Office of the High Representative (OHR) and replacing it with an EU Special Representative. Doing so would move BiH from international trusteeship towards greater independence and eventual EU membership. However, the failure of the Butmir constitutional reform process, launched by the US and the EU in 2009, and the murky results of the

October 2010 elections, have dampened European enthusiasm. On Kosovo, the US is cooperative (800 American soldiers are part of KFOR, and a few dozen Americans even serve in EULEX, the EU's rule-of-law mission) and supported Brussels in its successful attempt to get Serbia to tone down its UN General Assembly resolution. More generally, American officials like Deputy Secretary of State James B. Steinberg coordinate closely with their EU counterparts when dealing with the region.

However, cooperation with the US – for example, on the reach of the EULEX mission – is hampered by the decision of five EU countries (Cyprus, Greece, Romania, Spain and Slovakia) to not recognise Kosovo's independence. While they generally abstain rather than obstruct, their position reinforces American misgivings about letting Europeans take full leadership. Similarly, persistent Greek objections to Macedonia's name make it impossible to move the country towards EU or NATO membership and damages EU credibility.

35 RELATIONS WITH THE US ON THE MIDDLE EAST PEACE PROCESS

Europeans have little impact on American policies towards Israel and the peace process. Beyond their superficial unity, they disagree on the means to back up their objectives.

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| Unity | 3/5 |
| Resources | 3/5 |
| Outcome | 2/10 |
| Total | 8/20 |

C

The Israeli-Palestinian conflict is one of the most prominent international issues in Europe and resonates domestically in many member states. Given the role assumed by Americans, it is therefore on the front burner of transatlantic relations. But while Europeans as a whole give about €1 billion per year to the Palestinian Authority and are part of the Quartet, they have little real impact on the peace process because they are unable to influence Israel or even the US. In 2010, their objectives included getting the US to be more forceful in getting negotiations restarted and more balanced in its position as deal broker; to encourage Israel to discontinue the Gaza blockade (see component 59); to get Israel to freeze the building of settlements; and to agree to a larger role for the Quartet.

In the first half of 2010, Europeans highlighted the critical humanitarian situation in Gaza and tried to get Americans to push for the lifting of the blockade. The true game-changer, however, was the flotilla incident in May. Europeans followed up by insisting with Americans on the necessity to conduct an independent

investigation and change the blockade regime for Gaza. The role of the Quartet remained secondary in 2010: for example, US Secretary of State Hillary Clinton distorted the agreed Quartet communiqué when announcing the resumption of direct talks on 20 August by adding the words “without preconditions” (the necessity for Israelis to freeze settlements).

European officials of all countries regularly raise the Middle East peace process with their American counterparts, but have little to show for it. Options to increase European leverage, both with the US and Israel, are limited by a lack of political consensus. In spite of appeals such as the petition by 26 former European officials to set a deadline to Israel on settlements, EU member states are not ready to put substantial political resources behind their position on Israel.

36 RELATIONS WITH THE US ON AFGHANISTAN

While they are expending significant troops and treasure in Afghanistan alongside the US, Europeans do not have their own strategy and the cooperation is entirely driven by Washington.

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| Unity | 4/5 |
| Resources | 2/5 |
| Outcome | 2/10 |
| Total | 8/20 |

C

EU institutions and virtually all member states are involved in Afghanistan. Collectively, they spend around €1 billion annually, they launched an EU police mission (EUPOL-Afghanistan) in 2007 (see component 63), and many are involved in a shooting war through NATO operations. Still, there is no strong common European vision for the region and there are no substantial objectives that Europeans want to get from their cooperation with Americans. Europeans are, in general, united: at a superficial level by their stated objective of “Afghanization” of governance and security, as outlined at the January 2010 London Conference; at a more profound level by their primary motivation for being in Afghanistan (largely as a sop to their American ally); and most importantly by their desire to leave as soon as it is politically feasible, given the pressure of public opinion.

A few years ago, most Europeans were pushing Americans in various directions – for example, towards a regional approach and an emphasis on development, with more attention given to the protection

of civilian populations, etc. These recommendations were at least partly followed by the US and included in the new American strategy announced in 2009 – but many observers pointed out that they came too late. In 2010, the military operations were largely Americanized by the surge, which has marginalised European influence, and the EUPOL mission has had little, if any, benefit. There is now a soft consensus among Europeans to stay the course, deflect new American demands (Europeans reacted positively to the surge but provided significantly less than the 10,000 troops asked for by the US), and hope to be politically able to leave the country in 2014. In other words, in spite of the significant efforts Europeans have made in Afghanistan, the cooperation with Washington is largely driven by Washington.

37 RELATIONS WITH THE US ON IRAN AND PROLIFERATION

In their cooperation with Americans, Europeans managed to put pressure on Iran while making sure their red lines were respected.

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| Unity | 5/5 |
| Resources | 5/5 |
| Outcome | 8/10 |
| Total | 18/20 |

A

In 2010, Europeans were able to maintain a united front with Americans on Iran, the most prominent case of nuclear proliferation, to further their objectives. They jointly insisted that Tehran observe its obligations under the Non-Proliferation Treaty (NPT) and comply with UN resolutions asking for the end of uranium enrichment. But in the context of this cooperation, Europeans also had three specific objectives vis-à-vis Americans: to increase both sanctions and incentives; to go through the multilateral process rather than a purely transatlantic format, in spite of the added delay and necessary concessions to Russia and China; and to prevent the imposition by the US of extraterritorial sanctions, which they opposed both out of principle and in order to protect European firms.

Europeans met most of these objectives. They worked with Americans within the UN framework and, on 9 June, the Security Council adopted Resolution 1929. Although it was not unanimous (Turkey and Brazil voted against it), and was watered down, the resolution provided

the EU and the US with the legitimacy they needed to enact their own harsher measures against Iran – which the EU did on 26 July. Earlier in the year, High Representative Catherine Ashton strongly protested against bills in Congress that threatened extraterritorial sanctions for companies that supply gasoline to Iran. The bills were not enacted but, in September, several European companies pledged to end their investments in Iran and avoid new activity in the country’s energy sector, thereby reducing tensions and satisfying governments on both sides.

If they were remarkably united on Iran, with a leading role for Ashton in negotiations with Tehran, Europeans were also united and effective at working with Americans at the NPT Review Conference in May, which produced a satisfying result. However, on the other main case of nuclear proliferation – North Korea – they were largely absent (see component 9).

38 RELATIONS WITH THE US ON CLIMATE CHANGE

A united Europe has tried its best to encourage the US to do more on climate change, but their leverage on the US Congress remains very limited. 2010 has been a year of disappointment.

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| Unity | 5/5 |
| Resources | 4/5 |
| Outcome | 2/10 |
| Total | 11/20 |

B-

The United States, the second-largest emitter of CO₂ and a key player in international negotiations, is the primary target of influence for Europeans, who have made climate change a flagship issue. After eight years of frustration under President George W. Bush and one year of patience under President Obama, the EU's primary objective in 2010 was to see the US pass climate change legislation, including a cap-and-trade scheme.

In spite of nuances in strategy, Europeans were remarkably united in their efforts. Visits on this issue by the Spanish Presidency, EU parliamentarians and the Commissioner for Climate Action Connie Hedegaard were complemented by bilateral efforts at the executive and legislative level (including the UK, Denmark and Ireland). Initiatives towards federal agencies, states and municipalities, the major industries and the general public have been undertaken by France, Germany and the Netherlands, in particular. But the main actor in 2010 – Congress – is also the hardest to influence. In July, Senate Majority Leader Harry Reid declared that

there would be no legislation in 2010; the results of the mid-term elections ensured that cap-and-trade legislation would have to wait until 2013 at best.

This major setback for Europeans is to some extent compensated by their good relationship with the Obama administration, which is trying to attain its reduction goals through regulation and played a constructive role in the UN negotiations in Cancún. Europeans have also protected the inclusion of all flights to Europe in their Emission Trading Scheme at the International Civil Aviation Organization Assembly, in spite of a challenge by US airlines.

Unfortunately, there is little scope for Europeans to increase their leverage on this issue. Contacts with the executive branch are already dense, and more lobbying on Capitol Hill would rapidly prove counterproductive. Public diplomacy and people-to-people contacts could, however, slightly improve the outlook after the 2012 presidential election.

39 RELATIONS WITH THE US ON GLOBAL ECONOMIC AND FINANCIAL REFORM

Europeans had little influence on US national and global economic policy and its regulatory reform, and found themselves outmanoeuvred by Washington at the IMF and the World Bank.

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| Unity | 2/5 |
| Resources | 2/5 |
| Outcome | 4/10 |
| Total | 8/20 |

C

In the aftermath of the 2008-2009 crisis, Europeans have had several objectives vis-à-vis Americans regarding the stewardship of international financial institutions and the global economy, but exerted little influence on the US in 2010.

On macro-economic policies, Europeans insisted on reducing deficits and debt, while Americans defended the need for a continued stimulus of the economy. The two sides came to a half-way compromise at the G20 Toronto summit in June. However, its non-binding nature was highlighted in November, when the Federal Reserve launched its first round of quantitative easing, an initiative strongly criticised by Europeans, and again in December, when the Obama administration agreed to extend the Bush-era tax cuts – in effect, a new stimulus.

On financial regulatory reform, transatlantic coordination is key to setting global norms. However, member states were divided on a range of issues: while some such as the UK focused on improving liquidity and capital standards, others such

as France and Germany said they wanted an expansion of regulation of hedge funds and the private-equity sector. Differences such as these contributed to a lack of focus and the limited overall impact on the US. However, through close contact with the various global regulatory forums, Europeans did have some influence on the Treasury Department's original draft of the Dodd-Frank Act, which was passed in July.

Lastly, Europeans failed to present a united front to Americans and emerging economies on reform of the IMF and the World Bank, and were in effect forced by the US to cede two seats at the IMF board without a significant concession in return (for example, on its veto right or its World Bank directorship) and without progress on the global package of governance reform they were seeking (see component 69).