

Research Paper

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# The EU's Crisis of Governance and European Foreign Policy



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## Summary

- The three major crises the EU has faced since 2009 – concerning the euro, migration and Brexit – reflect a broader crisis of its intergovernmental governance. Governance limitations, along with fast-changing international and regional conditions, have complicated the conduct of EU foreign policy and made it largely ineffective in responding to external challenges and engaging effectively in its neighbourhood.
- There are a number of negative spillover effects of this crisis of governance: a disproportionate focus in the European Council and among political elites on internal EU matters to the detriment of political attention to external foreign policy issues; a more challenging political and public opinion environment that opposes greater involvement abroad; constrained resources for international engagement; and commercialization of national foreign policies.
- These difficulties are compounded by a stronger focus on immediate respective national goals and a decrease of trust between states. Member states still value the EU as an amplifier of national capabilities, but more on a case-by-case or ad hoc basis.
- As a response to these developments, the EU must adapt its foreign policymaking processes. It must find ways to integrate long-term strategic debates into European Council deliberations and build on the expertise that its expanded and variegated membership has to offer.
- It should also clarify the division of labour between the European External Action Service and the European Council, with the former acting as its main diplomatic operator and the latter as the prime locus of political authority.
- Following the United Kingdom's decision to leave the EU, new ways must also be considered to keep the country engaged on foreign policy issues.

# 1. Introduction

The advent of a perpetual state of crisis in the European Union coincided with an important milestone for EU foreign policy: the entry into force of the Treaty of Lisbon in 2009 that created the post of the High Representative of the Union for Foreign and Security Policy and the European External Action Service (EEAS), in effect an EU diplomatic service. In the same year the euro crisis erupted, a number of eurozone members came very close to insolvency and the EU had to institute bailouts that forced them to introduce strict austerity and reform programmes. As a result, new divides – between debtors and creditors, North and South – appeared to complicate the conduct of EU foreign policy precisely at the time when the Union hoped to become a more effective and coherent global actor.

Just when Grexit – Greek exit from the single currency or even the EU – had been narrowly averted in the summer of 2015, the refugee crisis tested the resilience of the Schengen system of free movement and threatened the unity between member states: here, too, new divides appeared, this time between frontline and destination states and between West and East. A year later, the state of crisis culminated in Brexit: the first-ever popular vote in a member state to leave the Union altogether.

The succession of crises has not altered the approach of member states to the framework of a common EU foreign policy. But the EU is now confronted by a *crisis of intergovernmental governance* that has complicated its ability to pursue a more united and effective foreign policy. Member states now have much reduced space to agree on common foreign policy positions that do not directly support or reflect immediate national interests, despite their willingness to maintain a common framework and use it as an amplifier of those interests.

This paper defines the characteristics of this crisis of intergovernmental governance and identifies five effects it has had on EU foreign policy: a disproportionate focus in the European Council and among political elites on internal EU matters to the detriment of political attention to external foreign policy issues; a more restrictive political and public opinion environment that opposes greater involvement abroad; constrained resources for international engagement; and the growing commercialization of national foreign policies. These effects significantly complicate the terms under which national foreign policies engage with the common EU framework.

The paper starts by taking stock of political developments in the last few years, especially in relations between the EU and its neighbourhood, understood here as including the area covered by the EU's official neighbourhood policy (ENP) as well as actors that influence the EU's strategic surroundings (e.g. Russia or countries with a bearing on politics of the Middle East like Turkey). It identifies developments that affect the political context within which European foreign policy is designed and implemented, demonstrating how these play out in intergovernmental dynamics between European states. It concludes by suggesting practical ways forward to facilitate more effective formulation and conduct of foreign policy by the EU and its member states in light of contemporary challenges.

## 2. State of Play

Even before the onset of the eurozone crisis, EU foreign policy could be described as an area of careful compromise and slow decision-making. On the one hand, member states consider foreign policy to be the ultimate demonstration of their national sovereignty and it is consequently the area where they are most zealous about preserving their independence. Relations became ever more complicated as EU membership expanded and the variety of national interests, preferences, priorities and strategic traditions in the Union increased.

But member states have always seen value in closer cooperation and in the development of common European capacities and instruments of foreign policy.<sup>1</sup> Like European integration as a whole, EU foreign policy is a process that has considerations of national interest at its heart. The intention is to manage mistrust and antagonisms in order to enjoy the benefits of coordination on a larger scale. The foreign policy provisions of the Treaty of Lisbon tried to reconcile the range of national approaches with the need for more effective coordination from the centre. But the actual practice of EU foreign policy shows that its ambitious goals have not been achieved.

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Since 2010, the EU has had a mixed foreign policy record, particularly in its neighbourhood. It proved to be largely irrelevant politically and strategically during the Arab Spring (with the partial exception of the 2011 intervention in Libya, although this was not strictly EU-led). It has played an important role in the Ukraine crisis, even though its chronic incapacity to think strategically about its relationship with Russia certainly contributed to the crisis. On the whole, however, the EU has projected an image of a divided political actor with multiple voices coming together at the last moment – even in cases of success, such as the implementation and renewal of sanctions against Russia.<sup>2</sup>

These failures are due to more than the traditional weaknesses of the EU's foreign policy, which the Treaty of Lisbon only partly addressed. Neither is the succession of crises that has recently burdened the 'domestic' context of EU foreign policy only the result of bad fortune. The eurozone crisis and the refugee crisis reflect the limits of common action by the EU when it relies almost exclusively on voluntary coordination between national governments. Voluntary coordination between governments has been the dominant mode of integration since the early 1990s.<sup>3</sup> As a result, sophisticated schemes in areas like monetary policy or freedom of movement have been created on the basis of mechanisms of decision-making that are unsuitable for dealing with external shocks.

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<sup>1</sup> For a general overview of the relationship between national foreign policies and the EU before the eurozone crisis see Wong, R. and Hill, C. (eds) (2012), *National and European Foreign Policies: Towards Europeanization*, New York: Routledge.

<sup>2</sup> Barker, A. and Spiegel, P. (2015), 'Push to Extend Russia Sanctions Reveals EU Rift', *Financial Times*, 16 March 2015, <https://www.ft.com/content/d9020b1c-cbf5-11e4-beca-00144feab7de> (accessed 16 Sep. 2016).

<sup>3</sup> Bickerton, C. J., Hodson, D. and Puetter, U. (2015), 'The New Intergovernmentalism: European Integration in the Post-Maastricht Era', *Journal of Common Market Studies*, 53(4), pp. 703–22, doi: 10.1111/jcms.12212 (accessed 16 Sep. 2016).

In other words, instead of multiple 'crises', which create the impression of happenstance, it is more accurate to speak of one general crisis: that of the EU's mode of intergovernmental governance, which relies on deep and embedded coordination of national policies, but leaves the collective political will of national governments, as opposed to supranational institutions, as the main locus of decision-making and source of legitimacy.

Thus the inability to manage public debt centrally or to equilibrate the monetary union fiscally has transformed crisis management in the eurozone into an intergovernmental bargain determined by power differentials and clashes of interests between member states.<sup>4</sup> Similarly, the design of the Schengen area is based on embedded and institutionalized cooperation between national governments rather than on strong supranational institutions. Internal disagreements have burst to the fore in the management of the refugee crisis, with EU members failing to align (or doing so grudgingly) on the relocation and resettlement of refugees, negotiations with Turkey over the control of refugee flows, and the management of the Western Balkan corridor. In the absence of a central asylum policy and relocation process by which all states must abide, the refugee crisis ended up intensifying differences between national governments in Europe.<sup>5</sup>

Thanks to the predominance after the treaty of Maastricht of modes of integration and policy-making that rely on deep cooperation and close coordination of national policies, the European Council gradually acquired the role of a 'political executive of the Union' (a role that was officially acknowledged in the Treaty of Lisbon, where it formally became an EU institution). The European Council, as a reflection of intergovernmental dynamics, is of course also ultimately responsible for the political direction of common foreign and security policy (CFSP). This has made EU foreign policy even more susceptible to the kinds of pressures that the eurozone (and later the refugee) crisis revealed, namely what Sergio Fabbrini calls 'distinct national temperaments and contingent domestic electoral perspectives' and 'contrasting and changing preferences' between states.<sup>6</sup>

While the degree of institutionalized cooperation in EU foreign policy is much smaller than in the eurozone, aspects of the crisis of intergovernmental governance determine the effectiveness of foreign policy as well: the willingness of governments to cooperate, the interplay between the EU and domestic public opinion, and shifting allegiances between states or groups of states. Even though there are few direct institutional linkages between foreign policy and other policy areas, this governance crisis has a substantial impact on the functioning of a policy area that relies so much on balances and agreement between national governments.

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<sup>4</sup> Fabbrini, S. (2013), 'Intergovernmentalism and its Limits: Assessing the European Union's Answer to the Euro Crisis', *Comparative Political Studies*, 46(9), pp. 1003–29, doi: 10.1177/0010414013489502 (accessed 16 Sep. 2016).

<sup>5</sup> Chrysogelos, A. (2015), 'The EU's Crisis within a Crisis', *EU Observer*, 25 November 2015, <https://euobserver.com/opinion/131233> (accessed 2 Feb. 2016).

<sup>6</sup> Fabbrini, S. (2014), 'The European Union and the Libya Crisis', *International Politics*, 51, pp. 177–195, doi: <http://dx.doi.org/10.2139/ssrn.2423286> (accessed 16 Sep. 2016).

### 3. Effects of the Crisis of Intergovernmental Governance on EU Foreign Policy

#### The strategic future of the EU

The eurozone crisis turned internal EU institutional matters into wider questions of strategic significance for the Union. After a long period when the EU was considered a domestic issue for European polities, it became a national foreign policy priority, as the EU and intra-European relations acquired renewed diplomatic importance. A major part of European foreign policy and diplomacy is now directed internally, to other partners inside the EU, crowding out international concerns from national foreign policies and ultimately affecting EU priorities as a whole.<sup>7</sup>

The frequent references to the 'vision' of German Chancellor Angela Merkel and Finance Minister Wolfgang Schäuble for the eurozone, in the aftermath of the painful Greek bailout negotiations in July 2015, are an indication that whatever long-term strategic thinking is taking place in the EU is now primarily devoted to internal European issues.<sup>8</sup> Daniel Fiott has argued that France's single most important national security issue is 'the European balance of power'.<sup>9</sup> And for the next few years one member state – the United Kingdom – will explicitly approach the EU as a space of geopolitical balancing as it tries to negotiate a new relationship before leaving.

As noted earlier, the combination of the eurozone and the refugee crises has widened Europe's rifts. While the eurozone crisis pitted North against South, the refugee crisis continues to entrench a West–East split that has never been fully bridged in the years since the 2004 enlargement of the Union. Both have unleashed a jostling for influence between member states as well as a contestation over the future shape and nature of the Union. The revival of the Visegrád grouping of four central European states is emblematic of these newly emergent divisions, as it aims explicitly to counter the EU's management of the refugee crisis, as well as infusing new 'values' into EU integration. Such a fractured political organization is obviously a weakened international actor.

The EU cannot take a leave of absence from international affairs when security challenges proliferate, especially in its neighbourhood. A reassuring argument heard in policymaking circles in Brussels is that the EU is going through a necessary period of turbulence as it tries to 'put its house in order' in order to emerge as a serious player internationally.<sup>10</sup> But there is no guarantee that this process will lead to a stronger EU, or that outstanding institutional issues will be resolved any time soon. The 'notion that all this is a cathartic experience is far too optimistic'.<sup>11</sup>

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<sup>7</sup> Interview with EU foreign policy expert, London, 15 May 2015.

<sup>8</sup> See for example Speck, U. (2015), 'The Greek Crisis: What's Germany up to?' *EU Observer*, 28 July 2015, <https://euobserver.com/opinion/129785> (accessed 13 Aug. 2015).

<sup>9</sup> Fiott, D. (2015), 'Is France Taking a Strategic Holiday?' *European Geostrategy*, 31 May 2015, <http://www.europeangeostrategy.org/2015/05/is-france-taking-a-strategic-holiday/> (accessed 13 Aug. 2015).

<sup>10</sup> Interview with EU diplomat, EEAS Strategic Planning Division, Brussels, 11 May 2015.

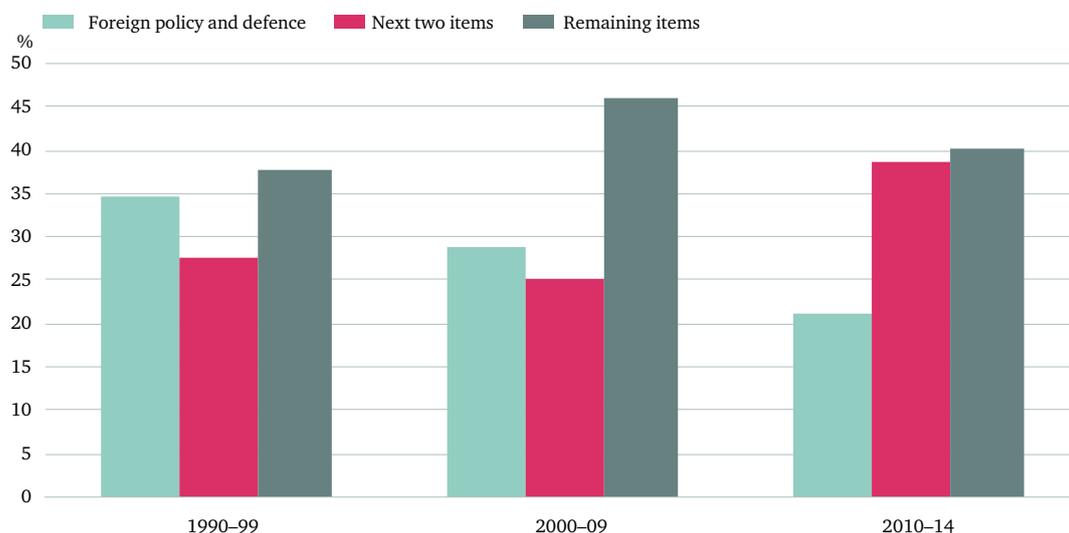
<sup>11</sup> Interview with EU foreign policy expert, London, 15 May 2015.

## Limited bandwidth: the reduced political attention available for foreign policy

For Europe's leaders, crisis management has been a big drain on time, energy and resources and has limited their capacity to focus on other foreign policy issues. This can be seen by measuring the attention given to political issues at the European Council, based on data since 1990.<sup>12</sup> Foreign policy was the single most important item in the conclusions of EU summits in all but two years in the 1990s and two years in the 2000s. In the mid-2000s, external relations fatigue began to set in but the tendency for attention to move away from foreign policy became stronger in 2010, 2011 and 2012. During this time, macroeconomic issues superseded foreign policy as the most important challenge EU leaders faced (see Appendix).

Elsewhere, analysis of the same dataset shows that in the period 2010–14 overall attention to foreign policy in European Council conclusions (15 per cent) was lower than in any other five-year period, a shift chiefly attributable to a rise in the discussion of economic issues. This is evident both in the attention to macroeconomics in 2010–14 (25 per cent versus just 11 per cent in 2005–09) and in the new-found focus on business and financial issues. Attention to defence issues in 2010–14 (at 3 per cent) was also lower than the average since 1975 (4.61 per cent). Finally, mentions of foreign policy issues in European Council conclusions in 2010–14 were overwhelmingly concerned with 'newly erupting' emergencies in the neighbourhood, often to the detriment of long-standing security concerns.<sup>13</sup>

**Figure 1: Attention to political issues in European Council conclusions 1990–2014 (%)**

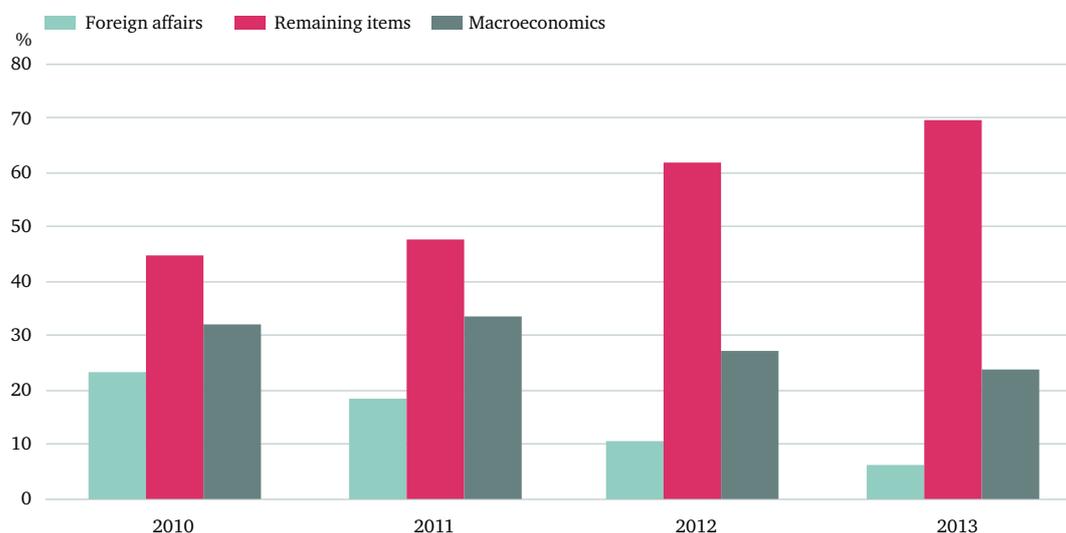


Source: Author's calculations based on data from the European Council Conclusions Dataset, <http://euagendas.weebly.com/data.html>.

<sup>12</sup> This measure of political attention is based on coding of sentences in the texts of European Council conclusions. See Alexandrova, P., Carammia, M. and Timmermans, A. (2014), 'Measuring the European Council Agenda: Introducing a New Approach and Dataset', *European Union Politics*, 15(1), pp. 152–67, doi: 10.1177/1465116513509124 (accessed 16 Sep. 2016). The data can be found at <http://euagendas.weebly.com/data.html>.

<sup>13</sup> Alexandrova, P. (2015), *Analysis of Agenda Setting in the European Council, 2009–2014*. Brussels: European Parliament Research Service, especially pp. 38–49. One caveat to the above conclusions is that references to foreign affairs increase if one takes into account mentions in other policy areas with external dimensions such as energy, the environment or civil rights (migration).

**Figure 2: Attention to foreign affairs and macroeconomics in European Council conclusions 2010–13 (%)**



Source: Author's calculations based on data from the European Council Conclusions Dataset, <http://euagendas.weebly.com/data.html>.

All this has had some very practical repercussions for Europe's capacity to anticipate and plan strategically for foreign policy developments. Already, in 2011, observers of EU foreign policy noted that 'the long-running euro crisis ... has drained attention from foreign policy in general, meaning that high-level officials and politicians have less time to devote to foreign policy issues (particularly those that are not crises themselves – such as Libya in 2011), and are much more aware of budgetary constraints on resources'.<sup>14</sup> Just two years later the EU found itself enmeshed in the Ukraine crisis where, as a House of Lords report put it, '[a]n element of "sleep-walking" was evident in the run-up to the crisis ... Collectively [the EU] underestimated the depth of Russian hostility towards the Association Agreement'.<sup>15</sup> Today the EU is facing a major refugee crisis that was not anticipated despite warnings by humanitarian agencies in and around Syria.

While the nature of the EU foreign policy system has always meant that little long-term strategic thinking was undertaken, it seems that the situation worsened during the eurozone crisis. The refugee crisis exacerbated this tendency in a different way: the EU was forced to think about its external environment and its relationship with a strong partner (Turkey), but it did so in a reactive and ad hoc way. This crisis management is qualitatively different from strategic thinking and does not lead to optimism that Europe will be better prepared for the next foreign policy challenge. Finally, negotiations with the UK about the terms of its exit are also expected to eat up considerable time and energy in meetings of EU leaders in the coming years – yet another distraction from long-standing international challenges.

<sup>14</sup> Smith, K. E. (2012), 'European Union Foreign Policy after Lisbon: Five Lessons Learned from a Series of Roundtables', London School of Economics European Union Foreign Policy Unit, Working Paper 1/2012, London: LSE, p. 3.

<sup>15</sup> House of Lords (2015), *The EU and Russia: Before and beyond the Crisis in Ukraine*, London: House of Lords – European Union Committee, 6th Report of Session 2014–15, pp. 63–64 (see also the preceding analysis).

## Upheaval in national party politics and public opinion

Populism and radicalism were pervasive features of the politics of many European countries before 2009. But the economic crisis substantially strengthened the appeal of such parties in countries where they already existed (the Front National in France, Lega Nord in Italy, Sinn Fein in Ireland, Syriza in Greece), while it helped spawn formidable populist parties in countries where they had not existed beforehand (Podemos in Spain and the Finns in Finland).<sup>16</sup> Despite not always embracing the same ideological traditions, most populist parties display a common strain of foreign policy thinking.<sup>17</sup> All of them are Eurosceptic and therefore oppose basic aspects of CFSP. Most are (for a variety of ideological reasons) also anti-American and frequently pro-Russian.<sup>18</sup> Even though foreign policy is usually a low-salience issue for these parties, foreign policymakers acknowledge that the rise of populists has an impact on their work.<sup>19</sup>

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If the economic crisis contributed to the strengthening or the emergence of populist anti-austerity parties in the South and anti-bailout parties in the North, the refugee crisis has also helped the growth of populism, especially on the right. Its impact is most notable in the political arenas of central and east European countries, where this topic is particularly salient. Extremist parties gained in strength in elections in Slovakia, while the candidate of the radical right almost won the presidential election in Austria – though this result was later annulled and the election is to be rerun in December 2016.

The international dimension of the refugee issue – touching upon the EU's neighbourhood policy and its relations with Turkey – gives populist parties an opportunity to deploy more assertively their vision of world politics, which is anti-EU, against liberal international governance and (in most cases) authoritarian and nationalistic. Yet in many respects there are continuities between anti-euro and anti-refugee politics. Popular reactions in Germany and elsewhere to refugee inflows cannot be seen in isolation from the disillusionment with political elites over austerity and intra-EU squabbling. The AfD party in Germany, for example, was formed to fight the euro but has seamlessly become a vehicle for anti-refugee sentiment.

Polling shows public opinion in all members being very much in favour of a 'common foreign policy of the 28 member states of the EU' (the formulation of Eurobarometer's relevant question). Yet it is parties, not opinion polling, which translate public attitudes into policies. The increase in populist and Eurosceptic party strength creates a mismatch between public attitudes towards a common EU foreign policy that is broadly supported in principle, and in opposition to CFSP and various aspects of the EU's international presence in national party politics.

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<sup>16</sup> Relevant academic research has shown that populists have grown particularly where economic malaise has been coupled with crises of trust in the existing political system. See most recently Kriesi, H. and Pappas, T. (eds) (2015), *European Populism in the Shadow of the Great Recession*, Colchester: ECPR Press.

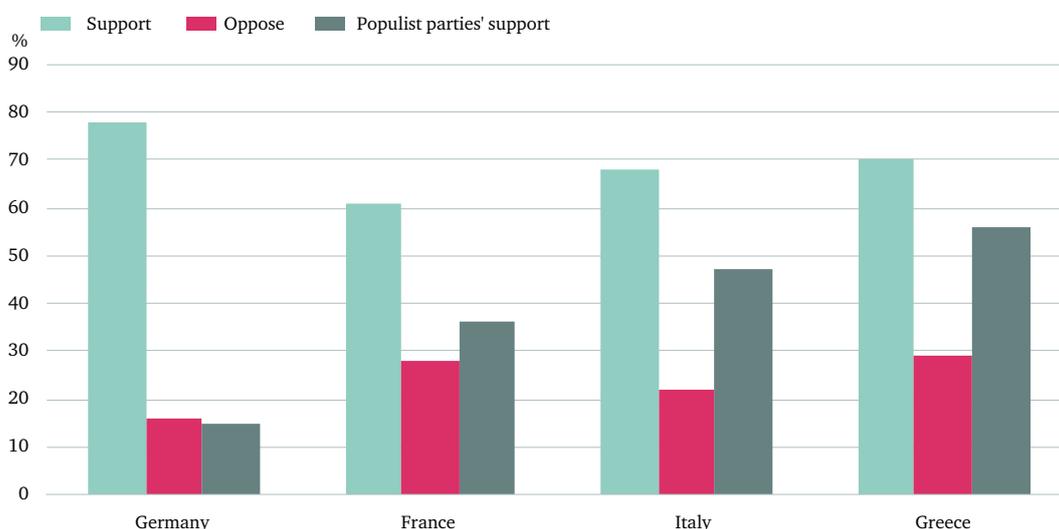
<sup>17</sup> Chrysogelos, A. S. (2010), 'Undermining the West from Within: European Populists, the US and Russia', *European View*, 9, pp. 267–77, doi: 10.1007/s12290-010-0135-1 (accessed 16 Sep. 2016).

<sup>18</sup> Chrysogelos, A. S. (2014), 'Vladimir Putin's Popularity among Populist Parties in Europe Illustrates the Depth of the Challenges Facing European Democracy', *EUROPP* blog, 14 May 2014, <http://blogs.lse.ac.uk/europpblog/2014/05/14/vladimir-putins-popularity-among-populist-parties-in-europe-illustrates-the-depth-of-the-challenges-facing-european-democracy/> (accessed 13 Aug. 2015).

<sup>19</sup> Phone interview with EU diplomat, EU delegation in an Eastern Partnership state, 8 May 2015.

Figure 3 compares the findings of the Eurobarometer of spring 2015 with different expressions of mass political preferences around the same time (opinion polling in Germany and Italy, election results in Greece and France), and shows how the party system may misrepresent, or exaggerate, opposition to EU foreign policy. Of the four countries, only in Germany is support for Eurosceptic parties reflective of the levels of actual opposition to a common EU foreign policy. In the other three countries, the mass support for populist and Eurosceptic parties on the right and left does not match public attitudes towards EU foreign policy. Of course, a common EU foreign policy means different things to different people, and obviously election results matter more than opinion polls. Then again, even opinion polls are oftentimes used by governments as excuses for inaction or caution. The point is that governments have more leeway than election results or their momentary popularity indicate to cooperate and showcase the benefits of a common EU foreign policy.

**Figure 3: Popular support for a common EU foreign policy and for populist/Eurosceptic parties (%)**



Sources: For Support/Oppose common EU foreign policy: Eurobarometer 83 (Spring 2015). For Eurosceptic/populist support: Germany: Forsa opinion poll for RTL/Stern, 2 June 2015; France: Regional elections result, December 2015; Italy: EMG opinion poll for TGLa7, 1 June 2015; Greece: General election result, September 2015. Populist and Eurosceptic parties included in calculations: AfD and Die Linke (Germany); Front National, France Arise, Front de Gauche and various left (France); M5S, Lega Nord, SEL and FdI (Italy); SYRIZA, ANEL, Golden Dawn, KKE and LAE (Greece).

Ultimately, opposition to some EU policies has little to do with issues of substance and is more an expression of frustration with national elites or problematic economies. But this frustration can affect foreign policy in very tangible ways. In the Netherlands, for example, a citizens' initiative forced the government to call a referendum in April 2016 on the EU's integration pact with Ukraine. Both the far-right Party of Freedom (PVV) and the far-left Socialist Party (SP) enthusiastically supported this initiative and campaigned against the treaty. In the words of a Dutch commentator, the vote had nothing to do with the treaty; it was simply a 'clear popularity roll: for or against the [political] caste'.<sup>20</sup> Ultimately the EU-Ukraine treaty was rejected by a large margin (but with a very small turnout), and its implementation has thus been halted until the Dutch government secures changes to placate its electorate. The Dutch example, just like the British case, is also a cautionary tale about the corrosive effects of binary referendums, where anti-establishment feelings can be more easily expressed than in multiparty elections.

<sup>20</sup> Otjes, S. (2016), 'Could the Netherlands' referendum on Ukraine really create a "continental crisis"?', *EUROPP* blog, 26 January 2016, <http://blogs.lse.ac.uk/europpblog/2016/01/26/could-the-netherlands-referendum-on-ukraine-really-create-a-continental-crisis/> (accessed 1 Feb. 2016).

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## Diplomatic spending cuts

The euro crisis has had important financial repercussions for foreign policy. Policies of economic austerity in many countries have meant that the money available to foreign ministries has diminished markedly over the last five years. Excluding international development aid and defence expenditure, budgets for foreign ministries and diplomatic activities generally feature among the smallest allocations in a country's national budget. This has become evident across a range of countries that have instituted austerity measures as a reaction to the economic crisis.

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Politically, national treasuries have found it easier to cut foreign policy resources owing to the low visibility and small direct impact on voters' lives of this activity. Even in the United Kingdom (a crucial member state for EU foreign policy), the Foreign and Commonwealth Office (FCO) suffered cuts of up to 30 per cent between 2010 and 2015, and the 'core' FCO budget (which excludes financing for cultural initiatives such as the British Council) saw a decrease of 16 per cent over the same period.<sup>21</sup> While the UK government points to the sustained support of various aspects of its external engagement, such as maintaining the targets for financing of defence and development aid (2 per cent of GDP and 0.7 per cent of GNI, respectively), the core FCO budget accounts for only 0.2 per cent of government spending and 0.08 per cent of GDP for 2015–16. This represents less spending on diplomacy per head than by Germany and France, both comparable European powers.<sup>22</sup>

In Italy too – the EU's fourth largest economy and one of its major foreign policy players – public finances are under significant strain, and this has had a direct impact on the financing of its foreign policy. In 2008 its foreign ministry budget was 0.35 per cent of the state budget. It declined steadily until 2014, when it came down to just 0.22 per cent of public spending.<sup>23</sup> In Greece the budget of the foreign ministry (which includes the country's small international aid agency) accounted for 0.8 per cent of government spending in 2008, but has since been fluctuating between 0.5 per cent and 0.6 per cent.<sup>24</sup>

However, these tendencies are not uniform across Europe. France has kept the financing of its foreign policy and diplomacy at relatively stable, if modest, levels since 2012 (at slightly less than 0.6 per cent of total government spending).<sup>25</sup> Germany's comparably successful economic performance has been reflected in the financing of its foreign policy. In every year since 2012 the

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<sup>21</sup> As measured by 'Total Resource Delegated Expenditure Limit' of all departments. See House of Commons (2015), 'FCO Spending and Capacity', <http://www.publications.parliament.uk/pa/cm201415/cmselect/cmcaff/605/60506.htm> (accessed 17 Aug. 2015).

<sup>22</sup> UK Foreign and Security Policy Working Group (2015), *Strengthening Britain's Voice in the World*, Chatham House Report, London: Royal Institute of International Affairs, pp. 6–7, <https://www.chathamhouse.org/publication/strengthening-britain-s-voice-world> (accessed 16 Sep. 2016). The House of Commons Library calculated in a comparison of national budgets across 2014 and 2015 that the per capita spending on foreign policy in the UK was £34.3, whereas in France it was £36.3 and in Germany £39.1. See House of Commons (2015), *The FCO's Performance and Finances in 2013–14*, London: House of Commons Foreign Affairs Committee, p. 12, <http://www.publications.parliament.uk/pa/cm201415/cmselect/cmcaff/605/605.pdf> (accessed 16 Sep. 2016).

<sup>23</sup> The numbers improved slightly in 2015 to €2.2bn and 0.26 per cent of the government budget. See Ministero degli Affari Esteri (2013), *Annuario Statistico 2013*, Roma: Ministero degli Affari Esteri; and Italian Foreign Ministry (2015), 'Quanto Spendiamo', [http://www.esteri.it/mae/it/ministero/trasparenza\\_comunicazioni\\_legali/bilancio-trasparente/quanto-spendiamo](http://www.esteri.it/mae/it/ministero/trasparenza_comunicazioni_legali/bilancio-trasparente/quanto-spendiamo) (accessed 2 Feb. 2016).

<sup>24</sup> Author's calculations based on data available in Greek Ministry of Economy (2015), '2015 State Budget' (in Greek), <http://www.mnec.gr/?q=el/content/κρατικός-προϋπολογισμός-2015> (accessed 10 Feb. 2016).

<sup>25</sup> Author's calculations based on data in Direction du Budget (2016), 'Forum de la Performance', <http://www.performance-publique.budget.gouv.fr/documents-budgetaires/lois-projets-lois-documents-annexes-année/exercice-2015> (accessed 2 Feb. 2016). This is still a quarter larger than the equivalent spending of the UK in absolute terms, see UK Foreign and Security Policy Working Group (2015), *Strengthening Britain's Voice in the World*, p. 7.

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budget of Germany's foreign ministry has increased in both absolute and relative terms compared with the rest of government expenditure: spending on core foreign policy activities accounted for 0.97 per cent of GDP in 2014 and 1.37 per cent in 2015.<sup>26</sup>

While Germany and France are welcome exceptions, the EU needs all member states, and particularly big countries like Italy, to spend enough on foreign policy for its aggregate global influence to be maintained and enhanced. This will become even more important after the United Kingdom concludes its negotiation to leave the EU. Even with its reduced diplomatic spending, the UK has played a major role in the EU's international presence and influence. Others will have to do more, or the EU as a whole will have to become more effective, for that influence to remain at its current level. Yet ongoing patterns of financing of foreign policy indicate that European states will remain selective with regard to their international engagement. They will support EU foreign policy only after very hard cost–benefit calculations have been made.

A related but distinct problem is that the depth and scope of challenges in the EU's neighbourhood create demands for significant economic commitments.<sup>27</sup> For example, Ukraine's reform and rapprochement with Europe will need to be supported by significant resources in the coming years. EU diplomats complain that it is difficult to make this case when the EU has had to disburse large sums of money to its members in successive bailouts and when public opinion in various countries is quite reluctant to implement conditionality schemes.<sup>28</sup> More recently, the EU agreed to provide €3 billion to Turkey to deal with large flows of migrants and refugees, only to reach the awkward realization that it would be very difficult to raise this sum.<sup>29</sup> Finally, it is widely accepted that tackling the root causes of the refugee crisis requires significant investment in both humanitarian relief and long-term post-war reconstruction and development in Syria and elsewhere in the Middle East. But these are commitments that today's EU is extremely unlikely to make.

### The commercialization of foreign policy

Another economic effect of the eurozone crisis has been the commercialization of foreign policy – in other words, the subordination of strategic and political goals to the pursuit of (national) immediate economic and commercial gains. As Torreblanca and Prislán put it, 'a European economic crisis has led EU member states to resort to national geoeconomic policies to offset the negative consequences of the lack of a defined European response to the crisis'.<sup>30</sup> The commercialization of foreign policy reflects the hope that countries can 'export themselves out of the recession', and has been particularly prominent in UK policy since 2010.<sup>31</sup> But it also highlights the willingness of EU members to drift away from the common EU framework, which in turn undermines the political capacity and coherence of the EU when dealing with third countries.

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<sup>26</sup> Author's calculations based on data in Bundesministerium der Finanzen (2015), '2015 Bundeshaushalt', <http://www.bundeshaushalt-info.de/startseite/#/2015/soll/ausgaben/einzelplan.html> (accessed 10 Feb. 2016).

<sup>27</sup> Whitman, R. G. and Juncos, A. E. (2012), 'The Arab Spring, the Eurozone Crisis and the Neighbourhood: A Region in Flux', *Journal of Common Market Studies*, 50 (S2), pp. 147–61, doi: 10.1111/j.1468-5965.2012.02278.x (accessed 16 Sep. 2016).

<sup>28</sup> Phone interview with EU diplomat, EU delegation in an Eastern Partnership state, 8 May 2015. Interview with EU diplomat, EEAS Russia Division, Brussels, 13 May 2015.

<sup>29</sup> Nielsen, N. (2015), 'Turkey Demands €3bn on EU Asylum Crisis', *EU Observer*, 16 October 2015, <https://euobserver.com/migration/130713> (accessed 17 Oct. 2015).

<sup>30</sup> Torreblanca, J. I. and Prislán, N. (2012), 'The Ominous Rise of Geoeconomics', Centre for European Reform commentary, 14 February 2012, [http://www.ecfr.eu/article/commentary\\_the\\_ominous\\_rise\\_of\\_geoeconomics](http://www.ecfr.eu/article/commentary_the_ominous_rise_of_geoeconomics) (accessed 17 Aug. 2015).

<sup>31</sup> Interview with UK foreign policy expert, London, 15 May 2015.

Commercial preoccupations dominated the approach of some major member states towards Libya in the wake of the intervention.<sup>32</sup> The EU's common position on sanctions against Russia has been undermined (though not fatally wounded) by the obvious efforts of various countries (including France, Italy and Greece) to maintain access to Russian markets and contracts.<sup>33</sup> Some suggest the recent dispute between Sweden and Saudi Arabia, whereby Sweden cancelled a lucrative decade-long arms agreement,<sup>34</sup> will serve as an opportunity for other European countries to step in and seek lucrative deals in Saudi Arabia.<sup>35</sup> Growing economic investment from China in Europe also means that EU member states might try to secure economic deals individually before they decide to formulate anything resembling a common China policy.<sup>36</sup>

This is an area where Brexit may cause additional friction and distractions. Despite the commercialization of its foreign policy in the years following the financial crisis, the United Kingdom was in many other ways a committed player in EU foreign policy. But once unhindered by the etiquette of coordination and information-sharing imposed by EU membership, it may feel freer to pursue the promise of global commercial opportunities made by the leave camp in the referendum campaign. In so doing, it is very probable that it will perceive the rest of the EU as a competitor for markets and contracts worldwide. Given the commercial priorities of other major EU member states, economic interests may complicate the development of a new working relationship between the EU and the UK in foreign and security policy.

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<sup>32</sup> Juncos, A. E. and Whitman, R. G. (2015), 'Europe as a Regional Actor: Neighbourhood Lost?', *Journal of Common Market Studies*, 53(S1), pp. 200–15, p. 203, doi: 10.1111/jcms.12281 (accessed 16 Sep. 2016).

<sup>33</sup> On Italy and Russia see *The Economist* (2015), 'Italy and Russia: Strained Relations', 17 March 2015, <http://www.economist.com/news/europe/21646626-italy-trying-straddle-widening-rift-between-russia-and-west-relatively-friendly> (accessed 16 Sep. 2016).

<sup>34</sup> Crouch, D. (2015), 'Saudi Arabia Recalls Ambassador to Sweden as Diplomatic Row Deepens', *Guardian*, 10 March 2015, <https://www.theguardian.com/world/2015/mar/10/sweden-tears-up-arms-agreement-with-saudi-arabia-over-blocked-speech> (accessed 4 Oct. 2016).

<sup>35</sup> Interview with expert in Middle East politics, London, 7 May 2015.

<sup>36</sup> Interview with EU diplomat, EEAS Strategic Planning Division, Brussels, 11 May 2015. Echague, A. (2012), 'European Commercial Diplomacy: The Hunt for Growth', FRIDE, Madrid: FRIDE Policy Brief No 138, [http://fride.org/download/PB\\_138\\_European\\_Commercial\\_Diplomacy.pdf](http://fride.org/download/PB_138_European_Commercial_Diplomacy.pdf) (accessed 16 Sep. 2016).

## 4. Crisis and European Foreign Policy: Intergovernmental Dynamics

Even when it was smaller, the EU was divided between different national interests and strategic traditions: Atlanticist vs Europeanist, big vs small, continental vs imperial/global. The expansion of EU membership only increased this heterogeneity. Despite attempts at closer cooperation between policymakers and bureaucrats in the field of foreign policy, the formulation of a common position remains a highly strategic process reflecting conflicting visions about the depth and direction of European integration.

During the eurozone crisis, it became a common theme among analysts to see states' activities in the field of foreign policy through the lens of their fluctuating fortunes in eurozone politics. Linkages were detected in all directions, either in the way states like Germany try to translate authority in the eurozone into power in political and diplomatic affairs,<sup>37</sup> or in the way states like Greece manipulate foreign policy to gain leverage in the economy.<sup>38</sup> The upshot of these analyses is that the crisis of governance can very well translate into strategic fracturing of the EU altogether. This fear was compounded by concerns over the stability of the Balkans and the alignment of Central and Eastern Europe with the rest of the EU during the refugee crisis.<sup>39</sup> To make matters worse, Brexit is a high-profile challenge to the EU's integrity and credibility.

Such analyses, however, have always overstated the degree of fracturing within the EU because they take into account only one dimension of foreign policymaking: the high political and public opinion context. With Brexit, this dimension appears of course particularly relevant. But on a different level, and as far as the rest of the EU is concerned, foreign policy cooperation is also a relatively institutionalized matter of routine and regular interaction among policymakers. The real impact of the crisis of EU governance on EU foreign policy is better captured by taking into account how these two dimensions – public and bureaucratic – interact.

### Germany

The most important new intergovernmental dynamic in the EU has undoubtedly been the emergence of Germany as a reluctant leader. Although its rise towards preponderance was already under way, 'the eurozone crisis was a trigger for Germany to get out of the closet'.<sup>40</sup> It increased Germany's relative power and pushed it to fill the EU's leadership vacuum in foreign affairs. The relatively

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<sup>37</sup> Applebaum, A. (2015), 'The Risks of Putting Germany Front and Center in Europe's Crises', *Washington Post*, 20 February 2015, [https://www.washingtonpost.com/opinions/germanys-central-role/2015/02/20/d1119cd4-b8f8-11e4-aa05-1ce812b3fdd2\\_story.html?utm\\_term=.79d0046a8be5](https://www.washingtonpost.com/opinions/germanys-central-role/2015/02/20/d1119cd4-b8f8-11e4-aa05-1ce812b3fdd2_story.html?utm_term=.79d0046a8be5) (accessed 16 Sep. 2016); Kundnani, H. (2011), 'Germany as a geoeconomic power', European Council on Foreign Relations, 1 July 2011, [http://www.ecfr.eu/article/commentary\\_germany\\_as\\_a\\_geoeconomic\\_power](http://www.ecfr.eu/article/commentary_germany_as_a_geoeconomic_power) (accessed 12 Aug. 2015).

<sup>38</sup> See indicatively Matthews, C. (2015), 'Will debt negotiations force Greece into Russia's orbit?', *Fortune*, 9 March 2015, <http://fortune.com/2015/03/09/greece-debt-crisis-russia/> (accessed 12 Aug. 2015).

<sup>39</sup> Nielsen, N. (2016), 'Europe's watchdog: Migrant crisis threatens Balkan stability', *EU Observer*, 11 February 2016, <https://euobserver.com/migration/132237> (accessed 27 Jul. 2016); MacDowall, A. (2016), 'Challenging Brussels, Central Europe Stokes More European Division', *World Politics Review*, 4 March 2016, <http://www.worldpoliticsreview.com/articles/18117/challenging-brussels-central-europe-stokes-more-european-division> (accessed 27 Jul. 2016).

<sup>40</sup> Interview with Swedish diplomat, Swedish Embassy, Berlin, 15 June 2015. See also Wong and Hill (2012), *National and European Foreign Policies*, p. 213.

unified and resilient position of the EU on Ukraine and sanctions against Russia – an exception in an otherwise underwhelming picture of EU foreign policy – owed a lot to Germany's strong stance. Its capacity to deliver the support of states such as Italy and Spain for sanctions against Russia may have reflected their dependence on Germany as the pillar of the euro.<sup>41</sup> In other EU foreign policy areas, such as the Western Balkans, Germany has been the only player with the clout, energy and interest to keep political engagement alive.<sup>42</sup> These new relations of power and dependence have helped strengthen EU foreign policy in some cases. As such, diplomats from other European countries have generally accepted an increased responsibility for Germany,<sup>43</sup> much as the EU's foreign policy bureaucracy welcomes it.<sup>44</sup>

But the dynamics of the eurozone crisis have also made Germany's initiatives look much more like an exercise in hegemony than the altruistic acceptance of responsibility. Its rise has been complicated and controversial, precisely because it was catalysed by the financial crisis. What some in Berlin might call 'German responsibility' appears to other countries to be preponderance in Europe, or even domination.<sup>45</sup> Germany's foreign policy has also been seen by some not as neutral efforts to improve EU capacity, but as extensions of national influence. Greek foreign policy experts, for example, speak more sceptically of German initiatives in the Western Balkans than their colleagues from other European countries.<sup>46</sup>

While in economic policy Germany has wielded its influence in a visible way, it has tried to embed its foreign policy initiatives in a collective framework and refrained from linking its contributions to managing the euro crisis to the expectation of support for its foreign policies.<sup>47</sup> But such efforts lacked credibility when its most important partners were perceived as hamstrung by economic problems (as in the case of France) or as having taken a leave of absence from European affairs (as in the UK even before the exit referendum).<sup>48</sup>

The questions and dilemmas concerning German leadership that were crystalized during the eurozone crisis have emerged again during the refugee crisis that has been unfolding since the summer of 2015. On the one hand, Chancellor Merkel's decision to allow free passage to Syrian refugees helped the Schengen system survive, however precariously, the early days of the crisis. Yet this decision was controversial, particularly in the countries of Central and Eastern Europe. In light of their reactions to the European Commission's plans to institute a refugee relocation scheme, Germany unprecedentedly pushed the scheme through the European Council using qualified majority voting.<sup>49</sup> Then Merkel, pressured by anti-refugee sentiment at home, decided to negotiate directly with Turkey on the return and resettlement of EU refugees, bypassing EU diplomacy. This was perceived by many as an abrasive show of assertiveness that took little account of others' interests and the EU's policymaking procedures.<sup>50</sup>

<sup>41</sup> Sharkov, D. (2015), 'Tusk and Merkel Draft Plan at Summit to Renew Sanctions despite EU Rift', *Newsweek*, 19 March 2015, <http://europe.newsweek.com/tusk-and-merkel-draft-plan-summit-renew-sanctions-despite-eu-rift-315210?rm=eu> (accessed 16 Sep. 2016).

<sup>42</sup> Whitman, R. G. and Juncos, A. E. (2014), 'Challenging Events, Diminishing Influence? Relations with the Wider Europe', *Journal of Common Market Studies*, 52(S1), pp. 157–69, p. 3, doi: 10.1111/jcms.12171 (accessed 16 Sep. 2016). Also interview with British diplomat, UK Embassy, Berlin, 15 June 2015.

<sup>43</sup> Interview with British diplomat, UK Embassy, Berlin, 15 June 2015.

<sup>44</sup> Interview with EU diplomat, EEAS Russia Division, Brussels, 13 May 2015.

<sup>45</sup> Blome, N. et al (2015), 'The Fourth Reich': What Some Europeans See When They Look at Germany', *Der Spiegel*, 23 March 2015, <http://www.spiegel.de/international/germany/german-power-in-the-age-of-the-euro-crisis-a-1024714.html> (accessed 16 Sep. 2016).

<sup>46</sup> Interview with Greek foreign policy expert, London, 17 March 2015; interview with Greek foreign policy expert, Athens, 16 July 2015.

<sup>47</sup> Interview with British diplomat, UK Embassy, Berlin, 15 June 2015; interview with German foreign policy expert, Berlin, 17 June 2015.

<sup>48</sup> Interview with EU diplomat, EEAS Strategic Planning Division, Brussels, 11 May 2015; interview with Swedish diplomat, Swedish Embassy, Berlin, 15 June 2015.

<sup>49</sup> Barigazi, J. and de la Baume, M. (2015), 'EU forces through refugee deal', *Politico.eu*, 21 September 2015, <http://www.politico.eu/article/eu-tries-to-unblock-refugee-migrants-relocation-deal-crisis/> (accessed 16 Sep. 2016).

<sup>50</sup> Heyer, J. A. et al (2016), 'Alone in Berlin: How Merkel Has Gambled Away Her EU Power', *Der Spiegel*, 11 March 2016, <http://www.spiegel.de/international/europe/refugee-crisis-policies-have-merkel-on-defensive-in-europe-a-1081820.html> (accessed 16 Sep. 2016).

It would be wrong to say that the dynamics exhibited during the refugee crisis simply replicate those of the eurozone crisis. Indeed, in some cases one is the mirror image of the other. Once frustrated with Germany's insistence on austerity, Greece now welcomes German initiatives on migration. Slovakia and other close allies of Germany in the eurozone finance ministers' Eurogroup are today at odds with Merkel's approach to the refugee crisis. What is consistent across both crises is the conflicting demands on Germany for leadership on the one hand and restraint on the other.

While Germany's handling of the refugee crisis can be seen as yet another expression of its 'European reflex', the deliberate way its government has sought a European solution can be seen as a result of the dominant position it acquired during the euro crisis and a sign of its increased self-awareness in this role. The reactions in the Central and East European countries to Merkel's management of the refugee crisis strongly resemble those to German-inspired austerity across the South. The UK's forthcoming exit from the EU will only complicate these dynamics further. Germany will take an even more central role in common foreign policymaking, and this in turn could expose it to more criticism from those who are concerned about or disagree with its leadership (see section on UK).

### France

The contrasting effects of the successive crises on Germany's role in Europe are mirrored by those on France, traditionally one of the most important actors in European foreign policy. The economic crisis and the heightened security concerns that dominate the immigration debate have left the French political class debilitated, especially when confronted with the rise of the far-right Front National. The perceived weakness of France complicates Germany's leadership initiatives, which are always seen by other EU members with less suspicion if France is in the picture. Even visible French presence in high-stakes diplomacy, such as François Hollande's participation in negotiations to defuse the Ukraine crisis, tends to be dismissed by numerous observers of EU foreign policy as arising out of German magnanimity (if not pity). In the words of a senior EU diplomat, 'France is not what it once was'.<sup>51</sup>

**The perceived weakness of France complicates Germany's leadership initiatives, which are always seen by other EU members with less suspicion if France is in the picture.**

And yet France's position in the EU foreign policy landscape is not exclusively determined by its political and economic problems. Despite its economic malaise, it has been the only European power willing and able to deploy force in all regional crises that required it (Libya, Mali, the Central African Republic, Syria). It also invested heavily in its leadership role in the COP-21 climate summit in Paris in December 2015. After the UK's exit, France will be the only EU member possessing nuclear capabilities and a permanent seat on the UN Security Council.

In a sense the crisis has motivated this major European power to invest more in its international presence, and has reignited its foreign policy activism as a way of reasserting its status. This in turn has moderated the overall perception of a European retreat from world affairs. Despite this inadvertent positive effect, however, the crisis is ultimately a complicating factor in France's contributions to EU foreign policy, and limits its intervention in a variety of issues. With regard to reforming Schengen for

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<sup>51</sup> Interview with EU diplomat, EEAS Strategic Planning Division, Brussels, 11 May 2015.

example, it is unclear whether France's government – pressured by far-right forces in domestic politics and security concerns – will acquiesce to German initiatives that, for as long as Angela Merkel is in power at least, will inevitably entail some pro-refugee policies. If Germany seems constantly unable to satisfy everyone with its exercise of power – which is often demanded when it is not forthcoming but resisted and feared when it is deployed – France is equally unconvincing with its own efforts at leadership, which are often dismissed as the irrelevant posturing of a country in decline.

## Greece

If Germany and France occupy a central position in the intersection of the eurozone and refugee crises, the dynamics have been altered and complicated on the margins of the EU and among smaller member states as well. Greece, in particular, demonstrates clearly how these crises affect relations with traditional partners and allies, and the EU as a whole.

Throughout the eurozone crisis, Greece's foreign policy importance for EU and Western interests was used (tacitly or explicitly) as leverage by successive Greek governments. The so-called 'geopolitical argument' was put to use first under the pro-European government of Antonis Samaras.<sup>52</sup> The government of Alexis Tsipras, elected in January 2015, took this logic a step further in its effort to end the external imposition of austerity.<sup>53</sup> The thinking was that highlighting Greece's geopolitical value for the EU would help it in its negotiations with the eurozone. As such, in his first six months in power, Tsipras sought to deepen Greece's economic relations with countries as diverse as Russia, China and Iran. There was also concern that the country's woes were keeping it from playing its traditional stabilizing role in the Western Balkans.<sup>54</sup>

However, Greek diplomats have emphasized the need for cooperative relations between their country and other member states on EU foreign policy. They also recognized that other members were not trying to exploit Greece's weaker economic position to push for solutions to outstanding foreign policy problems in which Greece is involved (such as the naming dispute over the former Yugoslav Republic of Macedonia).<sup>55</sup> In many ways, Greek foreign policy still predominantly continues that of the pre-crisis years.<sup>56</sup> Yet its changes and shifts that resulted from the euro crisis – and that in some ways were inevitable given the country's radical reversal of economic fortunes and domestic political context – look much more consequential than they really were in a climate of intra-European distrust.

During Tsipras's visit to Moscow in April 2015, for example, he and Putin – despite the posturing – agreed on little of practical importance,<sup>57</sup> while Greece did nothing to upset the common EU position on Russian sanctions. Yet the Greek government was publicly castigated, especially among ideological opponents of Syriza in the eurozone debates such as German conservatives or the Spanish centre-right government.<sup>58</sup> Between the willingness of Greek politicians to utilize foreign policy in eurozone

<sup>52</sup> Sokou, K. (2013), 'Greek Prime Minister Antonis Samaras promotes country as "bastion of stability"', *Washington Post*, 8 August 2013, [https://www.washingtonpost.com/business/economy/greek-premier-promotes-country-as-bastion-of-stability/2013/08/08/9ec6f6a4-ffc0-11e2-96a8-d3b921c0924a\\_story.html](https://www.washingtonpost.com/business/economy/greek-premier-promotes-country-as-bastion-of-stability/2013/08/08/9ec6f6a4-ffc0-11e2-96a8-d3b921c0924a_story.html) (accessed 16 Sep. 2016).

<sup>53</sup> Telloglou, T. (2015), 'The Road to Berlin 2.0: The Geopolitical Argument of N. Kotzias' (in Greek), *Protagon*, 17 March 2015, <http://www.protagon.gr/?i=protagon.el.politiki&id=40082> (accessed 18 Aug. 2015).

<sup>54</sup> Interview with Greek diplomat, Greek Permanent Representation, Brussels, 12 May 2015; Juncos and Whitman (2015), 'Europe as a Regional Actor', pp. 213–14.

<sup>55</sup> Interview with Greek diplomat, Greek Permanent Representation, Brussels, 12 May 2015; interview with Greek diplomat, Greek Foreign Ministry General Directorate EU Affairs, Athens, 20 July 2015.

<sup>56</sup> Interview with Greek foreign policy expert, Athens, 16 July 2015.

<sup>57</sup> Chrysogelos, A. (2015), 'Euro Crisis Eroding EU Foreign Policy', Chatham House Expert Comment, 15 May 2015, <http://www.chathamhouse.org/expert/comment/17679> (accessed 18 Aug. 2015).

<sup>58</sup> Rettman, A. (2015), 'Spain criticizes Greece on Russia', *EU Observer*, 10 April 2015, <https://euobserver.com/foreign/128283> (accessed 18 Aug. 2015).

negotiations and the constant insecurity caused among European leaders and commentators by the toxic climate of eurozone politics, until an agreement was finally reached in July 2015, the Greek case showed just how far the eurozone crisis had undermined and eroded trust, the main foundation and precondition of any intergovernmental policy area.<sup>59</sup>

Paradoxically, however, the refugee crisis served to realign Greece's relationship with the EU after the near-rupture of summer 2015. Their handling of the situation brought Tsipras and Merkel much closer in the face of a reactionary anti-refugee front in Europe. Popular attitudes towards refugees in Greece have been strongly shaped by the people's own self-perception as Europe's stigmatized nation during the eurozone crisis. Thus Greece was a strong supporter of a NATO mission in the Aegean to curb refugee flows in February 2016 and of the effort by the EU, driven by Germany, to secure a deal with Turkey in March 2016 on the re-admission of refugees, even though such moves complicated Greece's bilateral relations with Turkey and operational control in the Aegean.<sup>60</sup> If the eurozone crisis at one stage threatened Greece's position in the European mainstream, the refugee crisis has reinforced the European bent in its foreign policy practice.

### Policy routines, political complications: The dual reality of EU foreign policymaking

The reality of intra-European relations during the EU's governance crisis is multifaceted and complex. At the level of high politics, disagreements may seem to create the conditions for weakening EU coherence and perhaps, ultimately, fragmentation. Yet at the level of day-to-day diplomacy, foreign policy cooperation is entrenched. Crises create intersecting and contradicting pressures on member states, thereby neutralizing any instincts for strategic dealignment from the EU. Even if a crisis alienates one member from the EU aggregate position, a different crisis may counterbalance these pressures and reposition it in the mainstream (Greece and Slovakia are apt examples of this with regard to the euro and refugee crises). Even Hungary, a country whose government raises suspicions of creeping authoritarianism, which has cosy relations with Putin and which has challenged German leadership on refugees, has still fallen in line on Russian sanctions. Indeed, despite these tensions, Hungarian policymakers feel quite at home in EU settings.<sup>61</sup>

In sum, EU member states are locked in an institutionalized policymaking routine, but one that is complicated by the dysfunctionality of intergovernmental cooperation around it at times of crisis. Predictions of the EU's unravelling, be it due to German overbearingness or fracturing in the periphery, did not materialize. And yet, as the UK referendum showed, such a delicate system cannot remain insulated from its broader political and popular context forever. Even by accident and contrary to the wishes and suggestions of policymakers, the atmosphere of crisis may ultimately translate into very real setbacks. Brexit makes it imperative that the EU improve meaningfully, among other things, the parameters of its foreign policy decision-making.

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<sup>59</sup> On the importance of trust in EU governance and how the eurozone crisis shook it, see Zielonka, J. (2014), *Is the EU Doomed?*, Cambridge: Polity, pp. 7–20.

<sup>60</sup> Chrysogelos, A. (2016), 'NATO's Migrant Mission in the Aegean Raises Major Questions for Greek Foreign Policy', *Greece@LSE blog*, 16 February 2016, <http://blogs.lse.ac.uk/greeceatlse/2016/02/16/natos-migrant-mission-in-the-aegean-raises-major-questions-for-greek-foreign-policy/> (accessed 27 Jul. 2016).

<sup>61</sup> Interview with adviser of the Hungarian foreign ministry, Split, 1 July 2016.

### European foreign policy after Brexit

An irony of the British vote to leave the EU is that the UK had largely managed to shape EU foreign policy according to its liking. It had effectively blocked any increase in the political powers of EU institutions while it had invested significantly in intergovernmental approaches. British diplomats have generally seen the EU as a valuable 'tool' for the promotion of British interests,<sup>62</sup> and maintained that despite perceptions of the UK becoming 'much less visible in the picture', it had made tangible, if lower-profile, contributions. British policymakers even welcomed Germany's increasing role.<sup>63</sup> The discrepancy between the assessments of diplomats and the result of the referendum showcases the disjuncture between elite and public thinking that lies at the heart of the current crisis of EU governance.

The UK's departure from the EU will upset careful intra-European balances that made many of the EU foreign policy outputs possible. The UK played an important role in the Big-3 triumvirate<sup>64</sup> and it is unclear how much the Franco-German tandem will be able to push foreign policy forward. Along with France, the UK balanced the parochial continental instincts of Germany and formed the backbone of the EU's security ambitions. With Germany, on the other hand, it neutralized French clamouring for more supranational structures that had gained little popularity elsewhere in Europe.

Without the UK (which also provided an important link with NATO) the EU may find itself in the paradoxical situation of being more willing to integrate in the defence field,<sup>65</sup> but having far fewer capacities to do so. The EU will become more coherent in some respects, as the relative weight of non-euro and non-Schengen member states will be immensely diminished, but this will mean fewer countries approaching CFSP unaffected by the bitterness of either the eurozone or the refugee crisis. The EU will also be diminished strategically within the broader European continent, which may prompt member states to pursue more assertively their own national agendas with non-EU European players.

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<sup>62</sup> Interview with British diplomat, Foreign and Commonwealth Office, London, 11 June 2015.

<sup>63</sup> Interview with FCO analyst, Foreign and Commonwealth Office, London, 30 April 2015; interview with British diplomat, UK embassy, Berlin, 15 June 2015.

<sup>64</sup> Tim Oliver, 'A European Union without the United Kingdom: The Geopolitics of British Exit from the EU', *LSE Ideas* Strategic Update 16.1, 18 February 2016, <https://medium.com/@lseideas/a-european-union-without-the-united-kingdom-the-geopolitics-of-a-british-exit-from-the-eu-6cd3c1a87e7c#.6cfh7jgzn> (accessed 27 Jul. 2016).

<sup>65</sup> Barker, A. and Wagstyl, S. (2016), 'Germany to Push for Progress towards European Army', *Financial Times*, 2 May 2016, <https://www.ft.com/content/e90a080e-107b-11e6-91da-096d89bd2173> (accessed 16 Sep. 2016).

## 5. Aligning EU Foreign Policymaking With New Realities: Recommendations

The eurozone crisis has made the context for EU foreign policymaking more problematic. It has reduced the leeway of member states to accept short-term costs for the sake of formulating common positions. Trust and political will are crucial for the effective functioning of EU foreign policy. They were already in short supply in Europe before the crisis, so any development that further weakens them is all the more serious.

The dynamics unleashed by the eurozone crisis and entrenched by the refugee crisis mean less predictability in the degree and consistency with which EU members seek recourse to the common EU framework. But this does not make it any less significant. All policymakers interviewed for this paper praised the EU as an invaluable tool for the promotion of national interests and the projection of national priorities. The EU framework will continue to be employed; however, it is important to think of ways to make it more effective in light of the realities created by years of crisis in the functioning of deep intergovernmentalism.

### Summits and meetings

A first question concerns summits. Meetings of national leaders today are the only real engine of political developments in the EU, but at the same time these meetings rarely succeed in their core diplomatic task – taking stock of long-term developments and carving out a strategy for Europe's response to them.<sup>66</sup> In addition, as has been noted above, less and less time is devoted to the discussion of foreign policy in these meetings. Even when it is decided that a European Council meeting will be devoted to a specific topic of external affairs, it falls prey to pressing issues of the day – for example, the December 2013 European Council was supposed to be devoted to defence but ended up discussing Ukraine and economic matters as well.<sup>67</sup> Even in such situations, when leaders actually manage to discuss urgent external issues such as Ukraine or Syria (on account of the refugee crisis), they do not discuss long-term developments and prospects or formulate future management strategies.

Some rearrangement of how the European Council deals with foreign affairs is in order:

- The EU should devote one of the pre-arranged European Council meetings per semester exclusively to foreign affairs – moving beyond crisis-management discussions to deep and open debates about Europe's place in the world, assessing the impact of global trends on a variety of areas and regions, and the EU's interests and goals with regard to these. Discussion of foreign policy emergencies may creep in, but external affairs should be given time and attention of their own beyond issues of economic and domestic governance. The foreign policy focus of these meetings may become sharper if leaders are also joined by their foreign ministers.

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<sup>66</sup> Interview with EU foreign policy expert, London, 19 March 2015.

<sup>67</sup> Ricci, M. (2014), 'Outcomes of the December Defence Council', *Nouvelle Europe*, 17 January 2014, <http://www.nouvelle-europe.eu/en/outcomes-december-defence-council> (accessed 14 Mar. 2016).

- The President of the European Council should also have a specific foreign policy mandate in order to shape the workings of the Council in this direction – receiving assistance and expertise from the High Representative. This mandate would be an extension of the President's existing expertise and responsibility in preparing summits with the EU's strategic partners and other third parties. The President must be expected to infuse and maintain a long-term strategic perspective in Council deliberations, emphasize the importance of foreign affairs in the agenda, and monitor and report on how member states have responded to and implemented commonly agreed principles and policies over time.

### Groupings and coalitions

The EU's variegated membership is also a source of strength, since it means that the EU can draw on a large variety of regional experiences and priorities in order to understand and assess different geographic and thematic areas of its external engagement. It should thus try to gain more from the different groupings and coalitions of states that form around specific foreign policy and regional issues.<sup>68</sup>

The EU's variegated membership is also a source of strength, since it means that the EU can draw on a large variety of regional experiences and priorities in order to understand and assess different geographic and thematic areas of its external engagement.

Today coalitions of member states are catalysed by external emergencies – for example, the Weimar triangle over Ukraine, the 'core Schengen' summit called by Germany ahead of the EU–Turkey migration summit in November of 2015,<sup>69</sup> and the Western Balkans summits of 2014 and 2015. Coalitions interested in a region or a topic of world politics can also be actors with the capacity to maintain long-term views of their issues of interest and to bring them to the attention of the other member states well before they culminate in an emergency or a crisis.

For these reasons the EU can encourage the creation of contact groups at a ministerial level, made up of member states with regional or thematic interests and expertise in external affairs under the presidency of the relevant EU authorities (the High Representative or other appropriate commissioners). Constellations may vary according to geographical or even functional interests – for example, there could be groupings on climate, energy security or development assistance. This would also provide more continuity than that provided by the rotating Council presidency, whose importance in EU politics has been steadily decreasing in the last two decades, in issue areas of external importance where the Council configurations are not chaired by the High Representative.<sup>70</sup>

These groups would primarily serve as permanent forums for deliberation and production of expertise with a long-term perspective on the issue at hand. The eurozone crisis has deprived

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<sup>68</sup> See Janning, J. and Moeller, A. (eds) (2014), *(Re-)Building Coalitions: The Role and Potential of Member States in Shaping the Future of the EU*, Berlin: DGAP Analyse No. 20.

<sup>69</sup> Rettman, A. (2015), 'Merkel creates EU core group on refugees', *EU Observer*, 30 November 2015, <https://euobserver.com/foreign/131307> (accessed 2 Feb. 2016).

<sup>70</sup> This proposal builds on an argument first made by Stephan Keukeleire almost a decade ago: Keukeleire, S. (2006), *EU Core Groups: Specialisation and Division of Labour in EU Foreign Policy*, Centre for European Policy Studies, Brussels: CEPS Working Document No. 252. It is also a variant of Moises Naim's argument about 'minilateralism' in world affairs: Naim, M. (2009), 'Minilateralism: The Magic Number to Get Real International Action', *Foreign Policy*, 21 June 2009, <http://foreignpolicy.com/2009/06/21/minilateralism/> (accessed 16 Sep. 2016).

the EU of this in recent years, and the refugee crisis and exit negotiations with the UK are likely to exacerbate the situation in future. Deliberations and membership of these contact groups would be open to all member states. Specialized groupings would not make decisions for everyone else, or undertake diplomatic initiatives in the name of the whole of the Union (even though this could be possible in cases of emergency, as occurred, for example, in the Weimar format). Instead, they could add substantially to the effectiveness of EU foreign policy. The EU would be better prepared to respond to a crisis if it could readily draw on the analyses and blueprints for action drawn up over the longer term by groupings of member states with an interest and expertise in the issue or region in question.

These groups could also help with another major task that lies ahead: to establish a working relationship with the UK in matters of foreign policy. It has been suggested that the EU should keep its foreign policy meetings open to the UK, but it is unclear how much day-to-day interaction at the diplomatic and bureaucratic level between the UK and the EU can go on under the shroud of informality. The specialized groups may offer greater flexibility for keeping the UK engaged (as well as other non-EU states that might wish to participate) even if British diplomats will be absent from EU-member meetings. At the political level, the development of some form of periodical summit meetings between some EU members (principally France and Germany) and the UK could also serve to coordinate British and EU foreign policies in most issues, and especially during crises.

### The EEAS

Finally, high-level intergovernmental interactions must be relieved, as far as possible, of day-to-day crisis-management tasks in foreign affairs in order for leaders to devote more time to long-term strategic issues. Here the role of EEAS can be important, not just as a repository of expertise and the expression of the EU's diplomatic presence, but also as the day-to-day diplomatic operative of the EU. The High Representative and the EEAS should assume more responsibilities to manage crises and emergencies in the EU's periphery (acting within specific parameters laid down by a Council mandate) once the broad political and diplomatic template has been laid down by national leaders. This would free up time, energy and bandwidth for national leaders to deal with foreign affairs in a more strategic and forward-looking manner.

In order to perform these tasks, the EEAS must be better endowed than today. In the current political context it would of course be very difficult to suggest that an EU institution deserves more funding. But member states will have to acknowledge that a more effective EEAS as a day-to-day operator of the EU's commonly agreed diplomatic presence will leave them more space and time to engage in high-level and forward-looking strategic debates. This may ultimately enable them to implement their national foreign policies more effectively and with better prospects for achieving their goals and influencing developments.

## 6. Conclusion: The Shadow of the Past

The EU's stumbling reaction to crises after 2009 should be seen as an overall crisis of deep intergovernmentalism. The eurozone and Schengen area are examples of mutual and collective coordination of national policies, and the logic pervading them is not much different from the intergovernmentalism of EU foreign policy (even though in Schengen and especially the eurozone the depth and extent of policy coordination is much greater than in foreign policy). As aspects of the same broader phenomenon, the eurozone and the refugee crises interact with and reinforce each other in multiple ways, and together they have an impact on EU foreign policy.

In many ways, then, the inability of the EU to confront the refugee crisis in time can be traced back to the deficiencies bequeathed by the eurozone crisis.<sup>71</sup> The very fact that the EU failed to take into account a challenge like the refugee crisis that was clearly building up over almost five years is in itself a testament to the degree to which European policymakers have been distracted from the radical unravelling of political order in their periphery. The economic decline of Europe may have also played an indirect role in the eruption of the migration crisis, since the EU decreased its donations to UN agencies in the Middle East shortly beforehand.

By the same token, some of the solutions proposed here about how the EU can function more strategically could have helped it anticipate this latest crisis as well. National leaders should have devoted more time in their meetings and summits to the turmoil in the Middle East. Countries near the region should have been encouraged to take a lead role in pooling their national expertise and informing on current and future challenges facing the rest of the EU. The EEAS should have been better equipped and designed to think about contingencies, scenarios and practical challenges in the EU's periphery.

The refugee crisis has further burdened the functioning of deep intergovernmentalism in the EU, and particularly the interaction between policymaking and mass politics. This has made it even more complicated for governments to acquiesce to common EU foreign policy initiatives as these are often seen as incurring costs. One can say that the dominant mode of governance in the EU has gone from deep to dysfunctional intergovernmentalism. This will have lasting repercussions for EU foreign policy unless changes are enacted that will make EU foreign policymaking more effective and more strategic. This will not be easy given the broad range of national preferences and the EU's problem of democratic legitimacy.<sup>72</sup>

In a context of dysfunctional intergovernmentalism, recourse to the common EU framework by member states has become a question of short-term political calculation. More than ever before, the entanglement of weak governments implementing unpopular economic and immigration policies with restive public opinion translates into the field of foreign policy, where national leaders are jealously guarding their room for manoeuvre. The refugee crisis has further accentuated these features and the negotiation of the UK's exit is likely to complicate intra-EU dynamics that determine foreign policy outputs.

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<sup>71</sup> Chryssogelos (2015), 'The EU's Crisis within a Crisis'.

<sup>72</sup> Chryssogelos, A. (2016), 'The Impossible Trinity of EU's Governance Crisis', *Brink*, 18 January 2016, <http://www.brinknews.com/the-impossible-trinity-of-eus-governance-crisis/> (accessed 2 Feb. 2016).

At the same time, as this paper has emphasized, developments have not been linear or unidirectional during the EU's governance crisis. The EU *has* come up with a common response to Russia. Moreover, economic concerns do not override deeply ingrained strategic concerns and priorities: sanctions against Russia are most strongly supported by precisely those countries that have the most to lose economically from Russian countermeasures.<sup>73</sup>

It is also unclear where EU foreign policy will head after Brexit. On the one hand, the UK's decision to leave may trigger a wider strategic crisis. The engagement between national and EU foreign policies will continue to be problematic and tense, tested by dissatisfied public opinion, tight budgets and insecurity. On the other hand, the sequence of events that led to the UK referendum and the leave vote should, if anything, alert other EU governments to the pitfalls of experiments with public opinion and high-risk politicking. It is therefore probable that the UK's exit will cause governments and bureaucrats to value the EU more highly as an arena for the promotion of national interests.

In sum, contingency and uncertainty seem to be the new normal in EU foreign policy, which had always relied on consensus and, to a certain degree (but not always), been a lowest-common-denominator exercise. Most member states have historically approached the EU foreign policy framework as a policy tool for the more effective pursuit of national goals. What the EU's crisis of governance brought about (or accelerated) was not so much the renationalization of foreign policy in Europe as an uneven, contingent and ad hoc de-Europeanization of national foreign policies.<sup>74</sup> In this sense, the EU's crisis of intergovernmental governance has not erased completely the usefulness of national coordination in foreign policy, but it certainly has complicated the calculations of national interest that have always played the prime role in European foreign policy.

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<sup>73</sup> Interview with EU diplomat, EEAS Russia Division, Brussels, 13 May 2015.

<sup>74</sup> On the conceptual distinction between 'renationalization' and 'de-Europeanization' of national foreign policies in the EU, see Wong and Hill (2012), *National and European Foreign Policies*, p. 214.

## Appendix: European Council Conclusions – Percentage of Attention to Policy Issues

Year	FA + DEF	Next Two Largest Items	FA+DEF > 2 Largest Items	Non-FA/DEF Largest Item	< FA (Rank)
1990	46.85	24.05 (GOV+ENV)	22.80	Governance (14.09)	22.89 (1)
1991	52.96	15.19 (CIR+GOV)	37.77	Civil Rights* (8.02)	34.60 (1)
1992	34.95	33.48 (GOV+MCE)	1.47	Governance (21.18)	6.73 (1)
1993	34.72	24.81 (GOV+MCE)	9.91	Governance (13.07)	16.99 (1)
1994	32.12	14.21 (GOV+MCE)	17.91	Governance (7.34)	18.99 (1)
1995	34.98	18.36 (MCE+GOV)	16.62	Macroeconomics (10.03)	17.70 (1)
1996	23.79	43.01 (MCE+GOV)	<b>-19.22</b>	Macroeconomics (32.89)	<b>-13.68 (2)</b>
1997	23.97	43.54 (MCE+EMP)	<b>-19.57</b>	Macroeconomics (27.70)	<b>-6.66 (2)</b>
1998	29.45	32.65 (MCE+GOV)	<b>-3.20</b>	Macroeconomics (22.18)	2.62 (1)
1999	33.62	25.73 (GOV+MCE)	7.89	Governance (16.17)	6.52 (1)
<i>Avg. 90s (w/o 90, 91)</i>	<i>34.74 (30.95)</i>	<i>27.50 (29.47)</i>			
2000	23.99	22.49 (FIN+EMP)	1.50	Business & Finance (13.76)	<b>-1.03 (2)</b>
2001	31.18	24.85 (GOV+MCE)	6.33	Governance (13.22)	8.21 (1)
2002	26.42	23.61 (GOV+MCE)	2.81	Governance (12.51)	5.32 (1)
2003	41.50	18.08 (MCE+IMG)	23.42	Macroeconomics* (9.42)	20.58 (1)
2004	39.49	30.07 (LAC+IMG)	9.42	Law and Crime (21.29)	9.24 (1)
2005	32.94	28.72 (MCE+GOV)	4.22	Macroeconomics (19.79)	4.58 (1)
2006	28.15	23.06 (ENG+GOV)	5.09	Energy (12.35)	8.84 (1)
2007	14.81	29.48 (GOV+ENG)	<b>-14.67</b>	Governance (17.59)	<b>-5.70 (2)</b>
2008	23.92	24.82 (FIN+MCE)	<b>-0.90</b>	Business and Finance (14.03)	3.00 (1)
2009	25.56	26.66 (FIN+ENV)	<b>-1.10</b>	Business and Finance (13.92)	7.62 (1)
<i>Avg. 00s (w/o 03, 04)</i>	<i>28.79 (25.87)</i>	<i>25.18 (25.46)</i>			
Year	FA + DEF	Next Two Largest Items	FA+DEF > 2 Largest Items	Non-FA/DEF Largest Item	< FA (Rank)
2010	26.80	39.61 (MCE+ENV)	<b>-12.81</b>	Macroeconomics (31.95)	<b>-8.76 (2)</b>
2011	20.55	43.84 (MCE+FIN)	<b>-23.29</b>	Macroeconomics (33.71)	<b>-15.29 (2)</b>
2012	15.71	46.50 (MCE+FIN)	<b>-30.79</b>	Macroeconomics (27.38)	<b>-16.79 (4)</b>
2013	12.94	34.19 (MCE+FIN)	<b>-21.25</b>	Macroeconomics** (23.76)	<b>-17.36 (5)</b>
2014	29.29	29.21 (ENG+MCE)	0.08	Energy (17.45)	5.25 (1)
<i>Avg. 10s</i>	<i>21.06</i>	<i>38.67</i>			

Source: Author's calculations based on data from the European Council Conclusions Dataset, <http://euagendas.weebly.com/data.html>.

Notes: All numbers in %. Averages for every decade calculated based on all years and, in parentheses, calculated without the two best years for the issue-bloc 'Foreign Affairs and Defence'.

\* Defence was the second most important item after Foreign Affairs.

\*\* Defence was the fourth most important item.

Key: CIR=Civil Rights, DEF=Defence, EMP=Employment, ENG=Energy, ENV=Environment, FA=Foreign Affairs, FIN=Business and Finance, GOV=Governance, IMG=Immigration, LAC=Law and Crime, MCE=Macroeconomics

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