

# Journal of Contemporary European Research

---

Volume 10, Issue 2 (2014)

## Editors

Maxine David

Simona Guerra

# Contents

## CONTRIBUTORS 145

## RESEARCH ARTICLES

- EU Think Tank Fora as Transaction Cost Reducers: A Study of Informal Interest Intermediation in the EU *by Marybel Perez* 146
- The Rationales behind the European External Action Service: The Principal-Agent Model and Power Delegation *by Hrant Kostanyan* 166
- The Role of EU Pre-accession Assistance in the Establishment of National Coordination Structures for EU Funding: The Case of Croatia *by Eleftherios Antonopoulos and John Bachtler* 184
- 'Runaway Train Never Going Back?' The Implications of the New Economic Governance for Democracy in the EU *by Mathias Dobbels* 203
- The European Union as a Normative Actor and its External Relations with Southeast Asia *by Naila Maier-Knapp* 221
- Challenges to the Aarhus Convention: Public Participation in the Energy Planning Process in the United Kingdom *by Paul Haynes and Raphael Heffron* 236
- Do All Roads Lead to the Same Europe? Reconsidering the Pro-/Anti-Integration Yardstick to Measure National Party Positions towards the European Union: The Case of Belgium *by Clément Jadot* 248
- The EU-Caribbean Trade Relationship Post-Lisbon: The Case of Bananas *by Vanessa Constant LaForce* 266

## BOOK REVIEWS

- Review by Niels Smeets of Russian Energy in a Changing World: What is the Outlook for the Hydrocarbons Superpower?* 280

## Contributors

**Eleftherios Antonopoulos** *University of Strathclyde*

**John Bachtler** *University of Strathclyde*

**Vanessa Constant LaForce**

**Maxine David** *University of Surrey*

**Mathias Dobbels** *Maastricht University*

**Simona Guerra** *University of Leicester*

**Paul Haynes** *Royal Holloway, University of London*

**Raphael Heffron** *University of Stirling*

**Clément Jadot** *Université Libre de Bruxelles*

**Hrant Kostanyan** *Ghent University & the Centre for European Policy Studies*

**Naila Maier-Knapp** *University of Cambridge*

**Marybel Perez** *University of Bergen*

**Niels Smeets** *Katholieke Universiteit Leuven*

**Lena Sucker** *Loughborough University*

# Journal of Contemporary European Research

Volume 10, Issue 2 (2014)

## EU Think Tank Fora as Transaction Cost Reducers: A Study of Informal Interest Intermediation in the EU

**Marybel Perez** *University of Bergen*

### ***Citation***

Perez, M. (2014). 'EU Think Tank Fora as Transaction Cost Reducers: A Study of Informal Interest Intermediation in the EU', *Journal of Contemporary European Research*. 10 (2), pp. 146-165.

First published at: [www.jcer.net](http://www.jcer.net)

## Abstract

By examining the organisational structure of EU think tank fora (seminars, workshops and conferences), this article proposes that fora can play the role of transaction cost reducers in EU policymaking. I argue that certain aspects of EU policymaking, including i) controlled processes of consultation, ii) diminishing costs of management, and iii) the risk of state capture, incentivise EU institutions to outsource part of the consultation activity to policy actors that can help EU institutions fulfil their informational and legitimacy needs. I argue that think tanks are able to play this role because they i) reduce information asymmetries by connecting a wide variety of policy actors and ii) act as intermediaries that mitigate opportunistic behaviour. The empirical assessment reveals that the dimensions characterising transactions are present in EU think tank fora. It shows that policy actors that do not usually participate in formal consultation processes frequently attend fora where they meet representatives of EU institutions, particularly Parliament and Commission representatives.

## Keywords

European Union; Think tanks; Interest intermediation; Transaction costs

---

By examining the organisational structure of EU think tank fora, this article proposes that fora can play the role of transaction cost reducers in EU policymaking. Think tank fora (seminars, workshops and conferences) are usually described in the literature as one of the strategies think tanks use to pursue public influence (Abelson 2006: p. 148). By creating fora, think tanks are able to gather a wide variety of policy actors, from policymakers to corporate representatives to academics, in order to discuss topics of particular relevance. The benefits for think tanks are multiple (Abelson 2013, 2006). They gain visibility in different policy circles, they enhance their reputation by showing themselves able to assemble key policy figures, they identify new ideas, subjects and perspectives, and they disseminate the information their experts produce relating to the mission of their organisation. Additionally, through demonstrating successful fora creation, think tanks can attract new members and sponsors. Research indicates that think tank fora are the result of think tanks' considerable capacity to network and constitute one form of knowledge brokerage in policymaking processes (Stone 1996: p. 126). The question is, however: what is the function of think tank fora in the policymaking process?

According to Stone, fora

serve an intangible purpose of promoting interaction among people from diverse backgrounds who would not ordinarily meet but who have common interests. Importantly, think tanks provide a neutral territory where people feel more comfortable and have an opportunity to mingle. Academics can meet practitioners, business people can discuss regulatory policy with bureaucrats, and activists can confront politicians (1996: p. 126).

In this regard, Ullrich indicates that EU think tanks<sup>1</sup> serve as 'catalysts' and 'a forum' for the discussion of policy issues for different policy actors (2004: p. 67). Ullrich argues that think tank fora constitute a type of impact in EU policymaking, although she does not explain how. This lack of clarity regarding the function think tank fora have in the policy process calls for an analysis of the

institutional effects of think tank fora on the organisation of EU politics. For this reason, this article contributes to the literature by introducing a new perspective for assessing fora, i.e. examining fora as transaction cost reducers for the exchange of information.

Policy actors face difficulties and costs in collecting and processing relevant information;<sup>2</sup> in consequence, they use information intermediaries (Ward, House and Hamer 2009; Lomas 2007; Womack 2002). Information intermediaries develop functions such as i) knowledge management, ii) linkage and exchange of information, and iii) capacity development (Ward, House and Hamer 2009). These are functions that will be costly for policy actors to develop independently (in addition to their main objectives) in order to exchange information. By contrast, for think tanks the creation of fora is an activity facilitated by their network capacity and their ability to develop a common language accessible to all policy actors.

Consequently, I hypothesise that when think tank fora yield economies for policy actors regarding the exchange of information, then fora become transaction cost reducers in the EU polity. I argue that certain aspects of EU policymaking, including i) controlled processes of consultation, ii) diminishing costs of management, and iii) the risk of state capture, incentivise EU institutions to outsource part of the consultation activity to policy actors able to help EU institutions fulfil their informational and legitimacy needs. Think tanks can play this role because they i) reduce information asymmetries by connecting a wide variety of policy actors, and ii) act as intermediaries that mitigate opportunistic behaviour.

To examine this proposition, the structural conditions of EU think tank fora are assessed in order to understand how they matter in EU policymaking. There are two reasons to focus on the EU. In the first place, research has found that EU think tanks mainly concentrate on customised knowledge management and fora creation for target publics to appeal to partners, members and sponsors (Perez 2013). Thus, it is necessary to consider the utility of fora for policy actors and EU policymaking. In the second place, research concerned with the institutionalisation of informal practices as a strategy to reduce transaction costs in EU policymaking has focused on the main EU institutions – the Commission, Council and Parliament (Reh et al. 2011; Farrell and Héritier 2003) – and the intergovernmental conferences (Stacey and Rittberger 2003), but, as the scope of think tank fora suggests, it is also necessary to consider the institutionalisation of practices beyond the EU's institutional setting and among non-state actors.

The second section first looks at the logic behind transaction costs and shows why transaction costs in EU consultation processes are high for EU institutions and policy actors. It explains how, by using a controlled system of consultation that tends to give insider status to certain policy actors, EU institutions work to a bounded rationality that affects not only policy outcomes but also the legitimacy of the EU's policies vis-à-vis its citizens. Second, it explains the dimensions used to examine how regular organisation of fora in settings that foster trust and gather different types of policy actors reduce transaction costs in EU policymaking. The third section describes the sample and data sources. The empirical assessment of the first-hand data in the fourth section reveals that seminars are the most prominent type of fora and that the EU-national divide and academic and business sectors together dominate think tank fora. It shows that representatives of the Parliament and, especially, the Commission are the most prominent EU representatives in EU think tank fora. The last section discusses the implications of the results with regard to EU policymaking and EU think tanks' role as transaction cost reducers.

## TRANSACTION COSTS IN EU POLICYMAKING AND THE FUNCTION OF THINK TANK FORA

In politics, transaction costs are incurred when policy problems demand complex solutions, and governance structures emerge in order to reduce those costs and formulate effective policy solutions (North 1990; Coase 1960). The purpose of such structures is to economise on bounded rationality<sup>3</sup> and mitigate uncertainty (North 1990; Williamson 1979). To economise on bounded rationality means to reduce the information asymmetries between the parties involved, and to mitigate uncertainty means to reduce the possibility that the parties would take advantage of the situation or act opportunistically.

In the EU, policy solutions frequently bear high transaction costs due, among other factors, to the large number of policy actors with different interests. This increases both the number of elements the parties need to consider in order to design a policy and the barriers to accessing processes of consultation for policymaking. Therefore, the degree of bounded rationality under which parties operate increases. Moreover, the indirect institutional system of representation increases obstacles to participation and negatively affects the legitimacy of policies.

For reasons of efficiency, EU institutions have developed controlled processes of consultation. For instance, the Commission, the main institution in which interest intermediation activity takes place given its duty regarding policy initiation in the EU, has developed a system of consultation to control access and avoid overload. This usually comprises the organisation of comprehensive consultation activities and the creation of expert committees for specific advice (Broscheid and Coen 2007). As a result, the Commission tends to favour policy actors configured as umbrella organisations (Hix and Høyland 2011) with a broad geographical representation (Greenwood and Halpin 2007: p. 198). Focusing on umbrella organisations, the Commission avoids the cost of transacting with numerous policy actors with individual or small representation (Greenwood and Halpin 2007). In the Parliament, the system for consultation is also controlled and experts are consulted at hearings and workshops organised by the committees. Moreover, to participate in these consultations, the Commission and Parliament invite (on a voluntary basis) policy actors to register on the Transparency Register. Nevertheless, some studies indicate that registration results in *de facto* accreditation (Greenwood and Halpin 2007).

But efficiency comes at a cost. By using a controlled system of consultation that tends to give insider status to certain policy actors, EU institutions are exposed to 'capture of the state'<sup>4</sup> (Olson 1971). Policy actors with insider status might be tempted to filter information so their insider position is guaranteed (Hix and Høyland 2011: p. 173). This situation affects not only the degree of bounded rationality under which EU institutions operate but also the legitimacy of the EU's policies vis-à-vis its citizens.

However, the development of a consultation system in which all parties affected participate would impose enormous costs on EU institutions and would require them to expand their administrative capacity considerably. Therefore, just as firms outsource activities they cannot carry out efficiently in-house due to 'diminishing returns to management' (Coase 1937: p. 395),<sup>5</sup> EU institutions need to outsource part of the consultation activity to policy actors able to gather a significant number of policy actors and function as intermediaries.

Additionally, by participating in think tank fora, EU institutions can demonstrate their intention to seek out alternative spaces in which to exchange information and mitigate the risk of state capture. Moreover, EU institutions can show their engagement with the principles of transparency and participation associated with the adopted approach to governance. In particular, the Commission, given its duty to inform the citizens about EU policies (Christiansen 2006), is likely to be interested in think tank fora as a mechanism for dissemination.

But how do think tanks reduce transaction costs? In order to examine this it is necessary to consider three main dimensions characterising transactions: a) recurrence of transactions, b) 'durable transaction-specific investments', and c) uncertainty mitigation (Williamson 1979: p. 239). Regarding the first dimension, notwithstanding the difficulty in assessing the difference between recurrent and occasional transactions, EU think tank fora are certainly numerous – 389 fora in 2011, i.e. seven a week. This frequency indicates that there is a constant interest amongst policy actors and policymakers to participate in think-tank fora.

Secondly, think tanks make transaction-specific investments not only because they frequently organise fora, but also because they hire experts with the capacity to develop both the specific knowledge of the issues discussed in fora and the language that brings together policy actors and policymakers. Expert staff members constitute the knowledge capital of think tanks; they act as mediators of policy actors' interests and reduce information asymmetries between them. At the same time, policy actors make transaction-specific investments by not only devoting time and human capital to think tank fora but also contributing to think tank funding to different degrees. For instance, with the intention of increasing participation and legitimacy, the EU has launched a number of programmes that support the activities of a wide range of policy actors, think tanks among them.

Thirdly, uncertainty implies that in order for think tank fora to constitute useful structures for the reduction of transaction costs, they should attenuate the opportunistic behaviour of policy actors and policymakers. This is a notion that frequently floats round think tank scholarship. Accordingly, Ullrich describes think tank fora as spaces that 'allow for the sharing of ideas, broadening of perspectives and exchange of information' (2004: p. 67), while Stone states: 'Importantly, think tanks provide a neutral territory where people feel more comfortable and have an opportunity to mingle' (1996: p. 126), and Boucher (2004: p. 30) and Pautz (2007: p. 64) use a metaphor similar to Stone's. Moreover, the potential for think tank fora to economise on bounded rationality is supported by research showing how think tanks perform as information intermediaries (Abelson 2013, 2006; Stone 2010; Pautz 2007; Ladi 2005; Lucarelli and Radaelli 2004). In fact, the argument that the attenuation of opportunistic behaviour is a key aspect that structures of transactions in the political field deal with has been elaborated by Hindmoor (1998). Based on the principle that embeddedness is a key factor in politics,<sup>6</sup> Hindmoor (1998) contends that what makes networks one of the structures through which transaction costs can be dealt with is their ability to foster trust (an uncertainty reducer). A significant part of think tanks' work is networking, either through engaging with networks or because they are set up as networks (Stone 2000). For instance, among the EU think tanks examined here (see Table 1), the Centre for European Policy Studies (CEPS) was a member of two networks (the European Credit Research Network and the European Capital Markets Institute), and the European Ideas Network (EIN), the European Policy Institutes Network (EPIN) and the Trans European Studies Association (TEPSA) are think tank networks. Accordingly, it is assumed that think tanks, as networkers, have the ability to foster trust and, thus, attenuate the tendency of parties to behave opportunistically. In the case of fora particularly, opportunistic behaviour is mitigated because policy actors and policymakers give think tanks the power to mediate in the discussions. Think tanks are incentivised to be fair mediators in fora because the parties involved constitute important sources of information and funding for think tanks and because the reputation of think tanks is at stake.

But why would policy actors turn to think tank fora? EU processes of consultation either impose significant barriers to exclude certain policy actors or, for policy actors with access, require constant investment. In fact, policy actors' access to consultation processes depends on their interests and their capacity to invest in the accumulation and analysis of the technical information that policymakers need (Broscheid and Coen 2007). As a result, policy actors are incentivised to seek alternative spaces for the exchange of information. In fact, Chalmers has found that the process



policy actors follow for developing useful information in order to participate in policymaking has two dimensions, and one of them includes actions ‘to anticipate and prepare to meet informational needs of EU decision makers’ (2011: p. 472). For these actions, Chalmers found that successful policy actors tend to prioritise informal information sources such as ‘word of mouth and face-to-face meetings’ and ‘contacts and networking’ (2011: p. 480), as well as EU sources, over formal sources such as newspapers and newsletters. The think tank fora are one of the places where such sources can be found. As Stone has already pointed out, fora are crucial for building the personal and institutional relations that ultimately lead to policy communities and networks (Stone 2000). As a result, policy actors that seek to diversify their strategies to influence policymaking or that do not fulfil the ‘umbrella’ or ‘broad geographical representation’ criteria sought by EU institutions would be incentivised to participate in think tank fora in order to meet other policy actors, express their perspectives and receive timely policy analyses and key information.

These are the circumstances under which EU think tank fora reduce transaction costs. Nevertheless, there are empirical questions that need to be addressed in order to understand the extent to which EU think tank fora reduce transaction costs. Which kind of think tank fora is most prominent? What kinds of transaction-specific investments are involved? What kind of policy actor attends think tank fora? What are the main EU institutions attending think tank fora? To answer these questions, the structural conditions of EU think tank fora are examined in light of the three dimensions outlined above.

The examination evaluates a) the type and frequency of think tank fora in order to assess the *recurrence of transactions*, b) EU think tank expert staff and funding received from policy actors in order to assess whether *transaction-specific investments* are incurred, and c) the types and number of policy actors and their return to fora frequency in order to assess *uncertainty mitigation*.

Assessment of the type and frequency of think tank fora will help elucidate the kind of intermediary role think tanks play and the degree of *reciprocity*, i.e. the opportunities the parties involved have to express their ideas and recognise each others’ views. The fora organised by think tanks range from speeches and lectures to seminars, workshops and conferences. Speeches and lectures are brief meetings in which usually one speaker presents a perspective; they seldom provide time for questions or discussion. Given that the think tanks’ intention is to deliver inclusive fora and stimulate thinking, seminars, workshops and conferences are considered the fora where reciprocity can be better achieved. At all these different types of fora there are usually discussants from the think tanks who are experts and who present synopses and the unconvincing or inconclusive aspects of the speeches in order to introduce the discussion. Whereas in seminars the audience is expected to participate in the discussion, in workshops and conferences the discussion generally develops principally among the panellists. As a result, it is expected that think tanks organise seminars with a higher frequency than workshops and conferences due to the significant resources and expert input that workshops and conferences require. Finally, the type of fora has a direct effect on uncertainty mitigation because the more reciprocity is emphasised the lower the chance that one or just a few actors takes or take advantage of the exchange of information.

For the second dimension, the assessment of expert staff is used as an indicator of think tanks’ investments in the knowledge capital required for reducing the information asymmetries between policy actors. It is expected that the more think tanks invest in expert staff – when conditions of reciprocity and representation are present – the more popular the fora will be. Similarly, the assessment of funding received by EU think tanks from policy actors and EU institutions is used as an indicator of the participants’ interest in think tank activities.

Finally, the number and characteristics of the participants are used as an indicator of the degree of representation in fora, i.e. the variety of actors expressing their views in fora. Accordingly, in order to evaluate the degree and type of representation it is necessary to find out what kind of policy

actors and policymakers participate in think tank fora, and to this end an assessment of the policy actors and policymakers attending as panellists is presented. It is expected that representatives of EU institutions, particularly the Commission, and policy actors not organised as ‘umbrellas’ and without ‘broad geographical representation’ will participate in think tank fora. Although it is expected that some institutions and policy actors attend think tank fora with some frequency, it is not expected that the frequency is very high. A high frequency of attendance of the same actors would suggest a high risk for collusion.<sup>7</sup> A high degree of collusion will reduce think tanks’ opportunities to reduce transaction costs effectively.

## EU THINK TANKS, FORA, DATA AND METHODS

In Brussels, different types of think tanks coexist. They include approximately ten international, global and pan-European think tanks, a dozen branches of national think tanks, a handful of Belgian think tanks, one EU institute (the European Union Institute for Security Studies), one autonomous EU agency of the Commission (the Bureau of European Policy Advisers) and 22 EU think tanks, all of which share a transnational EU origin, an interest in EU subjects and the intention of contributing to EU policymaking. This article examines 18 of the 22 EU think tanks (see Table 1). Four think tanks (EPIN, CES (Centre for European Studies), GRIP (Groupe de recherche et d’information sur la paix et la sécurité) and PLS (Pour la Solidarité)) have been excluded because they do not provide comprehensive information on their fora.

*Table 1: EU think tanks*

1. Bruegel
2. Centre for European Policy Studies (CEPS)
3. European Corporate Governance Institute (ECGI)
4. European Centre for International Political Economy (ECIPE)
5. European Institute for Asia Studies (EIAS)
6. European Ideas Network (EIN)
7. European Liberal Forum (ELF)
8. European Policy Centre (EPC)
9. Foundation for European Progressive Studies (FEPS)
10. Friends of Europe (FOE)
11. International Security Information Service (ISIS)
12. The Madariaga College of Europe Foundation (MCEF)
13. Institut Européen de la Recherche sur la Coopération Méditerranéenne et Euro-Arabe (MEDEA)
14. Migration Policy Group (MPG)
15. Observatoire Social Européen (OSE)
16. Security and Defence Agenda (SDA)
17. The Trans-European Policy Studies Association (TEPSA)
18. The Lisbon Council for Economic Competitiveness (TLCEC)

Excluded from the analysis:

19. Centre for European Studies (CES)
20. EPIN
21. Groupe de Recherche et d’Information sur la Paix et la sécurité (GRIP)
22. Pour la Solidarité (PLS)

Regarding their role as intermediaries, the mission statements of these EU think tanks state their concern with informing EU policy and contributing to public-opinion formation: they are ‘dedicated to promoting original thinking on the role of the European Union’ The Madariaga College of Europe Foundation (MCEF) (2012a) and ‘provid[ing] information to policymakers in European and other institutions’ (EIAS, 2012). They emphasise their interest in creating inclusive fora for policy actors concerned with the EU polity by declaring their intention, as described by the Security and Defence Agenda (SDA) (2012), to ‘bring [...] together experts and policymakers from the EU institutions, NATO, national governments, industry, the media, think tanks, academia and NGOs’. Also visible in their objectives is their intention to stimulate innovative thinking in the area of policy solutions: while CEPS describes itself as ‘a leading forum for debate’, Friends of Europe (FoE) refers to the ‘confrontation of ideas’ and MCEF states its purpose as encouraging ‘creative debate’.

The data used to examine the think tank fora come from original research conducted between April and May 2012. Because think tanks use their websites as a key tool to explain their objectives and structure and help disseminate their work, the websites of the EU think tanks were the main data source. Activity reports and statutes published by the think tanks provided additional material. From the websites and activity reports it was possible to collect summaries, podcasts and materials presented in fora. The data collected cover 389 fora that took place during 2011 and include the 1,592 policy actors who performed as panellists. The think tanks studied tend to give different names to their fora: for example, MCEF uses the title ‘Citizen’s Controversy’ for some of its seminars, while FoE uses ‘Policy Summit’ for some of its conferences. However, they generally follow the overall style of the forum types described above and were catalogued accordingly.

The categorisation of the panellists followed an inductive approach. In the first place, it was considered necessary to determine the participatory significance of the three main EU institutions; however, an initial examination of the data showed the European External Action Service (EEAS) to be much more evident in this respect than other EU agencies. For the remaining policy actors, it was considered necessary to look at how panellists represented different sectors of society and, accordingly, six different types of panellist were identified – international organisations, state representatives, NGOs, foundations and associations, academic and policy research organisations, corporations and the media. These categories were subdivided in order to assess the relevance of: i) transnational and national levels, i.e. international NGOs (INGOs) as opposed to national NGOs, and ii) different academic and research styles, i.e. academics as opposed to international and national research institutions.

The statistical analysis consisted of estimating the frequencies and assessing the proportions of the data collected.

## THE STRUCTURE OF EU THINK TANK FORA

### *Recurrence of Transactions*

As Table 2 shows, seminars, workshops and conferences are more numerous than lectures and speeches. Seminars are considerably dominant, constituting three-fifths of the total, and conferences are the least frequent – 13 per cent of total fora. It was expected that seminars would be the most common type of forum for two main reasons: i) seminars are more relaxed than conferences and less technical than workshops, and ii) seminars require fewer resources. Nevertheless, workshops are more common than seminars in two cases, International Security Information Service (ISIS) and FoE. ISIS is a think tank that focuses on technical work and actors associated with EU-NATO security policy,<sup>8</sup> which makes workshops the more appropriate kind of forum for the exchange of information. Another exception is The Lisbon Council for Economic

Competitiveness (TLCEC), which mostly organises lectures and keynote speeches. With keynote speeches by highly prominent figures such as José Manuel Barroso, President of the European Commission, and Harry van Dorenmalen, chair of IBM Europe, TLCEC is in a position to improve its visibility in the EU environment. These differences indicate that the choice of forum type is likely to depend on the subject under discussion and the objectives of the think tank.

*Table 2: Frequency of fora organised and average number of panellists by type of forum*

	<i>Think tank</i>	<i>Seminars</i>	<i>Workshops</i>	<i>Conferences</i>	<i>Other</i>
1	Bruegel	40	8	2	1
2	CEPS	40	31	7	0
3	ECGI	0	0	1	1
4	ECIPE	11	1	4	0
5	EIAS	33	0	3	0
6	EIN	9	0	0	0
7	ELF	1	1	0	0
8	EPC	34	22	7	1
9	FEPS	2	3	2	0
10	FOE	2	14	9	1
11	ISIS	3	4	0	0
12	MCEF	23	2	3	0
13	MEDEA	6	1	2	0
14	MPG	1	0	3	0
15	OSE	7	1	2	0
16	SDA	8	2	4	3
17	TEPSA	1	3	3	0
18	TLCEC	0	5	0	11
	<b>Total</b>	<b>221</b>	<b>98</b>	<b>52</b>	<b>18</b>
	<b>Average number of panellists</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>1</b>

### *Transaction-Specific Investments*

Although it is difficult to find comprehensive data to guide definite conclusions, the data collected on think tank's expert staff and policy actors and the EU funding of EU think tanks suggest that transaction-specific investments exist and are recurrent.

Browsing on the websites of think tanks it is possible to collect some information about their staff and identify the number of expert staff members of the institutions that contribute to EU think tank output. Expert staff members include senior, associate and assistant researchers or policy analysts. Table 3 shows that, excluding the two think tanks with the largest number of in-house experts, CEPS and European Centre for International Political Economy (ECIPE), most EU think tanks rely on an average of six expert staff members. It is difficult to assess the significance of this data; however, EU think tanks count on much the same number of experts as their counterparts in Canada, the UK and the USA (Abelson 2002; Stone 1996). Consequently, since EU think tanks seem to rely on a staff size comparable to that of other established, successful think tanks, it is reasonable to assume they incur similar transaction-specific investments.

*Table 3: Staff hired by EU think tanks in 2011*

<i>Think tank</i>	<i>Staff</i>	<i>Expert staff</i>	<i>Network contributing to output</i>
Bruegel	20	7	
CEPS	76	58	
ECGI			170 Research members
ECIPE	25	20	39 member institutions
EIAS	23	14	
ELF	4		
EPC	20	12	33 member institutes and associate members
FEPS	9	4	
FOE	21	6	
ISIS	5		
MEDEA	7	4	
MPG	13	8	
OSE	8	5	
SDA	12	6	
TEPSA	5	2	
TLCEC	8	5	

Regarding the transaction-specific investments of policy actors and EU institutions, the data collected on EU think tank budgets (Table 4) indicate that these organisations receive funding from various sources, some of which also participate in think tank fora and are frequently think tank members. As reflected in Table 4, EU think tanks rely on EU institutional funding to different degrees. With the exception of Foundation for European Progressive Studies (FEPS) and European Liberal Forum (ELF) (highly dependent on EU funding) and TEPSA (highly dependent on both EU Commission and Parliament funding) most think tanks rely on a mix of funding: from EU institutions and from members of a corporate, academic or national character. For instance, Bruegel's revenue from membership constituted more than three-quarters of its total revenue in 2011 (Bruegel 2012). Bruegel's membership includes 18 corporate members (for example, Microsoft and Novartis), 19 state agencies from European member countries and six institutional members such as the European Investment Bank and Banque de France. According to its activity report (2012), CEPS has 112 institutional members, including the Mission of Malaysia to the EU and the European Climate Foundation, and 131 corporate members such as Hyundai and Nestlé. These memberships constituted 26 per cent of CEPS's 2012 budget (CEPS 2012). This mix of funding is not surprising. EU think tanks tend to seek to diversify their funding sources (Perez 2013).

Another source of EU funding is Action 2 (Active civil society in Europe) of the Europe for Citizens Programme. EU think tanks have received funding from this action since its launch in 2007. The Europe for Citizens Programme is the result of the Commission's reconsideration of EU governance (EC 2001) following debate on the democratic deficit of the EU. The description of the programme states that think tanks 'have a specific role to play in providing ideas and reflections on European issues, on active European citizenship or on European values and in feeding the debate at European level' (EC 2012). Although the capacity of think tanks to connect with citizens is disputable (Stone 2004, 1996), especially among EU think tanks (Perez 2013), the terms in which they are included in the EU's programmes to enhance participation and dissemination of EU policies indicates they are recognised as information intermediaries. An examination of the grants received by EU think tanks, taken from their applications to the Europe for Citizens Programme, shown in Table 5, suggests that at least five of the EU think tanks have recurrently received EU funding. Nonetheless, these grants do not seem to have a key impact on the other dimensions of EU fora studied here.

Table 4: EU think tanks' 2011 budget description

Think tank	Total budget (EUR)	Description of budget
Bruegel	3,948,289	7% subscriptions, 15% Framework programmes, Commission, Parliament, IMF, EIB, etc. (Bruegel 2012: 17)
CEPS	9,200,000	37% Commission, 4% Parliament, 26% membership fees, 15% private organisations, 3.5% from foundations, 3.5% organisation of events (CEPS 2012)
ELF	1,019,198	82% Parliament, 2% membership fees, 14% extraordinary contributions and participation fees (ELF 2012: 6)
FEPS	3,262,358	85% Parliament, 15% contribution from members (FEPS 2012: 42)
ISIS		'ISIS Europe receives funding from foundations, trusts, official institutions and national governments. Current funders include the Joseph Rowntree Charitable Trust, the Polden-Puckham Charitable Foundation, the Network for Social Change and project funding from the European Commission' (ISIS 2012)
MCEF		25% College of Europe, 27% Mott Foundation, 19% Foundation for Effective Governance, 10% Chinese Mission to the EU, 17% Other, 2% Joseph Rowntree Charitable Trust (MCEF 2012b: 3)
MEDEA		'With the support of Ville de Bruxelles, Fondation Charles Leopold Mayer, Rauyaume de Belgique, Anna Lindh Foundation' (MEDEA 2012)
MPG		MPG receives support from a variety of organisations and sponsors: private foundations such as the Atlantic Philanthropies and the Open Society Foundation; European institutions like the European Commission (Directorate General for Home Affairs, Directorate General for Justice, Directorate General for Education and Culture); inter-governmental agencies such as the Council of Europe, the International Organisation for Migration, the United Nations High Commissioner for Refugees and the Organisation for Security and Co-operation in Europe' (MPG 2012)
TEPSA		59% Commission Projects and grants, 25% Parliament, 8% Partners (TEPSA 2012: 20)
TLCEC	801,296	68% donations, 31% grants. 'The Lisbon Council is sustained by a diversified funding base with three pillars: an operating grant from the European Commission, research grants won in competitive tenders, and donations from corporations and foundations.' (TLCEC 2012: 6)

Table 5: Multiannual grants to think tanks from the Europe for Citizens Programme (Action 2 – Active civil society in Europe) 2008–2013

	CEPS	EPC	FOE	TEPSA	TLCEC
2008	120,000	150,000	174,800	110,000	150,000
2009	126,000	144,966	186,165	110,000	150,000
2010	139,634	146,400	191,635	110,000	200,000
2011	138,925	150,000	201,217	110,000	200,000
2012	145,871	139,830	211,278	110,000	200,000
2013	152,817	137,120	221,338	121,000	200,000
<b>Total</b>	<b>823,248</b>	<b>868,317</b>	<b>1,186,434</b>	<b>671,000</b>	<b>1,100,000</b>
<b>Average</b>	<b>137,208</b>	<b>144,719</b>	<b>197,739</b>	<b>111,833</b>	<b>183,333</b>

### *Uncertainty Mitigation*

Overall, the results show that the EU-national divide dominates think tank fora but that these two perspectives are somehow counterweighted by the academic and business perspectives. Table 6 shows that four types of panellist, academic, state representative, corporate and EU representative, together constitute almost three-quarters of the panellists. As was expected, the participation of EU representatives is considerable; they make up more than a quarter of the total and most of them come from the Parliament and the Commission, with representatives from the latter constituting almost half the total number of EU representatives attending fora.

Regarding the panellist types with limited representation, as seen in Table 6, it is worth noting that the great majority of INGOs, foundations and associations are constituted as umbrella organisations. Some examples are the European Network of Migrant Women, the European Public Affairs Consultancies' Association (EPACA), the European Organisation of Military Associations (EUROMIL), and the European Climate Foundation. Also, regarding the international policy research institutes, it is worth noting that the majority are EU think tanks, which reflects the existence of some cooperation between think tanks. The salience of some policy problems is also reflected in the type of speakers. Data collection revealed the number of fora dedicated to discussions of the financial situation. Accordingly, national banks constitute the great majority of panellists in the category 'other'.

Table 6 also shows that a similar variety of policy actors participate in all types of forum. EU institutions are equally present in all types of forum, the institutions most frequently represented being the Commission in first place and the Parliament in second place. State representatives follow a similar pattern, with 15 per cent average attendance at all types of fora. This suggests that both EU institutions and state representatives consider all types of forum beneficial. Taking into account the reasons given above for why EU institutions turn to fora, these results suggest that through participation in conferences EU institutions fulfil their need to disseminate and make their work more visible, while through participation in workshops and seminars EU institutions fulfil their need to acquire technical knowledge and discuss EU politics in detail while identifying new stakeholders. Further, it was observed during data collection that state representatives had the role of explaining national positions vis-à-vis EU policies and/or discussing the effects of EU policymaking at national level. Accordingly, for state representatives EU think tank fora may be a useful tool for the dissemination of information as well as a means of finding out information regarding future policy changes by EU institutions.

Academics and corporate representatives follow different patterns of participation in the different fora. Academics are numerous in seminars and workshops, 19 and 21 per cent respectively, but their participation in conferences drops to 13 per cent. By contrast, the corporate sector's representation is highest in conferences, 16 per cent, but considerably drops in seminars, 9 per cent. The reasons for these differences may have to do with the objectives different types of forum help corporate representatives and academics to achieve. On the one hand, workshops help corporate representatives discuss the specific technical aspects they are concerned with, while conferences allow them to gain visibility and engage with new networks. On the other hand, seminars and workshops allow academics to dwell on details of their work and instruct audiences in the way they are used to, while conferences are more suitable for short presentations of results.

Table 6 shows that state representatives make up one of the most prominent panellist categories, constituting 15 per cent of the total. A closer look at the composition of these representatives (see Figure 1) reveals that half of them come from EU countries. An examination of EU panellists showed that representatives participating in think tank fora came from only 19 countries and representatives from three countries, Belgium, France and Poland, constituted 49 per cent of the representatives. In addition, representatives from Germany, the Netherlands and the UK accounted for 27.7 per cent of

the total, which means that just six countries constituted 76 per cent of the state representatives. Aspects such as resources, proximity, language, network engagement and subjects discussed in fora are factors that may impede state representatives from the less represented countries from being invited to or participating in think tank fora. Nevertheless, it was observed that a significant number of state representatives came from their national representations in Brussels; therefore, aspects such as network engagement and policy network style may be relevant.

*Table 6: Percentage of panellists by given fora*

	<i>Seminars</i>	<i>Workshops</i>	<i>Conferences</i>	<i>Total</i>
Commission	12.8	12.0	13.0	12.6
Parliament	9.0	7.0	5.6	7.2
Council	0.1	0	1.4	0.5
EEAS	3.3	2.5	3.2	3.0
Other	3.7	2.8	4.0	3.6
International Organisations	5.2	7.0	4.8	6.0
State/Local	16.9	13.2	16.0	15.4
Transnational/International Associations, Foundations NGOs	5.3	7.8	6.4	6.0
National Associations, Foundations NGOs	3.9	3.2	4.8	4.0
Academic	19.1	21.0	13.5	18.0
International Policy Research Institutes	2.2	2.6	1.0	2.0
National Policy Research Institutes	5.0	5.3	7.8	6.0
Corporations	9.2	12.0	16.0	12.0
Media	2.2	1.3	1.6	2.0
Other	1.9	1.8	0.6	1.3
<b>Total</b>	<b>99.8</b>	<b>99.5</b>	<b>99.7</b>	<b>99.6</b>

The European interest in developing links with Asia is also reflected in the data (see Figure 1) and a number of fora exploring this relationship were observed during the data collection. The presence of representatives from China and Japan, 44 per cent, is the most obvious in this regard. Transatlantic relationships are also present in fora. The great majority of American state representatives come from the USA (rather than South America); the same was observed of academics affiliated to American universities.

*Figure 1: Percentage of state representatives by given region*

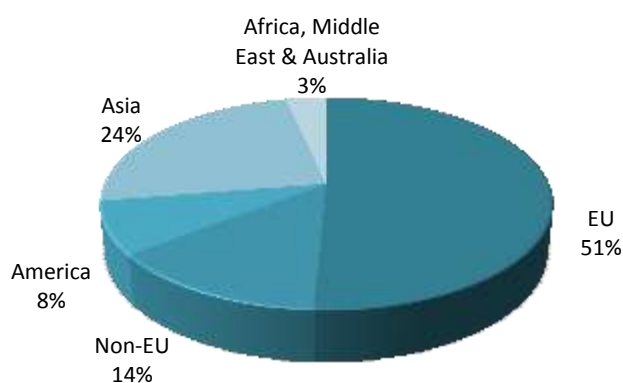


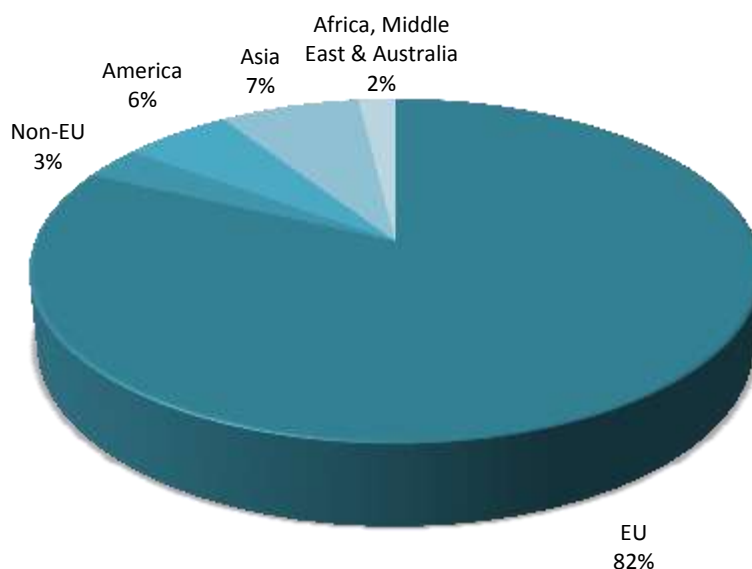


Table 6 shows that, after EU representatives, academics were the panellists most represented in think tank fora in 2011. This significant participation may be the result of the collaborative model of research production promoted in the EU (Defazio, Lockett and Wright 2008). This model encourages academics to conduct joint research with different types of organisations (including think tanks) and interact with practitioners in order to make their research relevant to society. By showing commitment to these principles, academics are able to secure funding.

A closer look at the data (see Figure 2) revealed that the great majority of academics come from EU countries. It was found that academics come from 15 EU countries, with academics from Belgium and the UK constituting half of the total. Meanwhile academics from France, Germany and the Netherlands constitute 30 per cent, with just one fifth coming from the remaining ten countries. As with state representatives, the factors that may impede academics from the less represented countries from being invited to or participating in think tank fora are resources, proximity, language, network engagement and the kind of subjects discussed.

A closer look at the university affiliation of the academics coming from Belgium and the UK revealed that Katholieke Universiteit Leuven (KUL), Université Libre de Bruxelles (ULB) and Université Catholique de Louvain (UCL) have particular representation among Belgian universities. Four fifths of the Belgian academics are affiliated to KUL, ULB and UCL, with the remaining fifth affiliated to the eight other Belgian universities and colleges participating in think tank fora. Of the 23 British universities participating in think tank fora, the London School of Economics (LSE) has the greatest representation, with a quarter of the academics affiliated to this institution. The proximity and size of the main Belgian universities represented and the limited resources that think tanks have for inviting academics from abroad may be reasons why the representation of academics is concentrated in a few universities.

Figure 2: Percentage of academics by given region



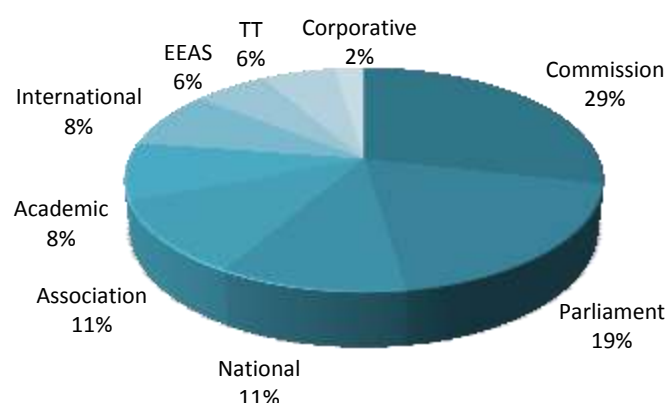
An examination of the frequency with which panellists attended more than one fora run by the same think tank revealed that the risk of collusion is low. As Table 7 shows, 75 panellists attended more than one fora run by the same think tank (4.71 per cent of the total number of panellists attending all fora). The think tanks with the largest number of panellists returning are European Institute for Asia Studies (EIAS), European Policy Centre (EPC), CEPS and FOE, with close to one-third of the panellists attending more than one fora. However, the returning panellists constitute a marginal share of the total number of panellists attending think tank fora, as Table 7 shows.

*Table 7: Number of panellists attending more than one fora run by the same think tank, by think tank*

<i>Think tank</i>	<i>Number of panellists</i>	<i>Share of total number of panelists (%)</i>
Bruegel	8	5.03
CEPS	10	3.20
FEPS	3	10.00
FOE	13	4.43
ECIPE	2	5.26
EIAS	18	13.04
EPC	11	5.44
MCEF	4	3.33
MPG	2	6.45
SDA	4	3.12
<b>Total</b>	<b>75</b>	<b>4.71</b>

Moreover, examination of the frequency with which panellists attended more than one fora run by different think tanks confirms that the risk of collusion is low. The results are slightly higher than they are for panellists attending more than one fora run by the same think tank. Only 0.56 per cent more panellists attended more than one fora run by different think tanks (see Figure 3). This assessment confirmed the regular attendance of Commission and Parliament representatives. Twenty-one representatives from 14 different directorates-general of the Commission attended fora run by different think tanks. In addition, President Barroso attended two events organised by TLCEC and FOE, and Vice-Presidents Almunia and Šefčovič attended fora run by Bruegel, EPC, CEPS and FOE.

*Figure 3: Frequency of attendance at more than one fora run by different think tanks, percentage by type of panellist*



## CONCLUSIONS

The results of the data analysis seem to indicate that descriptions of think tank fora as ‘neutral territory where people feel more comfortable and have an opportunity to mingle’ (Stone 1996: p. 126) make sense. The results show that the dimensions characterising transactions as seen in the literature (Macher and Richman 2008; Williamson 1979) are present in EU think tank fora. In particular, it is seen that EU think tank fora facilitate EU institutions meeting with policy actors that are not organised as ‘umbrellas’ and lack ‘broad geographical representation’. Nevertheless, limitations to this role are also evident.

As Abelson (2006: p. 148) describes, running fora is one of the strategies think tanks use in seeking to enhance their reputation and identify new ideas. Academics help think tanks achieve these objectives. Think tanks emphasise their academic orientation to different degrees (Stone 2007) but they are still generally seen as bridges between academics and politicians seeking to make academic knowledge ‘policy-relevant’ (Stone 2000: p. 154). Thus, the significant presence of academics at fora may be the result of EU think tanks’ intention to keep fulfilling this role. At the same time it must be considered that, in the EU, there is interdependence between think tanks and academics. The significant participation of academic panellists in think tank fora may be the result of the collaborative model of research production promoted in the EU (Defazio, Lockett and Wright 2008). Both academics and think tanks are part of the European Research Area, which encourages joint research, and they both benefit from Framework Programme funding. Consequently, further examination of the relationship between academics and think tanks within the frame of the European Research Area will elucidate the character of their relationship and clarify the prominence of academics in EU think tank fora.

The relationship think tanks have with academics is in contrast to that with NGOs, foundations and associations. As Stone describes, given think tanks’ concern for their reputation, independence and high analytical standards, it is difficult for them to develop ‘long-term relationships with organisations that are deemed to be of lower social status, groups that are perceived to be radical or disrupt their demands, or bodies that are in competition with think tanks for media, political and foundation attention’, while at the same time, civil society organisations may consider their role affected when they engage with organisations that are seen as elitist (Stone 2000: p. 169). The scant presence of these organisations in think tank fora may be the result of this situation, reinforced by the fact that interaction between the EU and European NGOs generally takes place through specific platforms (Kutay 2012).

In addition, aspects such as the resources, proximity, language, network engagement and policymaking style of national representatives and academics need to be further studied. In particular, given that the majority of national representatives come from their national representations in Brussels, there needs to be a special focus on network engagement and policymaking style.

Finally, the considerable presence of businesses is unsurprising. Although businesses invest in lobbying, by participating in think tanks they can gain credibility and respectability (Abelson 2013: p. 21). Moreover, at the transnational level, information about policymaking is less ubiquitous than at national and local levels, so policy actors and businesses tend to use information intermediaries such as think tanks as vehicles to enable themselves to be informed and participate in policymaking (Stone 2004). At the same time, businesses are an important source of funding for think tanks, including EU think tanks, which offer businesses privileged access to activities and outputs in return for membership dues. Think tanks depend on membership for various reasons: i) resources; ii) identification of interested audiences; iii) and ‘quality control’ to establish/maintain the reputation of the think tank (Stone 2000: p. 164).

This preliminary study needs to be complemented by comparative analyses of think tanks' performance in different EU policy areas. Broscheid and Coen found that lobby activity is different in regulatory and distributive policy areas, the first scenario generating more activity among EU institutions, sometimes leading to lobbying overload, while the second is 'highly intergovernmental and encourage[s] multi-level venue shopping' (2007: p. 361). In both scenarios think tank fora would have a role to play as transaction cost reducers, either as outsourced consultation (Coase 1937) in case of lobbying overload or simply as a basis for information economies (Williamson 1979: p. 241)<sup>9</sup> for policy actors in a venue-shopping scenario.

Overall, this article contributes to the literature on transaction costs by providing an illustration of how some aspects of EU policymaking can be outsourced to non-state policy actors, such as think tanks, playing an intermediary role. By explaining what the role of fora in EU policymaking is it is possible to understand how, despite being a small community with a limited focus on research and advisory work (McGann 2010; Boucher 2004), EU think tanks have a useful role to play in policymaking. The article is also a contribution to think tank scholarship seeking to explain how the intermediary role of think tanks may be of particular relevance at the transnational level, where public opinion formation is dispersed and participation in policymaking is resource-intensive (Stone 2008: p. 32).

\*\*\*

### **Acknowledgments**

I would like to thank Donald Abelson, Stella Ladi, Hakan Sicakkan, Lars Svåsand and two reviewers from the journal for their many useful comments.

### **Correspondence Address**

c/o Dept of Comparative Politics, Faculty of Social Sciences, University of Bergen, PO Box 7802, 5020 Bergen, Norway [marybel.perez@isp.uib.no]

<sup>1</sup> i.e. think tanks located in Brussels that are concerned with EU politics.

<sup>2</sup> As Coase argued, most transactions yield a cost because in order to carry them out it is necessary to invest resources 'to discover who it is that one wishes to deal with, to inform people that one wishes to deal and on what terms, to conduct negotiations leading up to a bargain, to draw up the contract, to undertake the inspection needed to make sure that the terms of the contract are being observed, and so on'. (1960: p. 15)

<sup>3</sup> Bounded rationality maintains that rational behaviour is limited by accessibility, cognition and time (see Simon 1957).

<sup>4</sup> State capture occurs when a small number of policy actors influence policymaking and monopolise policy outcomes. State capture can sometimes lead to corruption.

<sup>5</sup> Following the economic law of diminishing returns, diminishing returns to EU management refers to when the expansion of the consultation system beyond a threshold incrementally decreases the efficiency of the consultation system by increasing costs and the time frame for consultation.

<sup>6</sup> The idea that relationships are determined not only by economic factors but also by political and social contexts.

<sup>7</sup> Collusion takes place when a limited number of actors reach agreement outside the formal structure (see Laffont and Martimort 1997; Clarke 1983)

<sup>8</sup> ISIS (2012) summarises its aims in the following terms: 'ISIS Europe facilitates parliamentary and inter-institutional dialogue with all stakeholders and provides policy input to strengthen common approaches to conflict prevention, crisis management, peace building, arms control and disarmament'.

<sup>9</sup> Think tanks, as a result of their networking capacity and ability to develop a common language accessible to different audiences, yield information economies to policy actors seeking to access and better understand EU politics.

## REFERENCES

- Abelson, D. (2013). 'Theoretical Models and Approaches to Understanding the Role of Lobbies and Think Tanks in US Foreign Policy'. In: S. Brooks, D. Stasiak, T. Zyro, (eds) *Policy Expertise in Contemporary Democracies*. Farnham: Ashgate, pp. 9–30.
- Abelson, D. (2006). *A Capitol Idea. Think tanks and US foreign policy*. Montreal: McGill-Queen's University Press.
- Abelson, D. (2002). *Do Think Tanks Matter? Assessing the Impact of Public Policy Institutes*. Montreal: McGill-Queen's University Press.
- Boucher, S. (2004). 'Europe and its Think Tanks: a promise to be fulfilled'. *Studies and Research*, Notre Europe 35. Available at: <http://www.notre-europe.eu/media/etud35-en.pdf?pdf=ok> [accessed 08 January 2008]
- Broscheid, A. and Coen, D. (2007). 'Lobbying activity and fora creation in the EU: empirically exploring the nature of the policy good'. *Journal of European Public Policy*, 14(3): pp. 346–65.
- Bruegel (2012). *Bruegel Annual Report 2012*. Available at: <http://www.bruegel.org/about/members/> [accessed 11 May 2012].
- CEPS (2012). *CEPS activities. Review 2011-Preview 2012*. Available at: <http://www.ceps.be/content/about-ceps> [accessed 11 May 2012].
- Chalmers, A. W. (2011). 'Interests, Influence and Information: Comparing the Influence of Interest Groups in the European Union'. *Journal of European Integration*, 33(4): pp. 471–486.
- Clarke, R. (1983). 'Collusion and the Incentives for Information Sharing'. *The Bell Journal of Economics*, 14(2): pp. 383–394.
- Coase, R. H. (1937). 'The Nature of the Firm'. *Economica*, 4(16): pp. 386–405.
- Coase, R. (1960). 'The Problem of Social Cost'. *Journal of Law and Economics*, 3(1): pp. 1–44.
- Christiansen, T. (2006). 'The European Commission. The European executive between continuity and change'. In: J. Richardson, (ed.). *European Union. Power and policy-making*. Abingdon: Routledge, pp. 100–20.
- Defazio, D., A. Lockett, A., Wright, M. (2008). 'Funding incentives, collaborative dynamics and scientific productivity: Evidence from the EU framework program'. *Research Policy* 38: pp. 293–305.
- EIAS (2012). About the European Institute for Asian Studies. Available at: <http://www.eias.org/about> [accessed 08 May 2012]
- ELF (2012). *European Liberal Forum Financial Report*. European Liberal Forum.
- European Commission (2012). *Europe for Citizens Programme. Action 2 - Active civil society in Europe*. Available at: [http://eacea.ec.europa.eu/citizenship/programme/action2\\_en.php#mesure1](http://eacea.ec.europa.eu/citizenship/programme/action2_en.php#mesure1) [accessed 20 October 2013].
- European Commission (2001). *European Governance. A white paper*. Brussels, 25.7.2001, COM(2001) 428 final.
- Farrell H. and Héritier, A. (2003). 'Formal and Informal Institutions Under Codecision: Continuous Constitution-Building in Europe'. *Governance: An International Journal of Policy, Administration, and Institutions*, 16(4): pp. 577–600.
- FEPS (2012). *FEPS Annual Activity Report 2011*. Foundation for European Progressive Studies.
- Greenwood, J. and Halpin, D. (2007). 'The European Commission and the public governance of interest groups in the European Union: Seeking a Niche between accreditation and laissez-faire'. *Perspectives on European Politics and Society*, 8(2): pp. 189–210.
- Hindmoor, A. (1998). 'The Importance of Being Trusted: Transaction Costs and Policy Network Theory'. *Public Administration*, 76: pp. 25–43.
- Hix, S. and Høyland, B. (2011). *The political system of the European Union*. Basingstoke, Hants: Palgrave Macmillan.
- ISIS (2012). *What is ISIS?* Available at: <http://www.isis-europe.eu/what-is-isis-europe> [accessed 11 May 2012].

- Kutay, A. (2012). 'Europeanisation of Civil Society through the Sponsored European Publics'. *Javnost-The Public*, 19(1): pp. 19–34.
- Ladi, S. (2005). *Globalisation, Policy Transfer and policy Research Institutes*. Cheltenham: Edward Elgar.
- Laffont, J.J. and Martimort, D. (1997). 'Collusion under Asymmetric Information'. *Econometrica*, 65(4): pp. 875–911.
- Lomas, J. (2007). 'The in-between world of knowledge brokering'. *BMJ*, 334(7585): pp. 129–32.
- Lucarelli, S. and Radaelli, C. (2004). 'Italy: think tanks and the political system'. In: D. Stone and A. Denham (eds). *Think Tank Traditions. Policy research and the politics of ideas*. Manchester: Manchester University Press, pp. 51–68.
- Macher, Jeffrey T. and Richman, D. Barak (2008). 'Transaction Cost Economics: An Assessment of Empirical Research in the Social Sciences'. *Business and Politics*, 10(1): pp. 1–63.
- MCEF (2012a). *About us*. Available at: <http://www.madariaga.org/about-us> [accessed 08 May 2012]
- MCEF. (2012b). *Activities Report 2011*. Madariaga College of Europe Foundation.
- McGann, J. (2010). 'European Think Tanks: Regional and Trans-Atlantic Trends (II)'. *Romanian Military Thinking*, 2: pp. 150–178.
- MEDEA (2012). *Avec le soutien de*. Available at: <http://www.medeabe.fr/medea/avec-le-soutien-de/> [accessed 11 May 2012].
- MPG (2012). *About Us*. Available at: <http://www.migpolgroup.com/about-us/> [accessed 11 May 2012].
- North, D. (1990). 'A transaction cost theory of politics'. *Journal of Theoretical Politics*, 2(4): pp. 355–367.
- Olson, M. (1971). 'The Logic of Collective Action. Public Goods and the Theory of Groups'. Cambridge: Harvard University Press.
- Pautz, H. (2007). 'Scottish Think-Tanks and Policy Networks'. *Scottish Affairs*, 58: pp. 57–77.
- Perez, M. (2013). 'Does the EU policy-making allow for skilful networkers but limited knowledge brokers? A think tanks' tale'. *Journal of Politics, Culture and Society*, 23(4). Available at: <http://link.springer.com/article/10.1007/s10767-013-9172-5/fulltext.html> [accessed 12 February 2014]
- Reh, C., Héritier, A., Bressanelli, E. and Koop, C. (2011). 'The Informal Politics of Legislation: Explaining Secluded Decision Making in the European Union'. *Comparative Political Studies*, 46(9): pp. 1112–1142.
- SDA (2012). *SDA and the media – Getting the word out*. Available at: <http://www.securitydefenceagenda.org/Functionalnavigation/Media/tabid/1235/Default.aspx> [accessed 16 May 2012].
- Simon, H.A. (1957). *Models of Man*. New York: Wiley & Sons.
- Stacey, J. and Rittberger, B. (2003). 'Dynamics of formal and informal institutional change in the EU'. *Journal of European Public Policy*, 10(6): pp. 858–883.
- Stone, D. (2010). 'Private philanthropy or policy transfer? The transnational norms of the Open Society Institute'. *The Policy Press*, pp. 269–285.
- Stone, D. (2008). 'Global Public Policy, Transnational Policy Communities, and Their Networks'. *Policy Studies Journal*, 36: pp. 19–38.
- Stone, D. (2007). 'Recycling bins, garbage cans or think tanks? Three myths regarding policy analysis institutes'. *Public Administration*, 85(2): pp. 259–278.
- Stone, D. (2004). 'Introduction'. In: D. Stone and A. Denham (eds). *Think tank Traditions. Policy research and the politics of ideas*. Manchester: Manchester University Press, pp. 1–16.
- Stone, D. (2000). 'Think Tank Transnationalisation and Non-profit Analysis, Advice and Advocacy'. *Global Society*, 14(2): pp. 153–172.
- Stone, D. (1996). *Capturing the political imagination. Think tanks and the policy process*. London: Frank Cass.

TEPSA (2012). *TEPSA Annual Activity Report 2011*. Trans-European Policy Studies Association.

TLCEC (2012). *The Lisbon Council Annual Report 2011*. The Lisbon Council for Economic Competitiveness.

Ullrich, H. (2004). 'European Union Think Tanks: Generating ideas, analysis and debate'. In: D. Stone and A. Denham (eds). *Think Tank Traditions. Policy research and the politics of ideas*. Manchester: Manchester University Press, pp. 51–68.

Ward, V., House, A. and Hamer, S. (2009). Knowledge Brokering: The missing link in the evidence to action chain? *Evidence Policy* 5(3): pp. 267–279.

Womack, R. (2002). Information intermediaries and optimal information distribution. *Library and Information Science Research*, 24(2): pp. 129–55.

Williamson. O.E. (1979). Transaction Cost Economics: The Governance of Contractual Relations. *Journal of Law and Economics*, 22(2): pp. 233–261.

# Journal of Contemporary European Research

Volume 10, Issue 2 (2014)

## The Rationales behind the European External Action Service: The Principal-Agent Model and Power Delegation

**Hrant Kostanyan** *Ghent University & the Centre for European Policy Studies*

### ***Citation***

Kostanyan, H. (2014). 'The Rationales behind the European External Action Service: The Principal-Agent Model and Power Delegation', *Journal of Contemporary European Research*. 10 (2), pp. 166-183.

First published at: [www.jcer.net](http://www.jcer.net)



## Abstract

Through application of the principal-agent model, this article investigates the rationales behind the establishment of the European External Action Service (EEAS). The study argues that although the EEAS was designed to become the heart of the EU external actions, it has not been given a role of ensuring the credibility of the principals' commitments. In addition, the blame shifting logic that makes the delegation of powers attractive is only partially applicable to the EEAS. Conversely, the efficiency rationale, which includes developing and centralising expertise, resolving incomplete contracting, minimising costs, and improving decision-making procedures, is somewhat pertinent to the EEAS's establishment. Empirical findings provide a basis for upgrading the principal-agent model by including 'coherence' as a rationale for agency creation.

## Keywords

European External Action Service; European Union Foreign Policy; Treaty of Lisbon; Principal-Agent Model

---

A multiplicity of actors, their formal and informal competences, diverging preferences and distinct decision-making procedures continue characterising the European Union's (EU) external action. These differences have often slowed down integration of EU foreign policy and resulted in inefficient and incoherent action. The recent attempts to tackle shortcomings in the EU foreign policy architecture originated in the European Convention (2002-2003), which proposed a number of institutional modifications that found their way into the Treaty of Lisbon. The novelties include the reduction in the number of participants within the European Council, the modifications of the Council of the European Union (Council), the creation of the posts of the President of the European Council and the new High Representative of the Union for Foreign Affairs and Security Policy, who is also the Vice-President of the European Commission (HR/VP). Among the institutional adaptations intended to enhance EU foreign policy, the establishment of the European External Action Service (EEAS) takes centre stage.

The process of operationalisation of the ideas agreed on within the European Convention has experienced a bumpy road. Following the failure of the Constitutional Treaty's ratification in May 2005, the actual establishment of the EU's foreign office was postponed until the enactment of the Lisbon Treaty in 2009. On 22 October 2009, the European Parliament (EP) was the first to adopt a report on the organisation of the EEAS followed by the Council's rotating presidency's (at the time held by Sweden) proposal agreed on by the member states (MS). After her appointment, the HR/VP, who was given the right to make proposals by the Lisbon Treaty, presented her draft proposal for the decision establishing the EEAS on 25 March 2010. The EP, however, rejected the proposal, citing lack of political accountability, the inclusion of external development policy into the EEAS and issues related to the internal hierarchical structure (European Parliament 2012). On 26 April 2010, the HR/VP followed up with an amended proposal, on the basis of which the negotiations started in the Quadrilogue consisting of the HR/VP, the European Commission, the Council Presidency and the EP. The Quadrilogue reached a consensus on the proposal of the Council decision establishing the EEAS on 21 June 2010 in Madrid, paving the way for the establishment of the EEAS.

Based on the compromise reached in the Quadriologue, the EEAS is composed of staff originating from the Commission and the General Secretariat of the Council (GSC) as well as from the EU member states' diplomats (Article 23 (3) TEU). The EEAS supports the HR/VP, the President of the European Council and the President of the Commission as well as the Commissioner responsible for Enlargement and Neighbourhood Policy, and the Commissioner for Development Policy. What is more, the EEAS cooperates with and supports the MS diplomatic services, the GSC, the services of the Commission and the EP. The EEAS is therefore set to become the heart of the changes brought about by the enactment of the Treaty of Lisbon. This article investigates the rationales behind the establishment of the EEAS through applying and upgrading the principal-agent model.

Analysis of the principal-agent literature reveals three major rationales for agency creation: ensuring credibility of principals' commitments; blame shifting toward the agent; and ensuring efficiency of action. This study tests the establishment of the EEAS agent against each of these three rationales. Moreover, based on empirical findings in regard to the EEAS, the article upgrades the list of rationales for power delegation offered by principal-agent literature by adding coherence as a theoretical motivation for the agency's creation.

The article relies on qualitative methods drawing on triangulation of collected data: firstly, examination of primary sources such as legal texts, official documents and statements; secondly, reports by independent press agencies; thirdly, critical use of the secondary literature; finally, the empirical findings are complemented by observations from 63 expert interviews with officials from the EEAS, the MS Permanent Representations to the EU, the Members of the EP (MEPs) and the Commission staff involved in the set-up and working of the EEAS.

In the next section, this study introduces the principal-agent model and its application to studying the EU. Thirdly, the analysis applies and tests the rationale for power delegation informed by the logic of ensuring the credibility of principals' commitments to the EEAS case. Fourthly, the EEAS's and HR/VP's function as a blame taker is assessed followed by examination of the efficiency rationale. After that, coherence as a rationale for the EEAS's creation is evaluated on vertical, inter-institutional and horizontal levels as well as through the post of the HR/VP. Finally, the conclusion summarises and reflects on the main findings.

## THE PRINCIPAL-AGENT MODEL AND THE EEAS

The Principal-Agent imagery pioneered by Stephen Ross depicts a relationship 'between two (or more) parties when one, designated as the agent, acts for, on behalf of, or as the representative for the other, designated the principal, in a particular domain of decision problems' (Ross 1973: p. 134). The model therefore represents the delegation by the principals to the agent, on the one hand, and the principals' control of the agent, on the other hand. Following Hawkins et al. (2006), this study defines principals as capable of both granting and withdrawing power from the agent. The logic behind the delegation that creates a contractual relationship between the principals and the agent is based on the expectation that the agent's action will generate the outcomes sought by the principals.

The agent, however, is viewed as being 'self-interest seeking with guile' (Williamson 1985: p. 47), able to develop their own preferences over time and search for their realisation. The principals' willingness, therefore, to transfer power to a given agent is conditioned by the former's ability to control the latter (Kerremans 2004: p. 366). Consequently, simultaneously with the act of delegation, the principals create ex ante and ex post control mechanisms in order to minimise agency losses through tying the agent to the given mandate (Kiewiet and McCubbins 1991). However, countering losses stemming from the delegation might require 'undertaking measures

that are themselves costly' (Kiewiet and McCubbins 1997: p. 27) and, therefore, may undo the anticipated benefits of delegation. Thus the principals' challenge is to perform a balancing act between the delegation and control in a way that allows the agent to implement its mandate.

In recent decades, the principal-agent approach has been developed and applied to European Studies for the purpose of analysing, inter alia, the interaction of the EU supranational institutions with the MSs (Pollack 2003); EU external trade (Kerremans 2004); the EU negotiator's bargaining capacity (Meunier 2005); and the EU's conduct in multilateral environmental agreements (Delreux 2011). This study continues the tradition of extending adaptation of the principal-agent model by applying it to the relations of the MS principals and the EEAS agent.

The principal-agent model has already been applied to analyse the control of the EEAS by the principals in specific areas, such as the Common Foreign and Security Policy (CFSP), the Common Security and Defence Policy (CSDP), Development (Furness 2013); and the multilateral track of the Eastern Partnership (Kostanyan and Orbie 2013). As opposed to limited application of the principal-agent model to study the *control* of the EEAS, no analysis has been published to date addressing the *delegation* aspect of the EEAS's establishment and organisation. This article contributes to the literature by applying, testing and upgrading the rationales for power delegation - offered by the principal-agent literature - to the EEAS's establishment and functioning.

### **EEAS: AN ENSURER OF THE CREDIBILITY OF THE PRINCIPALS' COMMITMENTS OR A BLAME-TAKER FOR MEMBER STATES' ACTIONS?**

An increasing transfer of certain, especially exclusive, competences from the national to the EU levels has taken place with the purpose of ensuring the credibility of the commitments made by the MSs. This is particularly relevant to the cases where there is a possible inconsistency between national governments' long and short term preferences. The delegation for the purpose of credibility aims to address the instances where a 'government in the short run has an incentive to renege on its long-term commitments' (Majone 2001: p. 106). The agent therefore is assumed to be better positioned to maintain the long-term policy direction because it is not subject to electoral pressure that might lead to it altering its preferences (Alter 1998).

Neither the Lisbon Treaty nor Council decisions explicitly prescribe the role of ensuring MS compliance with their foreign policy commitments to the EEAS. This is not unexpected since the credible commitment argument has mostly been stressed in the literature relating to political economy (e.g. Kerremans 2004) and the economic dimension of foreign policy which is outside of the EEAS mandate and remains part of the Commission's competences. As opposed to the Commission, the Treaty does not empower the EEAS to start infringement procedures against EU member governments. In addition, unlike the European Court of Justice (ECJ), the EEAS has not been given authority to make judgments on infringement proceedings. Furthermore, the Commission and the ECJ together may impose economic sanctions on the MSs, a power that the EEAS does not possess. The EEAS therefore has not been delegated competence to ensure the credibility of the MSs' commitment to EU foreign policy.

The delegation of power could also be motivated by the opportunity to relocate the blame for possible unpopular decisions or failures (Epstein and O'Halloran 1999). The EU's political processes and institutional construction provide a suitable framework for shifting blame from the national level to the EU institutions. By contrast, the supranational actors 'often lack both the capacity and the interest to shift it back' (Tallberg 2002: p. 27). As opposed to national politicians, EU officials (with the exception of the MEPs) are appointed and do not have to face re-election campaigns. Blame shifting is beneficial for the politicians of the national governments, since not all policies

adopted are desirable for different societal groups. The supranational agents are therefore aware that they are 'expected to maximise policy goals, which principals know may sometimes be unpopular with important societal groups' (Thatcher and Stone Sweet 2002: p. 4). Moreover, the members of national governments can also exploit the successes achieved by the EU institutions to their own benefit (Tallberg 2002: p. 27). Therefore, blaming 'Brussels' for what is unpopular as well as taking credit for what is popular is strategically used by MS politicians to realise desired outcomes on the national stage.

Shifting the blame from the EU's member governments to its institutions has partial relevance for the case of the EEAS. Ambiguities in the EEAS's place in the EU institutional structure, its relationship with the rest of the EU actors, as well as its newcomer status make the EEAS an easy target for blame. The EEAS has attracted a considerable amount of blame from the representatives of the national governments, especially levelled at its head, the HR/VP. Despite this, since so much of what the EEAS is expected to perform depends on the rest of the EU institutions and the MSs, it has little interest in turning the blame around. Moreover, the composition of the EEAS brings a new dimension to the blame-game within the EU. Those EEAS staff originating from the Commission are used to being a blame taker but that is not the case for those staff coming from the GSC or especially from the MS diplomatic representations. Several EEAS staff members admit that they anticipate the blame game will continue (interviews, June, July 2011). Thus far, the EEAS has adopted the strategy of leaving the blame unanswered and tried to minimise the negative elements of the blame game through focusing on strategic communications such as Facebook and Twitter, though with limited success.

Blame shifting, however, is especially relevant when an agent has exclusive competence to influence political processes. The EEAS does not have competence that empowers it to force decisions on the EU national governments. Thus, the MSs cannot make a convincing argument that the EEAS 'made them do it'. What is more, some of the Union's foreign policy areas such as trade (entirely), aid (partially) and enlargement (mostly) are not part of the EEAS mandate. Arguably, these policy areas are highly contested subjects in EU public opinion. Therefore, a blame shifting rationale for delegating power is not completely applicable to the EEAS, yet along with its head the EEAS has functioned as a blame taker.

## **EFFICIENT ACTION THROUGH THE EEAS?**

This study groups developing expertise, resolving incomplete contracts, cutting costs and ameliorating decision-making procedures under the 'efficiency' rationale for agency creation. In this section, I begin by analysing the literature before applying and testing these motivations to the EEAS case.

### ***What External Action Expertise?***

Although the accumulation of expertise is possible without the creation of an agent, the EU has often opted for expertise-driven power delegation, since the principals expect that agents will 'develop and employ expertise in order to produce, or help principals produce appropriate public policy' (Thatcher and Stone Sweet 2002: p. 4). Expertise is also increasingly necessary for the purpose of overcoming governments' collective action. The need for technical know-how augments 'the ability of non-majoritarian institutions to play a critical role in policy deliberations since the technical nature of the issue insulates it from the politicking of the member states' (Egan 1998: pp.

487-488). Although political actors might know what they would like to accomplish, they are not always certain about the best ways to achieve their objectives (Huber and Shipan 2006).

The EEAS did not begin by developing expertise on EU external action but by merging together already-developed expertise from the Commission, the GSC and the national diplomatic services. In theory, the pooling of expertise allows for overcoming the difficulties of the previous system where the Commission had a Community focus and the GSC led on the Common Foreign and Security Policy (CFSP). Moreover, the national diplomats bring an added perspective from the MSs. In reality, however, creating the esprit de corps that was expected to result from the merger of expertise of those three pools of specialists has been a major challenge for the EEAS (for more see Duke 2011). The problem of 'identity' is not only an issue for the EEAS's headquarters in Brussels but also for EU delegations, which traditionally mainly hosted staff from the Commission DGs, who are specialists in specific (technical) fields and have only a little general foreign policy expertise (interview, May 2011).

One of the options debated for creating a common culture in EU external action is organising common trainings for the EEAS staff. In the pre-Lisbon period, the Commission conducted trainings for personnel of the DG Relex. The GSC has trained its staff through the European Security and Defence College (ESDC). On top of that, individual MSs have a long tradition of training their diplomats. The proposal to establish a diplomatic school for the purpose of training those who are planning to start working in the EEAS but also for a lifelong learning process has faced opposition from some MSs since the beginning of the negotiations of the decision establishing the EEAS. The Italians promoted the European University Institute; the Dutch insisted on use of the Maastricht University facilities; others proposed conducting trainings in the College of Europe.

There are also major differences between the institutions and among the MSs concerning designing a sort of mandatory unified curriculum for those who want to work in the EEAS (interviews, May-July 2011). Short of the establishment of a diplomatic school, in preparation for the establishment of the external service, the Swedish Presidency Report recommended adopting measures in order to provide 'EEAS staff with adequate common training' (Council 2009, article 6 (12)). In her 2011 report, the HR/VP stated that the EEAS has continued the existing trainings offered by the Commission and the GSC while strengthening the curriculum 'with new areas, including particular emphasis on pre-posting training for Heads of Delegation and other staff who are new to the service' (High Representative 2011: p. 12). However, the inaptly-named 'European Diplomatic Programme' only consists of a three-week modular course (Hemra et al. 2011: p. 19) and cannot encourage the creation of a unified identity for the EEAS.

### ***Does the EEAS Fill Gaps in Incomplete Contracts?***

Principals' relations with agents have a contractual basis. The parties may choose the option of complete contract where all the provisions are bargained and outlined in advance. Conversely, often the unpredictability of future events and high transaction costs motivate principals to choose the option of an incomplete contract. The latter consists of 'missing provisions and ambiguous clauses' (Epstein and O'Halloran 1999: p. 37). In the environment of incomplete contracts, the agent may assume an important role in filling in the gaps and interpreting the ambiguous provisions autonomously or with the principals' consent.

The establishment of the EEAS follows a pattern of filling in an incomplete contract. The Treaty of Lisbon makes broad remarks about the structure and composition of the EEAS and ties the mandate of the external service to the HR's responsibilities. The principals left the details concerning the organisation and functioning of the service to be worked out outside of the treaty framework. Back

in 2003, to avoid potential obstacles for future developments, the Constitutional Convention suggested that the EEAS's administrative organisation should not be detailed and fixed in the Constitution itself. The Convention's proposal suggested that those institutions implicated adopt the specifics of the EEAS's administrative structures at a later stage (European Convention 2003: pp. 3-4). The Commission's paper agreed that the Constitution should not regulate administrative questions regarding the EEAS (Commission 2003: p. 11). The 2003-2004 Intergovernmental Conference (IGC) instructed 'the Secretary-General of the Council, High Representative for the CFSP, the Commission and the Member States' to start preliminary work immediately after signing of the Treaty establishing a Constitution for Europe (Conference 2004a). The IGC assigned the right of initiative concerning the establishment of the EEAS to the future Union Minister for Foreign Affairs. The Council was charged with making a decision after obtaining the Commission's consent and consulting the EP (Conference 2004b).

After taking into consideration the EP resolution (European Parliament 2009) and the Presidency Report (Council 2009), the adoption of the proposal on the organisation and functioning of the EEAS (Council 2010) was the first major step to fill in the gaps of incomplete contracting in the post-Lisbon period. The Council decision details the relevant departments and functions that were transferred from the Commission (including Delegations) and the GSC, as well as reaffirms relocation of the staff seconded from the national diplomatic services of the MSs to the EEAS (Council 2010, article 7 (1)).

However, even the Council decision did not address all the specifics of the EEAS architecture. The financial, staff regulations and budget remained subject to further negotiations, wherein the HR/VP, the Council, the EP and the Commission engaged in a new round of negotiations in order to continue detailing and filling in the gaps of the contractual relationship. Operating in the context of incomplete contract has implications not only for the EEAS headquarters but also for the EU Delegations. The MSs have also agreed on general rules for EU Statements in multilateral organisations. However, several aspects of the organisation and functioning of the EEAS are yet to be clarified. The service is expected to take a form gradually in the midst of continuing turf wars, monitoring, review (mid-2013) and revision (2014). After three years of its functioning, it is not possible to make a valid evaluation of the EEAS's ability to fill in the gaps of incomplete contract compared to that of the Commission and the ECJ.

### ***Will the EEAS Bring down the EU's Foreign Policy Costs?***

The option of delegation is resorted to in the context of a cost benefit analysis and 'the relative attractiveness of alternative governance structures is determined by the balance between the two' (Tallberg 2002: p. 25). The basic assumption is that 'rational economic actors will structure their relationship so as to minimize the overall transaction costs' (Epstein and O'Halloran 1999: pp. 34-35). Doleys (2000: p. 537) states that 'by lowering transaction costs, actors are able to pursue goals that might prove too costly to achieve otherwise'. The choice of the agent is essential for the objective of reducing transaction costs. Ideally, for the purpose of reducing transaction costs, principals are to choose an agent whose preferences match theirs.

The establishment of the EEAS provides the EU with the possibility of cutting costs in relation to its external action. The Council decision establishing the EEAS states that it 'should be guided by the principle of cost-efficiency aiming towards budget neutrality' (Council 2010, 15). Pulling staff from the distinctive pillars and institutions of the EU into one institution is supposed to address the long standing problem of 'unnecessary duplication of tasks, functions and resources with other structures' (Council 2010, 15), thus contributing to the reduction of costs. The EEAS departments comprise 'geographic desks covering all countries and regions of the world, as well as multilateral and thematic desks'. Moreover, those departments are instructed to coordinate with the GSC and



the Commission services (Council 2010, article 4 (3a)). In reality, however, since the early stages of the EEAS's foundation, the duplication issue has not been resolved.

Moreover, the EEAS received several new responsibilities that were not part of the Commission's or the GSC's duties. For example, the EEAS holds a permanent chairpersonship of about 15 Council working groups linked to foreign policy and represents the Union externally, plays a central role in preparing Summits and other high-level meetings. In a pre-Lisbon period, those were mainly the tasks of the Rotating Council Presidency, the performance of which required reinforcement of the MS personnel holding the Council Presidency. Furthermore, from January 1 to September 30, 2011 the EEAS handled 937 briefings. The HR/VP received 243 briefings, the President Van Rompuy 67, President Barroso 125 and Commissioner Füle 235 (High Representative 2011: pp. 5-6). This too considerably widens the EEAS's responsibilities (interview, June 2011). Therefore, the EEAS is heavily burdened, the impact of which has not been addressed properly.

Considering its increased workload, the EEAS claims that it has not been given a sufficient start-up budget to perform new responsibilities effectively (interview, June 2011). Therefore, the HR/VP had to request a EUR 26.9m increase for the 2012 budget of the EEAS. The UK took a lead in opposing the increase of the EEAS budget with Minister David Lidington stating: 'I think that they have got to get real as far as the budget is concerned. This 5.8 percent that they're asking for is somewhat ludicrous' (Rettman 2011). The French foreign minister at the time expressed dissatisfaction with the speed the EEAS reacts and the Austrian foreign minister characterised the EEAS as 'not functioning optimally'. Only the Italian foreign minister came to the HR/VP's rescue by stressing that criticisms of her plans for the EEAS were 'unfair' (Rettman 2011). The EEAS has in the end received the raise for which it asked. However, it should be remembered that this slight increase in the cost of the EEAS facilitates cost-cutting for the 'institutions' that used to perform those tasks which were transferred to the EEAS.

Moreover, the Treaty provision that the EEAS 'shall work in cooperation with the diplomatic services of the Member States' (Article 27(3) TEU) provides a basis for eliminating duplications and allows a significant cost cutting in the EU's and its member states' external representation. However, the application of the provision in practice requires political will and a high degree of cooperation between the national diplomatic services and the EU delegations (interviews, May 2011). The MSs have their representations and are expected to maintain them in major capitals such as Moscow, Beijing and Washington to pursue a bilateral relationship with these countries. In other capitals, however, not all the MSs have diplomatic missions. In general terms, if the EU has important trade relations with a third country (e.g. Japan), the EU Delegation is expected to have a more important role (interview, May 2011). In other cases, one MS could act as a sort of *primus inter pares*, such as the French ambassador in Ivory Coast or the British ambassador in South Africa (interview, May 2011).

A CEPS report presents several scenarios for restructuring EU diplomacy in a cost efficient manner through cutting the personnel of MS's diplomatic representations and increasing the number of EEAS staff (Emerson et al. 2011). The cuts that could be made through the proposed scenarios are substantial in a time of on-going economic crisis. Some MSs such as Austria and the Benelux countries have been in favour of greater use of the EU delegations. Other member states, such as the UK, have consistently opposed such an approach. In sum, the rationale of minimising the costs of the EU foreign policy have not materialised through establishment of the EEAS.

### ***Does the EEAS Allow for Improved Decision-Making on Foreign Policy?***

National governments also delegate authority to international or supranational organisations for the purpose of speeding up their collective action. Improving decision-making methods in order to act within a reasonable timeframe is a major difficulty for the EU that has a complex institutional architecture, diversely distributed competences and decision-making process, especially in the area of external action. Moreover, several issue areas, such as conflict prevention, crisis management, democracy support are subject to a cross-policy sphere. The actors involved enjoy varying formal and informal competences in different issue areas.

Although the Treaty of Lisbon did not abolish the two distinctive decision-making modes (viz. supranational and intergovernmental), the EEAS and the HR/VP link them, providing the EU with renewed tools to overcome the difficulties inherent in creating and implementing swift external action. In cases when the EEAS addresses an issue that lies under the Community method, it has to take into consideration that the Commission has a monopoly of the initiative, the Council alone or with the EP is the decision-making body and the ECJ has jurisdiction. In cases where the EEAS intends to act in the CFSP area, it primarily needs to secure the agreement of the MSs. Since MSs often have diverging preferences, their failure to agree as a product of collective or individual conflicting interests has a direct effect on the EEAS's activities (Helwig et al. 2013). Moreover, upholding the principles of unanimity presupposes that theoretically even *one* EU national government has the power to paralyse the action of the EEAS. As an expert put it: 'In common foreign policy you either succeed acting together or you are back having 27 national foreign policies. And there are no guarantees for the vote back' (interview, May 2011).

Hosting staff members from the Commission, the GSC and the MS diplomatic representations supports the thesis of improving the quality and the speed of the decision-making process. The EEAS is required to work closely with the rest of the institutions and having its staff from their pools is expected to speed up decision-making, especially on practical matters. Moreover, the idea of including national diplomats is intended to minimise the need to call all the capitals all the time since there are people inside the headquarters who are already expected to act as a sort of 'terminal' for the individual capitals. However, in practice the arrangement did not improve the decision-making process during the first years of the EEAS's existence.

In the post-Lisbon system, the HR/VP chairs the Foreign Affairs Council and the Political and Security Committee (PSC) (through an appointee). The EEAS also assumes responsibility for chairing some geographic and thematic working groups. This augments the possibility of ensuring continuity in the EU external action through setting the agenda, following up the implementation of the decisions and reporting to MS representatives. In the pre-Lisbon period, the agenda in the Council was determined very much by the priorities of the Council Presidency and every MS had its own pet topics such as rule of law, gender issues, Southern or Eastern Neighbourhood. Currently, the EEAS is less focused on the mere six months deadline that characterised the Council Presidency's work and is working on mid-term and long-term EU strategy. That said, the MSs still manage to put their individual priorities on the agenda (for more, see Vanhoonacker and Pomorska 2013; interviews, June 2011)

The EEAS itself contributes to the shaping of decisions through producing papers that serve as a basis for discussions in search of a common position within the Council (interview, July 2011). There are also better quality debates in the working groups that are chaired by the EEAS than there used to be and several MSs admit to being better informed about the issues in the system (interviews, May-June 2011). However, interviews (June 2011-November 2012) also reveal that improved institutional tools did not translate into faster decision-making in EU external action (see also Helwig et al. 2013).



## MORE RHETORIC-COHERENT EXTERNAL ACTION

The principal-agent literature has not considered achieving coherence<sup>1</sup> as a rationale for power delegation. However, coherence becomes relevant when addressing the toolbox of motives behind the establishment of the EEAS (for more, see Duke 2012). The pre-Lisbon period of the Union's external action was characterised by the spread of competences and instruments of the EU external policies among the EU institutions and the MSs. At times, and depending upon the issue addressed, achieving consistency in the EU external action was 'mission impossible'. Through establishment of the EEAS and the post of the HR/VP, the Union aims at achieving greater coherence through upgrading its foreign policy instruments, at least at the institutional level. The Lisbon Treaty stresses the importance of consistency in EU external action in relation to the HR/VP's mandate (Article 27(3) TEU). The Council decision specifically 'consecrates' the EEAS as the driving force behind achieving consistency in the EU external policies (Council 2010).

This article operationalises coherence in the EU external action at vertical, inter-institutional and horizontal levels as well as through the post of the HR/VP. Vertical coherence emphasises the need for the foreign policies of the EU and the MSs to complement each other (Nuttall 2005). The focus of institutional coherence is on the inter-institutional dimension (Christiansen 2001). The horizontal level concerns itself with the consistency between EU policies (Gebhard 2011). The creation of the HR/VP post is an additional dimension aimed at attaining greater coherence.

### *Vertical Coherence*

On the vertical level, the Council decision instructs the EEAS to support and work with the diplomatic services of the MSs (Council 2010, article 2 (1)). The head of the EEAS participates in the European Council and the EEAS assists the President of the European Council and contributes to the preparation of meetings and briefings. Moreover, through their chairing task, the EEAS and its head remain in constant interaction with the MSs in the frameworks of the Foreign Affairs Council, the PSC and the working groups. The EEAS's cooperation with the Council Rotating Presidency is also of crucial importance for securing coherent decision-making. The Rotating Presidency still chairs a number of working parties related to external action. Moreover, if an issue goes to the permanent representatives committee (COREPER) that is still chaired by the Council Presidency, the EEAS needs to have the Presidency on board to put the issue on the agenda.

The issue of vertical coherence is applicable to the EEAS not only in its Brussels headquarters but also in the third countries and international organisations where the EEAS acts through EU delegations and the MSs operate through their diplomatic representations. The treaty states that: 'The diplomatic missions of the Member States and the Union delegations in third countries and at international organisations shall cooperate and shall contribute to formulating and implementing the common approach' (Article 32 TEU).

In the post-Lisbon EU, the EU Delegations assumed responsibility for representing the Union not only in Community matters but also in the area of the CFSP. The Heads of the EU Delegations currently chair the meetings that coordinate common positions with the national embassies on the ground, something that was formerly carried out by the Council Rotating Presidency (Comelli and Matarazzo 2011: p. 3). The new role of the EU Delegations, however, is interpreted differently by MSs, especially in the international organisations. The UK in particular is reluctant to accept the upgraded status of the EU Delegations. *The Telegraph* reported on the 'state secret' memo sent by the British Foreign Secretary, William Hague, to British embassies in summer 2010 in which he instructed UK diplomats to exercise caution over the EU's attempts to overstep its competences. The British Minister for Europe, Lidington, confirmed the position of the UK Foreign and Commonwealth Office

at a briefing in Brussels: ‘We see some evidence of EU delegations in particular parts of the world where they try to push for an enhanced leadership role’ (Waterfield et al. 2011).

There is evidence of some, even if limited, progress in achieving vertical coherence. On 24 October 2011, the Polish Presidency managed to find a consensus among the MSs concerning the arrangements of ‘EU Statements in multilateral organisations’ (Council 2011), aimed to clarify the issue of EU external representation. Moreover, the adoption of UN Resolution 65/276 on 3 May 2011 after the first failed attempt was hailed as a major advance for the EEAS (Grevi 2011). Due to the resolution, the modalities of the EU’s participation in the UN processes were upgraded. The EU acquired a right to speak on behalf of its MSs and express views before other groups. The HR/VP and the President of the European Council can make interventions at the General Assembly debates. The resolution also empowers the EU to introduce proposals and amendments orally. However, it does not give the EU the right of a vote or written sponsorship of the UN resolutions/decisions. Moreover, the resolution applies only to the EU role in the UN General Assembly and is not applicable to the EU activities in other UN bodies (United Nations 2011: 65/276). This latter point is especially important in light of the fact that within the UN (e.g. UNESCO), serious difficulties in achieving vertical coherence are observed.

### *Inter-institutional Coherence*

The cooperation between the EEAS and the Commission is the crucial element for achieving inter-institutional coherence in the area of external action. The office of the HR/VP is the highest link between the EEAS and the Commission. However, some in the Commission have expressed alarm concerning the manner that the HR/VP combines her two responsibilities, stating that in practice the VP ‘hat’ is dominated by the HR ‘hat’ (interview, July 2011). Finally, even if the HR/VP could successfully combine those two tasks, leaving the link solely on the highest level will not guarantee that inter-service levels will also work coherently (cf. more in the section below on coherence through the HR/VP).

In January 2011, in order to clarify the Commission and EEAS relationship, the Commission produced ‘Vademecum on Working Relations with the European External Action Service’ (interview, May 2011). Currently, the cabinet of HR/VP is included in the *Groupe des relations interinstitutionnelles* (GRI) that deals with the Commission’s relations with the EP and the Council (interview, July 2011). In terms of the Inter-Service Groups, the EEAS leads on the CFSP and is expected to include the Commission services in the consultations. In the Community matters of external relations, where the Commission leads, it invites the EEAS to take part in the coordination (interview, July 2011). The EEAS also participates in the Commission’s strategic planning and programming (SPP) and through the HR/VP contributes to the drawing-up of the multi-annual Work Programme that outlines the strategic priorities of the Commission. The EEAS’s Agenda Planning (AP) correspondent engages with the Commission’s AP correspondents (interview, July 2011). The Commission also strengthened their respective central services that are responsible for coordinating with the EEAS. The HR/VP states that the Commission is fully integrated into the EEAS in inter-service consultation processes (High Representative 2011: p. 6).

However, a number of *fonctionnaires* of the Commission and the EEAS interviewed think that the arrangements did not provide the necessary ground to ensure a coherent working relationship. Some from the EEAS also complained about the fact that they were not consulted during the preparation of the Vademecum (interviews, May, June and July 2011). Currently, there are different degrees of tensions between the EEAS and the DG Development and Cooperation – EuropeAid (DEVCO), the DG Enlargement (ELARG), the DG Humanitarian Aid (ECHO) and Trade, as well as in the conduct of the ENP.

In order better to integrate development into EU foreign policy, the part of programming for development is incorporated in the EEAS. The EEAS takes a lead on programming the country allocations in the multiannual financial framework, country and regional strategic papers as well as national and regional indicative programmes (Council 2010, article9 (3)). The DG DEVCO takes a lead on the programming of the annual actions and their implementation. In practice, however, the EEAS and the DG DEVCO link is subject to a number of concerns caused by a lack of cooperation. Moreover, there are several 'grey zones' where the responsibilities are not yet clearly divided (interviews, May and July 2011) and the idea of creating single geographical desks in the EEAS, where the overall relationship with a particular country would be handled, did not materialise (interview, July 2011). At present, there are overlapping desks in the DG DEVCO and the EEAS.

There are also several complications in achieving coherent action between the EEAS and the DG ELARG. The latter does not perceive the EU's relations with the countries of the enlargement sphere as part of a traditional foreign policy but rather a 'semi-domestic policy' (interview, June 2011). The Commission finds it logical to keep partial enlargement competences since the countries in the enlargement sphere are expected to join the EU in the future (interview, June 2011). In general terms, the DG ELARG is working on the bilateral relationships and the EEAS takes the lead on the issues concerning the CFSP. However, there is a difference of opinions about who should take the lead, especially when the issue addressed belongs to cross-policy areas (interview, June 2011). Thus, the lack of clarity in the distribution of responsibilities causes a number of concerns. More importantly, there is an uncertainty about who should arbitrate in cases of disagreements (interview, June 2011). Finally, although the EEAS created geographical desks that cover the enlargement sphere, the DG ELARG maintained its own desks, thus the duplication has not been overcome in this sphere either.

There are also a number of unresolved issues and different opinions concerning the nature of cooperation between the EEAS and the DG ECHO. The EEAS incorporates the crisis management structures of the former DG Relex and civilian crisis management services of the GSC. Therefore, in theory the DG ECHO now has 'one partner' in the face of the EEAS. The simplification of the structures, however, has not contributed to more coherent action. The duplication issue between the EEAS and the DG ECHO has not been resolved and tensions remain high (interviews, July and August 2011). Moreover, as Blockmans (2012: p. 11) argues, the European Union Military Staff (EUMS), the Crisis Management and Planning Directorate (CMPD) and the Planning and Conduct Capability (CPCC) are separate from the multilateral and global desks of the EEAS which 'is not the most transparent, effective and durable way of coordinating and mainstreaming policy issues which once coloured everything what [sic] the EEAS was supposed to be about' (Blockmans 2012: p. 12).

As opposed to the DGs Development and Enlargement that have partially been transferred to the EEAS, the DG Trade remained exclusively within the Commission. Nevertheless, the EEAS also has a responsibility in trade policy through its task of promoting consistency. The tensions between those responsible for trade and those charged with conducting foreign policy have a long history in the EU. However relations between the EEAS and the DG trade have been improving (interview, November 2013).

A number of the interviewees perceive the arrangements between the EEAS and the Commissioner responsible for Neighbourhood related to the European Neighbourhood Policy (ENP) as functioning well (interview, June 2011). In the pre-Lisbon period, the DG Relex was largely responsible for the Neighbourhood policy. Post-Lisbon, the DG Relex moved to the EEAS and a new DG Neighbourhood was not created.<sup>2</sup> In practice, the adopted approach does not cause major problems and the EEAS supports both the Commissioner responsible for Neighbourhood and the HR/VP (interview, June 2011).

The EEAS and the Commission cooperation applies not only to their respective headquarters but also to the EU Delegations that host not only the EEAS personnel but also those coming from national diplomatic services and from the Commission DGs. The HR/VP makes the assurance that an agreement has been reached between the EEAS and the Commission 'on how staff in Delegations paid from different budgets should be used' and there have been arrangements made to ensure 'flexibility within reasonable limits to ensure that all staff work together to promote the external interests of the EU' (High Representative 2011: p. 11). However, the EEAS and the Commission have not yet agreed on detailed arrangements related to instructing their respective staff members stationed in the EU Delegations and in cases of conflict, the Head of Delegation is in charge of referring the issue back to headquarters (High Representative 2011: p. 7).

### *Horizontal Coherence*

Bringing about horizontal coherence in policy areas covered by the external action has also been challenging for the EU. These policy areas include development cooperation, external trade policy, ENP, humanitarian aid, enlargement, CFSP and CSDP. In addition, a number of internal policy areas also have an external dimension, such as energy, environment, justice and home affairs.

On the horizontal level, the EEAS is charged with ensuring 'consistency between the different areas of the Union's external action and between those areas and its other policies' (Council 2010, article 3 (1)). With the enactment of the Lisbon Treaty, the Union acquired a single personality (Article 47 TEU). However, the CFSP and Community matters maintain their separate decision-making procedures, with the EEAS operating within issues related to both. Furthermore, a number of essential areas of EU external action, e.g. conflict prevention, democracy support and human rights require extensive and coordinated use of both the CFSP and Community matters.

In the pre-Lisbon stage, the Commission Delegations represented the EU only on Community policies and the Council Rotating Presidency represented the Union on CFSP matters. Currently, the EU Delegations represent the whole Union (Article 221 TFEU) including the CFSP. Therefore, the Delegations assume an important role in the effort of achieving a greater horizontal coherence. In theory, this new system provides enhanced tools to create coherent strategy vis-à-vis a particular third country. The EEAS and the EU Delegations may work on an overall political assessment of that country, regularly informing and cooperating with the Commission, the MSs and the EP. They then may collaborate with the Commission in using available instruments while coordinating with the MS embassies on the ground to achieve the commonly designed objectives. Interviews (May, June and July 2011) revealed that the objective of ensuring political consistency through better coordination of EU trade advantages, development and humanitarian goals has not been achieved to date.

### *Coherence through HR/VP*

The post of the HR/VP is a crucial tool in ensuring coherence in EU external action. The new HR/VP combines most of the former mandate of the HR and the DG Relex Commissioner. In order to enhance the coherence between the EEAS and the Commission, the Treaty of Lisbon (Article 22(2) TEU) allows 'joint initiatives' by the HR and the Commission. As the chair of the Foreign Affairs Council, the HR/VP has to involve the relevant Commissioner in preparatory meetings of the Council as well as in drafting the statements and Council conclusions (interview, July 2011). In order to contribute to the CFSP/CSDP's development, the HR/VP has been given the formal right to make proposals. The HR also chairs the Foreign Affairs Council, which is a result of the separation of the General Affairs and External Relations Council (GAERC) into the General Affairs Council and Foreign

Affairs Council. In their 'Non-paper on the EEAS' eleven EU Foreign Ministers (2011) called the chairing of the Foreign Affairs Council the key function of the HR and suggest she set an annual planning agenda 'taking into account necessary short-term adjustments'. The HR/VP also widened her role in making a HR declaration on behalf of the EU that was part of the responsibilities of the Rotating Presidency of the Council. The HR/VP has also taken over statements formerly made by the HR.

Moreover, the HR/VP is also responsible for the EU's external representation, which was formerly shared between the old HR, the Council, the Rotating Presidency and the Commission. The HR/VP with the EEAS has 'also taken over the conduct and organisation of political dialogues formerly led by the rotating Presidency at the level of the HR, Political Director and Senior Officials'. The HR/VP received support from the Foreign Ministers of the MSs and Commissioners in conducting 80 ministerial level political dialogues with third countries and organisations in one year (High Representative 2011: p. 5). As a VP of the Commission, the post-Lisbon HR/VP is responsible for coordinating aspects of the Union's external action beyond the CFSP including, but not limited to, occupying the position of the equivalent to the Relx Commissioner.

The first HR/VP has faced continuous criticism, starting with the EU's reaction to the Haiti earthquake. When the inauguration of the former President of Ukraine and a meeting of the EU defence ministers coincided, the HR/VP was criticised for attending the former (EurActiv 26 February 2010). Furthermore, when the EU foreign policy chief planned to leave a meeting of the EU foreign ministers before it was over to attend the meeting of defence ministers of the NATO, she was asked to stay (Vogel 2011). She was also criticised for her early position on Libya, delayed reaction to events in Egypt, etc. Ashton therefore became a target of criticism and thus the positions of the HR/VP as an ensurer of coherence was undermined.

Combining the former HR's and Relx Commissioner's posts in the mandate of the HR/VP primarily aims to overcome the Council and Commission divide. In theory, it offers an opportunity for achieving greater coherence in EU external action on vertical, inter-institutional and horizontal levels. However, in practice, HR/VP institutional innovation is yet to serve its purpose. Constant criticism, a vague mandate, enormous responsibilities, Ashton's status as the first HR/VP post holder, and the lack of experience have limited her ability to bring about more coherence in the EU's external action. One also needs to acknowledge that a period of fewer than four years is too short to deliver a definitive assessment of the role of the EEAS and the HR/VP combined office in achieving greater coherence in EU external action.

## CONCLUSION

This paper unveiled the rationales behind establishment of the EEAS through application, testing and upgrade of the tools provided by the principal-agent model. Firstly, the article argues that MSs did not delegate the function of ensuring the principals' compliance to their commitments to the EEAS in a manner comparable to the powers of the Commission and the ECJ. Secondly, the blame-shifting rationale is only partially applicable to the EEAS. There is no evidence for the MS *principals* to make a convincing argument that the EEAS *agent* forced them to make decisions against their own will since the EEAS has not been given such exclusive competence. However, the MSs have often criticised the EEAS and its head, which have assumed the role of silent blame-takers.

Thirdly, principal-agent assumptions following an efficiency logic are applicable to the EEAS. The external service's establishment provides it with the opportunity to advance expertise further in the area of foreign policy; however, it struggles with creating a common institutional culture. The foundation of the EEAS itself is a product of filling in the gaps in an incomplete contract. Yet, the

EEAS is yet to set a precedent that may be equated to filling in an incomplete contract similar to that of the Commission and the ECJ. The establishment of the EEAS was also motivated by the rationale of minimising costs. However, in reality not all MSs are supportive of the objective at the cost of their 'sovereignty'. While the Treaty of Lisbon did not change the decision-making procedures, institutional innovations such as the creation of the EEAS and the post of the HR/VP altered decision shaping. The organisation and functioning of the EEAS also permits the setting up of a long term strategy for EU external action, although it must be noted that this has not speeded up decision-making processes.

Finally, the paper proposes the integration of *coherence* as a rationale for agency creation into the principal-agent model to address the specificities of the EEAS. In order for the service to be successful in bringing about greater consistency in the EU external action, it needs to address the policy-making and implementation on the vertical, institutional and horizontal levels as well as through the post of the HR/VP. Although the EEAS's composition and the HR/VP's mandate offer a solid basis for attaining greater coherence in theory, with the exception of the Neighbourhood policy there are difficulties in securing coherent action among the EEAS, the MSs, the EU institutions and across policy areas.

The application and testing of the agency creation rationales inherent in the principal-agent model allowed better understanding of the EEAS's organisation and functioning as well as the complexities of its relations with the MSs and EU institutions. Achieving coherence as well as efficiency in the EU external action through the establishment of the EEAS is at the heart of the post-Lisbon rhetoric. In practice, however, analysis of the establishment and the three years functioning of the EEAS agent reveals that the MS principals were not interested in the materialisation of initial rationales for the establishment of the EEAS. The principal-agent model has proven to be useful in analysis of the rationales for establishment of the EEAS. Future research will benefit from a systematic application of the tools provided by the principal-agent model in the examining of the MSs principals' control of the EEAS agent as well as measuring the latter's discretion in different policy and geographical areas.

\*\*\*

### **Correspondence Address**

c/o Centre for European Policy Studies, Place du Congres 1, 1000 Brussels, Belgium  
[hrant.kostanyan@ceps.eu]

---

<sup>1</sup> This study uses the terms coherence and consistency interchangeably.

<sup>2</sup> DG DEVCO is responsible for conducting the European Neighbourhood and Partnership Instrument (ENPI).

## REFERENCES

- Alter, K. J. (1998). 'Who are the "Masters of the Treaty"? European Governments and the European Court of Justice', *International Organization*, 52 (1), pp. 121-147.
- Blockmans, S. (2012). 'The European External Action Service one year on: First signs of strengths and weaknesses', *CLEER Working Paper 2012/1*, pp.39. Available at: [http://www.asser.nl/upload/documents/1272012\\_11147cleer2012-2web.pdf](http://www.asser.nl/upload/documents/1272012_11147cleer2012-2web.pdf) [accessed 11 April 2014].
- Christiansen, T. (2001). 'Intra-institutional politics and inter-institutional relations in the EU: towards coherent governance?' *Journal of European Public Policy*, 8, pp. 747-769.
- Comelli, M. and Matarazzo, R. (2011). 'Rehashed Commission Delegations or Real Embassies? EU Delegation Post-Lisbon', *IAI Working Papers 11*, pp.13. Available at: <http://www.iai.it/pdf/DocIAI/iaiwp1123.pdf> [accessed 11 April 2014].
- Conference of the Representatives of the Governments of the Member States (2004a). *IGC 2003 -Meeting of Heads of State or Government, Brussels, 17/18 June 2004*, CIG 81/04.
- Conference of the Representatives of the Governments of the Member States (2004b). *IGC 2003 – Meeting of Focal Points (Dublin, 4 May 2004) working document*, CIG 73/04.
- Council of the European Union (2011). *EU Statements in multilateral organizations – General Arrangements 15901/11*, 24 October 2011.
- Council of the European Union (2010). *Council Decision of 26 July 2010 Establishing the Organisation and Functioning of the European External Action Service (2010/427/EU)*, in *Official Journal of the European Union*, L 201/30-40.
- Council of the European Union (2009). *Presidency report to the European Council on the European External Action Service (14930/09)*, 20 October.
- Delreux, T. (2011). *The EU as International Environmental Negotiator*. Farnham, Surrey: Ashgate.
- Doleys, T. J. (2000). 'Member States and the European Commission: Theoretical Insights from the New Economics of Organization', *Journal of European Public Policy* 7(4), pp. 532-553.
- Duke, S. (2012). 'The European External Action Service: Antidote against Incoherence?', *European Foreign Affairs Review* 17(1), pp. 45-68.
- Duke, S. (2011). 'Diplomatic Training and the Challenges Facing the EEAS', *The Hague Journal of Diplomacy* 7(1), pp.9 5-114.
- Egan, M. (1998) 'Regulatory Strategies, Delegation and European Market Integration', *Journal of European Public Policy* 5(3): pp. 485-506.
- Eleven EU Foreign Ministers (2011). 'Non-paper on the EEAS: Joint letter from the Foreign Ministers of Belgium, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Poland and Sweden To the High Representative of the Union for Foreign Affairs and Security Policy and Vice President of the European Commission, Catherine Ashton', 8 December.
- Emerson, M., Balfour, R., Corthaut, T., Wouters, J., Kaczyński, P. M., Renard, T. (2011). *Upgrading the EU's Role as Global Actor: Institutions, Law and the Restructuring of European Diplomacy*. Brussels: CEPS. Available at: [http://www.thomasrenard.eu/uploads/6/3/5/8/6358199/emerson\\_et\\_al\\_-\\_upgrading\\_the\\_eu\\_as\\_global\\_actor.pdf](http://www.thomasrenard.eu/uploads/6/3/5/8/6358199/emerson_et_al_-_upgrading_the_eu_as_global_actor.pdf) [accessed 11 April 2014].
- Epstein, D. and S. O'Halloran (1999). *Delegating Powers: A Transaction Cost Politics Approach to Policy Making under Separate Powers*. Cambridge: Cambridge University Press.
- EurActiv (2010). 'French minister lashes out at Ashton Ukraine visit'. 26 February 2010. Available at: <http://www.euractiv.com/foreign-affairs/french-minister-lashes-ashton-ukraine-visit-news-289533> [accessed 11 April 2014].
- European Commission (2003). *Communication from the Commission: A Constitution for the Union*. COM(2003) 548 final.
- European Convention (2003). *Contribution by Mr Barnier and Mr Vitorino, members of the Convention: "Joint External Action Service"*, CONV 839/03.



European Parliament (2012). Statement by Elmar Brok (EPP) and Guy Verhofstadt (ALDE), Hannes Swoboda (S&D), Rebecca Harms and Daniel Cohn-Bendit (Greens/EFA), 25 March.

European Parliament (2009). *Report on the institutional aspects of setting up the European External Action Service* (2009/2133(INI)), 20 October.

Furness, M. (2013). 'Who Controls the European External Action Service? Agent Autonomy in EU External Policy'. *European Foreign Affairs Review* 18(1), pp.103–126.

Gebhard, C. (2011). 'Coherence' in C. Hill and M. Smith (eds), *International Relations and the European Union*, 2nd ed. Oxford: Oxford University Press, pp. 101-127.

Grevi, G. (2011). 'From Lisbon to New York: The EU at the UN General Assembly', *FRIDE Policy Brief* 81, pp.5. Available at: <http://www.euractiv.com/foreign-affairs/french-minister-lashes-ashton-ukraine-visit-news-289533> [accessed 11 April 2014].

Hawkins, D. G., Lake, D. A., Nielson D. L. and Michael J. T. (2006). 'Delegation under Anarchy. States, International Organizations, and Principal-Agent Theory', in D. G. Hawkins, D. A. Lake, D. L. Nielson and M. J. Tierney (eds), *Delegation and Agency in International Organizations*. New York: Cambridge, pp. 3-39.

Helwig, N., Ivan P. and Kostanyan, H (2013). *The New EU Foreign Policy Architecture: Reviewing the first two years of the EEAS*. Brussels: Centre for European Policy Studies. Available at: <http://www.ceps.be/book/new-eu-foreign-policy-architecture-reviewing-first-two-years-eeas> [accessed 11 April 2014].

Hemra, S., Raines, T. and Whitman, R. (2011). 'A Diplomatic Entrepreneur: Making the Most of the European External Action Service', *Chatham House Report*, p.34.

High Representative (2011). 'Report by the High Representative to the European Parliament, the Council and the Commission', 22 December.

Huber, J. D. and Shipan, C. R. (2006). 'Politics Delegation and Bureaucracy', in B. R. Weingast and D. A. Wittman (eds), *The Oxford Handbook of Political Economy*. New York: Oxford University Press, pp. 256-272.

Kerremans, B. (2004). 'What Went Wrong in Cancun? A Principal-Agent View on the EU's Rationale towards the Doha Development Round', *European Foreign Affairs Review* 9(3), pp. 363-93.

Kiewiet, R. and McCubbins, M. (1991). *The Logic of Delegation: Congressional Parties and the Appropriation Process*. Chicago: University of Chicago Press.

Kostanyan, H. and Orbie, J. (2013). 'The EEAS' discretionary power within the Eastern Partnership: in search of the highest possible denominator', *Journal of Southeast European and Black Sea Studies* 13(1), pp. 47–65.

Majone, G. (2001). 'Two Logics of Delegation: Agency and Fiduciary Relations in EU Governance', *European Union Politics* 2(1), pp. 103-21.

Meunier, S. (2005). *Trading Voices: The European Union in International Commercial Negotiations*. Princeton, NJ: Princeton University Press.

Nuttall, S. (2005). 'Coherence and Consistency', in C. Hill and M. Smith (eds), *International Relations and the European Union*. Oxford: Oxford University Press, pp. 91-112.

Pollack, M. A. (2003). *The Engines of European Integration: Delegation, Agency, and Agenda Setting in the EU*. Clarendon: Oxford University Press.

Rettman, A. (2011). 'UK attacks Ashton over "ludicrous" budget proposal', *EUobserver*, 24 May 11. Available at: <http://euobserver.com/institutional/32384> [accessed 11 April 2014].

Ross, S. A. (1973). 'The Economic Theory of Agency: The Principal's Problem', *The American Economic Review* 63(2), pp. 134-139.

Tallberg, J. (2002). 'Delegation to Supranational Institutions: Why, How, and with What Consequences', *West European Politics* 25(1), pp. 23-46.

Thatcher, M. and Stone Sweet, A. (2002). 'Delegation to Non-majoritarian Institutions', *West European Politics* 25(1), pp. 1-22.



United Nations (2011). *Resolution adopted by the General Assembly 65/276. Participation of the European Union in the work of the United Nations*. 10 May.

Vanhoonacker, S, and Pomorska, K. (2013). 'The European External Action Service and agenda-setting in European foreign policy', *Journal of European Public Policy* 20(9), pp. 1316-1331.

Vogel, T. (2011). 'Running out of friends', in *European Voice*, 24 March 2011. Available at: <http://www.europeanvoice.com/article/imported/running-out-of-friends/70622.aspx>. [accessed 11 April 2014].

Waterfield, B., Foster, P. and Sherwell P. (2011). 'Europe's new diplomatic service under fire', *The Telegraph*, 07 December 2011. Available at: <http://www.telegraph.co.uk/news/worldnews/europe/eu/8543629/Europes-new-diplomatic-service-under-fire.html> [accessed 11 April 2014].

Williamson, O. E. (1985). *The Economic Institutions of Capitalism: Firms, Markets, Relational Contracting*. London: Macmillan.

# Journal of Contemporary European Research

Volume 10, Issue 2 (2014)

## The Role of EU Pre-accession Assistance in the Establishment of National Coordination Structures for EU Funding: The Case of Croatia

**Eleftherios Antonopoulos** *University of Strathclyde*

**John Bachtler** *University of Strathclyde*

### ***Citation***

Antonopoulos, E. and Bachtler, J. (2014). 'The Role of EU Pre-accession Assistance in the Establishment of National Coordination Structures for EU Funding: The Case of Croatia', *Journal of Contemporary European Research*. 10 (2), pp. 184-202.

First published at: [www.jcer.net](http://www.jcer.net)

## Abstract

Coordination at the national level is an essential part of the EU policy process. This article analyses the effects of EU pre-accession programmes on the development of national-level structures for the coordination of EU funds in Croatia. The article is based on an in-depth case study of the Croatian coordination structures for EU funding, using a three-step analytical framework of adaptation. The empirical research focuses on the role and influence of the Croatian Central State Office for Development Strategy and Coordination of EU Funds (CODEF). The main finding was that pre-accession assistance played a decisive role in the establishment and early support of national coordination structures. However, holistic reform in the state sector was not achieved and the new institutions were often challenged by domestic opposition structures. The research provides useful insights for the literature on Europeanization in accession countries, and for EU pre-accession policy.

## Keywords

Coordination; Administrative capacity; CARDS; IPA; Croatia; Pre-accession aid; Europeanization

---

Over the past decade, the study of European governance has increasingly recognised the importance of institutional coordination. Partly, this reflects the need to gain a better understanding of “what governance implies for managing the relations within and between different national and European actors” (Schout and Jordan 2005: 202) and the coherence of policymaking and delivery (Christiansen 2001) as well as assessing whether and how the EU is achieving its goal of greater policy effectiveness through improved institutional coordination. The coordination of EU policymaking at the national level has been a particular focus of concern in studies of the most recent EU enlargements, with the conditionalities of accession requiring extensive reform of political and administrative structures, including institutional and policy coherence (Kassim *et al* 2000; Kassim 2003; Sedelmeier 2006). Coordination capability is regarded as one four key essential requirements for effective administrative capacity (Hertie School of Governance 2013). The accession countries of Central and Eastern Europe have faced the challenge of establishing the necessary coordination structures prior to their accession, which in many cases involved a paradigm shift from a hierarchical, legalistic and centralised yet ineffective planning to more inclusive, accountable and network modes of coordination – albeit with very different outcomes in terms of the structures, functioning and effectiveness of national coordination systems (Dimitrova and Toshkov 2007; Gärtner *et al.* 2011). Similar challenges apply to candidate countries in South-East Europe (SEE). EU pre-accession assistance programmes including the current Instrument for Pre-accession Assistance (IPA) have sought to aid national administrations in establishing structures for national coordination of EU policies.

In this context, the following article explores the national coordination of EU policies in Croatia. Specifically, it investigates how EU pre-accession financial aid influenced the development of national structures for the coordination of EU funds. This was particularly challenging for Croatia given that the aid was expected to support the structural changes needed for the future implementation of EU Cohesion policy, which cuts across a wide range of policy areas (infrastructure, business development, employment and training, R&D, environment etc) and requires both horizontal coordination across different government ministries and agencies as well as vertical coordination between national and sub-national actors. This type of policy was new for

Croatia, and the preparation for EU accession also involved a domestic process for establishing a regional policy (Đulabić and Manojlović 2011). The research found that, while pre-accession had partial success in establishing the required coordination structures, the regulatory conditionalities and EU support were insufficient to overcome the deficiencies in administrative capacity, the effects of political and institutional stability, and the inability or unwillingness of the national coordination structures to manage effective coordination among national and sub-national actors.

This paper is based on research on the effects of EU pre-accession financial aid to Croatia (from 2008 to 2012) on the development of national-level structures for the coordination of EU funds (Antonopoulos 2013). The article begins by outlining a conceptualisation framework for analysing the adaptation of coordination structures at the national level, drawing on the literature, and setting out the methodological approach to the Croatian case. Second, it applies the analytical approach through empirical research focusing in particular on the institutional remit and the challenges faced by the main coordinating organisation for EU funding in Croatia, the Central State Office for Development Strategy and Coordination of EU Funds (CODEF). Third, the paper draws conclusions on the effectiveness of pre-accession aid in supporting national-level coordination and makes policy recommendations for enhancing the EU and domestic level exegesis of adaption in coordination structures.

## CONCEPTUALISING THE ADAPTATION OF COORDINATION STRUCTURES

The coordination requirements for EU Cohesion policy typify the forceful dynamics of institutional and administrative change involved in preparing for accession. The establishment and evolution of coordinating institutions reflect both normative and regulatory stipulations emanating from the EU, as well as constituting milestones in the paths of domestic adaptation. Inter-ministerial coordination is a key measure of effective implementation of EU assistance given the multitude of actors involved in the planning, management and implementation process whose priorities and administrative procedures need to be aligned. An inadequate record of coordination is an inhibiting factor for institutional change at least in part (see Pierson 2004); conversely coordination achieved through pre-accession instruments is a facilitating factor for the effective use of Structural and Cohesion (now Investment) Funds after accession.

Normatively charged concepts employed in discussion of pre-accession processes, such as administrative capacity, are only slowly being operationalised in theoretical accounts. Invoking concepts is a key part of the negotiation process and an aspect of the cultural interface between EU and domestic negotiators. Parties give substance to concepts by offering rewards, threatening sanctions or stressing constraints. A significant part of the Enlargement literature provides abstract theorising by stressing the role of misfit of EU and domestic models. Other scholars substantiate assertions with explanations of the prescribed models and the initial conditions *in situ* either in pre-accession contexts or ENP and third countries Europeanization (Chandler 2006; Holden 2009; Schimmelfennig and Sedelmeier 2005; Zielonka 2007). Financial assistance has often not been a field of investigation *per se*, but treated as a concomitant part of Enlargement policy (Dimitrova 2002; Grabbe 2006; Niemann 2006; Vachudova 2005) with the exception of some accounts from outside the Europeanization literature (e.g. Bailey and De Propriis 2004; Tulmets 2005) and other occasional contributions on institution-building issues (Bechev and Andreev 2005).

Conceptualisations of Europeanization as the evolution of domestic institutions in response to EU pressures constitute the theoretical basis of inquiry. Europeanization is understood as 'the reorientation or reshaping of politics in the domestic arena in ways that reflect policies, practices or preferences advanced through the EU system of governance' (Bache 2008: 2). Europeanization is further interpreted as: 'Processes of [...] construction, diffusion, and institutionalisation of formal

and informal rules, procedures, policy paradigms, styles, “ways of doing things”, and shared beliefs and norms which are [...] incorporated in the logic of domestic discourse, identities, political structures, and public policies’ (Radaelli 2003: 30). The approach proposed here is a heuristic hybrid between the standard model of Europeanization (Green Cowles et al 2001) and Knill’s three-step model of administrative Europeanization (Knill 2001). In the standard model, EU pressure, mediated by intervening variables, leads to reactions and change at the domestic level including resistance and inertial responses (Radaelli and Pasquier 2008). European politics and institutions are an independent variable and the pressure created by Europeanization is a function of the degree of fit (misfit) or congruence between ‘Europe’ and the domestic level (Caporaso 2008). Thus, pressures to adjust and goodness of fit, mediated by domestic-level factors, produce certain outcomes. The first stage of the model corresponds to European integration, the second stage to fit or misfit, and the third stage to mediation. On the other hand, Knill’s model requires the institutional assessment of the compatibility of national and European policies as a first step for the complete examination of adaptation pressures, but stresses that ‘goodness of fit’ is an insufficient indicator of ‘the institutional scope of the changes’ required by the EU legislation (Knill 2001: 43).

The question for this study is how the multi-level and compound EU political system (Hix 2005) interacts with the simple and unitary Croatian polity (Bache et al 2010). The two models interact in the policy area of pre-accession assistance, the independent variable for the research. The dependent variable are the “structures” that originate as a result of pre-accession aid influence. Structures refer to the purpose-built institutions either for policy-implementation in a sector of the *acquis*, or the management and implementation of pre-accession assistance. The establishment of public agencies and semi-autonomous organisations to carry out public services is considered a change in government structure (Ongaro 2009: 3).

Contractually required institution-building interventions as a result of pre-accession aid (including Technical Assistance and Twinning) reveal the goodness of fit of the EU model (see Grabbe 2006). This is most directly exposed by the success or failure of an accession country in meeting the accreditation criteria for pre-accession assistance structures (EC 718/2007 Art. 11), which is undoubtedly an explicit part of the *acquis* and a case of “hard transfer” (see Grabbe 2006: 60) – arguably contradicting the predominant view of Chapter 22 (Regional policy and coordination of structural instruments) as “thin” (Hughes, Sasse, and Gordon 2005: 73). Fit/misfit is also revealed through such measures as the record in managing, implementing and spending funds. Pre-accession instruments incorporate a range of channels for EU assessment in the form of benchmarking, monitoring, reporting and evaluation (Grabbe 2006: 83). Further, socialization fora established via pre-accession aid (comprising committees<sup>1</sup>, events, meetings, regular personal and impersonal communication) provide EU fields to exert influence on local mediating factors.

The sum of the above comprise the adaptation pressures generated through the EU funding instruments. These pressures can be assigned values of weak or strong, although in practice there will be a spectrum of influence. ‘Weak’ pressures can be characterised as a mix of conditionality and communication that are insufficient or only partially effective in influencing opposition structures – such as overcoming inertia, political or administrative resistance, capacity deficits etc. ‘Strong’ adaptation pressures comprise a credible mix of conditionality (rewards such as financial transfers, conferral of delegated EU funding management responsibilities) or sanctions (suspension of funding, limited access to components, programme and project conditionalities) and effective communication which is capable of overcoming domestic opposition. Three end results are: structural change; stagnation; or retreat. This is of course a simplified concept, and the literature offers a fuller range of intermediate configurations of change (Ongaro 2009; Radaelli 2003; Streeck and Thelen 2005). Finally, adaptation pressure feeds back into the domestic model as demands for structural change, and into pre-accession aid as demands for changes to intervention priorities according to the situation on the ground.

Operationalising the above through an analytical framework for the Croatian case, the present study takes a simplified but theoretically grounded three-step approach to investigating the domestic reaction to EU pressures. The analytical steps address in turn:

- (i) the *ex ante* situation – which involves varied levels of (in)compatibility between the management model for national resources and institutional functions required for the management of EU Funds;
- (ii) EU institutional influence – involving new institutions established outside the core executive, and the requirement for new administrative systems, procedures or other ways of working; and
- (iii) domestic reaction – which, depending on the power of influence and control of the new institutions over national policymaking, may lead to compliance or resistance by the national elites.

### *Institutional compatibility*

As discussed above, it is the institutional compatibility between EU policies and national administrative arrangements that defines the domestic impact of EU policies (Knill 2001). Crucially, an examination of how “core” the challenged institutional arrangements are, constitutes a major element of the examination of the degree of adaptation pressure. The empirical discussion of this step builds on research focusing on the structural characteristics of national systems of governance and the role they play in facilitating/obstructing change. The distinction between simple and compound polities is employed in this regard (Schmidt 2006 in Bache *et al.* 2010). The assumption is that unitary states with disorganised systems of representation find it harder to adapt to EU policies. Similar case studies have been carried out in South-East Europe: Greece is a simple polity with disorganised interests (Featherstone and Papadimitriou 2008). Croatia is also characterised as a simple polity with a majoritarian representation, which adds to the rationale for the above assumption (Bache *et al.* 2010). An outline of the required coordinating structures in the IPA regulations is provided together with a discussion of the domestic processes taking place which may be incompatible with the EU model.

### *EU influence*

This step develops the existing literature on multi-level governance and the spread of agencies in the EU. It examines the likelihood that institutions established for the purpose of managing the EU Funds in Croatia follow the Type II multi-level governance logic (Marks and Hooghe 2004), which refers to institutions of specific purpose, with more limited duration, extrinsic, fluctuating and intersecting membership and competing jurisdictions (Frey and Eichenberger 1999). Furthermore, other studies have explained the results of such pressure as a proliferation of “double-hatted” national regulatory agencies serving both national ministerial departments and the Commission (Egeberg and Trondal 2009: 779). Similarly, institutional mechanisms of change have been given many labels, including layering, which is defined as ‘the creation of a new policy or institution without eliminating the old’ (Streeck and Thelen 2005: 170). Other forms are: conversion (formal reform, replacement or elimination of an existing policy or institution); diffusion (Parrado-Diez 2008); displacement (discovering and activating alternative institutional forms that existed before); drift (gradual and sometimes unplanned adaptation of institutions); and exhaustion (the institution gradually loses its purpose and, though formally still in place, it ultimately breaks down).

The literature provides answers on how organisational autonomy can be operationalised. Morten Egeberg and Jarle Trondal (2010) take the frequency of contact between institutions as a potential indicator of agency autonomy, agency influence and inter-institutional coordination: less contact equates to more autonomy, less agency influence and less inter-institutional coordination. Conversely, they expect that greater contact involves less agency autonomy, more agency influence and more inter-institutional coordination (Egeberg and Trondal 2010). Furthermore, when measuring agency autonomy, they take into account the perceived importance of various actors when important decisions are made within their issue area, the extent to which steering signals from other actors are emphasised, and the extent to which agency personnel identify themselves with the central administration as a whole: the more they identify with the executive, the less independent the agency should be. Agency influence is defined as the extent to which agencies succeed in getting their argument across. Lastly, the authors measure inter-institutional coordination through the perceptions of how good the coordination of various actors is considered to be and through 'the perceived degree of mutual trust'.

### **Domestic reaction**

The third issue is the influence and control of the new institutions on national policy. In the EU10, the picture was mixed. On one hand, PHARE/twinning influences were characterised as bringing about "ideational cross-fertilisation processes" and "institutional hybridization" between old legacies and EU influence (Tulmets 2005: 83). On the other hand "islands of excellence" created through the specific focus of administrative-capacity programmes on liaison offices in the national administration, could even have detrimental effects on the capacity of the administration as a whole, by diverting funding from other departments (Goetz 2001: 1043). In fact, few of the EU10 expanded best practice approaches from pre-accession to the public management systems at large (Verheijen 2007). However, recent studies found positive results with respect to the implementation record in the 2004-06 period (for the 2004 accession countries) but with questions about the durability of administrative capacity and implementation performance in 2007-13 (Bachtler *et al*, 2013).

In assessing domestic reaction, attention needs to be paid to the role of domestic political elites, as a mediating factor for institutional revision. As Eriksen (2007: 335-339) argued, 'even in international systems with noticeably asymmetric power relations, seemingly weak domestic actors will have opportunities to obstruct externally imposed solutions'. Hughes *et al*. (2005) found that the actual policy and institutional outcomes in the Central and East European Countries were influenced by resilient domestic institutions that resisted conditionality, instrumentalised it, and preferred endogenous policies and structures over EU models. Similarly, in the SEE countries 'if the government is an anti-reform coalition then effects of aid agency are compromised unless clear conditions are set' (Bartlett 2008: 170).

Apart from obstructionist national elites, domestic cultural factors may partly explain incomplete or ineffective reform. In organisation theory, culture 'provides the shared rules governing cognitive and affective aspects of membership in an organisation, and the means whereby they are shaped and expressed' (Alvesson 2002: 3). Through a process of institutionalisation 'the members of an agency acquire values that go beyond the technical requirements of organisational tasks' (Thoenig 2007: 90). The literature stresses that public institutions develop in a gradual way, and 'when some rules or procedures are sanctified, when some members or units of the public agency become semi-autonomous centres of power, and develop their own vested interests, when administrative symbols, rituals and ideologies exist' thick institutionalisation has taken root' (Thoenig 2007: 90).

## INVESTIGATING THE INFLUENCE OF PRE-ACCESSION ON COORDINATION IN CROATIA

The above analytical approach was applied to the case study of Croatia in research undertaken over the 2008-12 period, a critical period for institutional adaptation in the lead up to accession in 2013. Croatia was chosen as a key case study of EU pre-accession politics, potentially showing a different path of conditionality, transition and national adaptation than the experience of the EU10. The country applied for EU membership in 2003, was accepted as a candidate country in 2004, and was in negotiations with the EU until December 2011 when the accession treaty was signed.

The institutional preparations for accession were supported with pre-accession aid through the CARDS, Phare, ISPA, SAPARD and IPA instruments. CARDS was formed as the financial arm of the Stabilisation and Association process in the Western Balkans. CARDS programming in Croatia covered the years 2001-2004 with an annual average budget of €65 million, and its implementation lasted until the end of 2009. CARDS was succeeded by Phare (averaging funding of €75 million p.a. in Croatia) and ISPA, a precursor to the Cohesion Fund (€30 million p.a.) after Croatia's move to pre-accession for the 2005-2006 programming years, and by the agricultural instrument SAPARD for 2006 (€25 million). Lastly, for the programming period 2007-13 an explicit pre-accession instrument, IPA, provided an annual average of €150 million (European Court of Auditors 2011).

The primary source of data for the study comprised 31 in-depth interviews with key stakeholders, administrators and experts undertaken in 2008-2009, nine of which are particularly relevant for this paper. Methodological triangulation was undertaken through process-tracing techniques for locating the key influence on the establishment of particular structures. In addition, the study involved assessment of an extensive body of policy, programme and project documentation relating to pre-accession assistance in Croatia. Lastly, the findings from this case study were cross-compared with other contributions from the Croatian academic literature and included consideration of parallels with lessons learned from the EU10.

### *Initial institutional conditions in Croatia*

The initial political-administrative conditions were not favourable for effective pre-accession assistance coordination in Croatia. In the early to mid-2000s, a weak performance in terms of inter-ministerial coordination was stressed by assessment reports, the European Commission, academics and employees in the EU assistance field (European Commission 2004; 2005). Coordination of European issues was the responsibility of the Ministry of European Integration, initially created from the Government Office for European Integration in 2000, and subsumed into the Ministry of Foreign and European Affairs in 2005. Further, from 2004, every government ministry had a European Coordinator and many had established European coordination departments (European Commission 2004). However, policy coordination suffered from the lack of an overarching body for policy supervision of planning, and decision-making tended to be politicised and fragmented (European Commission 2004). Coordination between ministries was insufficient, and the overall capacity at the centre of government regarding policy coordination was low (SIGMA 2007). This extended beyond central government: Puljiz and Maleković (2007) noted that there was no communication or coordination framework in place which would involve actors from central, regional and local level, despite strong coordination being stressed as important in preparing for EU Cohesion policy. These deficiencies were also recognised by officials. A job satisfaction survey among civil servants working in the EU assistance field confirmed that there was a need for better coordination and communication between institutions and their staff, including better external and internal coordination and clarification of responsibilities (East West Consulting 2006).



Consequently, improving coordination was a stated goal in the State Administration Reform Strategy 2008-2011, among other measures, which were expected to enable the transition to the principles and practice of good governance in line with the best European standards (Central State Office for Administration 2008). The strategy also recognised the need to strengthen coordination of strategic planning to ensure better connection of plans drawn up by state administration bodies with the strategic objectives of the government. The Central Office for Development Strategy and Coordination of EU Funds (CODEF) was designated as the competent authority as part of its remit of managing and coordinating EU funds from the EU and other international donors, and strategy development. Furthermore, the Strategic Development Framework 2006-2013 emphasised the need to address the problems of insufficient coordination capacity, which was hampering the efficiency of measures for regional development and inhibiting the formulation of an overall regional development policy (Government of the Republic of Croatia 2006b).

The formal structures required to be set up for the coordination of pre-accession assistance comprised the National IPA Coordinator (NIPAC) and the Strategic Coordinator (SC). The IPA implementing regulation stipulated that the role of the NIPAC was to be executed by a high-ranking official in the government or state administration (EC 718/2007 Art.22). Its particular duties involved: first, ensuring partnership between the Commission and Croatia and a close link between the general accession process and the use of assistance under the IPA regulation (EC 718/2007 Art.22). This close link was to be achieved through the programming of CARDS/PHARE/IPA I, notably the priorities identified in the accession process and ensuring transparent project selection procedures (Government of the Republic of Croatia 2009). Second, the NIPAC bore overall responsibility for coherence and coordination of the IPA programmes, the annual programming of the Transition Assistance and Institution Building component, the coordination of participation of Croatia in cross-border cooperation and transnational programmes. Third, the NIPAC was required to draw up and, after examination by the IPA monitoring committee, submit annual and final reports on implementation to the Commission as defined in Article 61 (3) with a copy to the national authorising officer (NAO) (EC 718/2007).

In addition, the NIPAC (termed NAC under CARDS) was responsible for the preparation and coordination of the annual Financing Agreements in liaison with the NAO and the relevant ministries, and in agreement with the EC, to provide assistance to the NAO for the nomination of programme authorising officer in the Implementing Agency (CFCA). Furthermore, the NIPAC had responsibility for monitoring programme implementation, coordinating monitoring and evaluation activities and participating with the European Commission and NAO in the Joint Monitoring Committee (Government of the Republic of Croatia 2009).

According to the IPA implementing regulation (EC 718/2007 Art. 23), Croatia was required to appoint a strategic coordinator to ensure coordination of the regional development component under the responsibility of the national IPA coordinator. This strategic coordinator had to be an entity within the state administration with no direct involvement in the implementation of programme components. The functions were to coordinate assistance, draft a strategic coherence framework and ensure coordination between sectoral strategies and programmes. The strategic coordinator for IPA III and IV was to follow the practice of a Structural Funds Coordination Authority, as 'an interface with the Commission on strategic and regulatory matters, the management of horizontal matters (including horizontal Operational Programmes), and ensuring consistency of approach, high standards and synergies in both programming and implementation, for the benefit of both the administration and beneficiaries' (CARDS 2003 2007). The relevant NIPAC and strategic coordinator provisions of the IPA implementing regulation were incorporated in the framework agreement between the Commission and Croatia of 27 August 2007 (European Commission and Government of the Republic of Croatia 2007).

### *Establishment of new institutions*

The key question is how Croatia responded to the regulatory requirements for coordination, notably the operation of inter-ministerial coordination structures as exemplified by CODEF, and the roles of CARDS and IPA in building coordination structures. CODEF was established by government decree in May 2006 as a separate entity through the amalgamation of a directorate within the Ministry of Foreign Affairs and European Integration and a government planning office responsible for national policy (Government Office for Strategic Development). CODEF undertook the overall coordination of EU Funds available to Croatia and its head, a state secretary, was the National Aid Co-ordinator under CARDS and PHARE and the National IPA Co-ordinator. The state secretary was appointed by the Government on the proposal of the prime minister, supported by two deputy secretaries and three heads of departments (CODEF 2009; Government of the Republic of Croatia 2006a).

In addition, CODEF was responsible for preparing the development strategy of Croatia and monitoring the implementation of its objectives. In that respect, CODEF coordinated the development of the Strategic Coherence Framework, a basic IPA strategic document and precursor of the National Strategic Reference Framework (NSRF), which applied in the 2007-13 period, with respect to economic and social development. The role of Strategic Coordinator for IPA Components III and IV was undertaken by a Deputy State Secretary in CODEF. The department for EU programmes in the field of Economic and Social Cohesion was responsible for IPA components III and IV, with four sections for the respective OPs (CARDS 2003 2007). CODEF was responsible for preparing the NSRF. In doing so, it was expected to build on experience gained in preparing the Strategic Coherence Framework of IPA components III and IV, both in terms of processes and content (Government of the Republic of Croatia 2008). Although CODEF was expected to assume the role of the Coordinating Authority as soon as the Cohesion policy funds became available to Croatia, in 2012 it was absorbed by the Ministry of Regional Development and EU Funds.

CODEF was initially established during a CARDS 2003 project “Support to National Development Planning” which had the purpose of enhancing ‘Croatia’s development planning and implementation capacity, through the elaboration of the Strategic Coherence Framework and corresponding Operational Programmes, based on a wide consensus and in line with EU best practices and regulations’ (CARDS 2003 2007). With a budget of €1.6 million, the project lasted from July 2005 to December 2007. It included as its first planned result ‘institutionalised inter-ministerial coordination with its own regulation and functioning secretariat’ and in fact claimed the establishment of CODEF as a relevant achievement in its final report which referred to the decree establishing CODEF and related legislative acts assigning the coordination of EU programmes in Croatia to CODEF<sup>2</sup>.

However, the institutional form of CODEF was also influenced by the domestic political aim of separating the management of EU funds from the Ministry of Foreign Affairs and European Integration, which had shown little interest in financial assistance matters. This was justified with the argument of increasing flexibility (GOV2<sup>3</sup>), and was a domestic arrangement not requested by the EU (GOV1<sup>4</sup>, ECD3<sup>5</sup>).

Rather than satisfying itself with setting up often hollow coordinative structures, pre-accession assistance performed the lengthy and laborious task of supporting nascent institutions, providing socialization fora and devising templates for coordination. The preparations for IPA implementation provided a testing ground for EU assistance as well as a source of adaptation pressure for the Croatian administration. The IPA Components III and IV served the aim of preparing Croatia as a candidate country for Cohesion policy (European Commission 2012b). Activities under Component III were grouped in three OPs corresponding to relevant sub-components (IIIa: Transport, IIIb: Environment and IIIc: Regional Competitiveness) while Component IV was served by a Human Resources Development OP.

Turning to horizontal coordination, the Croatian response to the challenge of systematic national partnership for development planning was provided, with the support of CARDS assistance, by CODEF, which convened:

the Inter-ministerial Coordination Group, chaired by the State Secretary/NIPAC, comprising state secretaries of the key economic and social ministries and meeting twice monthly for the preparation of the SCF and approval of the OPs, and discussion of strategic issues concerning preparations for future SF; and Inter-ministerial working groups (IWGs) which have met as frequently as required for the elaboration of the OPs, for which CODEF provided both the chair and secretariat functions (CARDS 2003 2007).

The CARDS 2003 Final Report noted that, although the coordination role covered the whole system, CODEF's closer partners at the centre of government were the NAO and the National Fund. As regards contact with the operating structures for each OP, this would be predominantly with ministries taking the lead responsibility (Head of Operating Structure, HOS), which later evolved into managing authorities under the Structural Funds (CARDS 2003 2007). In this area, CODEF's Department for EU Programmes in the Field of Economic and Social Cohesion undertook the coordinating task, with four sections overseeing the OPs under development. Additionally, the project assisted by providing matrices with proposed functions for institutions in IPA structures and played a facilitating role in the OP drafting process. While the inception report identified the need for enabling legislation for IPA management, this was not possible as the IPA implementing regulation had not entered into force (CARDS 2003 2007).

CODEF established the IWGs in February 2006 with the task of drafting the IPA OPs and identifying a project pipeline for each of them (CARDS 2003 2007). The IWGs for the Regional Competitiveness OP (RCOP) and the Human Resources Development OP (HRDOP) proved to be a necessary mechanism for clarifying and making progress on strategy and project level. The preparation of the Environmental Protection OP and the Transport OP were driven by a smaller number of institutions, therefore the relevant IWGs met less frequently. Attendance in the IWGs was at senior level, comprising the line ministries, the Central Bureau of Statistics and other state-funded agencies in the case of RCOP and HRDOP (CARDS 2003 2007). The IWGs remained an integral part of OP elaboration until the programmes were finalised. After approval of the OPs, the IWGs became 'the basis for Sectoral Monitoring Committees for the monitoring of each OP' (CARDS 2003 2007).

Pre-accession assistance through CARDS encouraged the establishment of the IWG and assisted in preparing the meeting agendas working closely with a Deputy State Secretary of CODEF. The CARDS 2003 project team at CODEF attended meetings offering advice on technical issues, contributed to discussions, produced guidelines for IWG members on preparing OPs and explained the hierarchy of priorities, operations and projects and defined monitoring indicators (CARDS 2003 2007). Following the work of the IWGs, all the government structures for the management and implementation of IPA Components III and IV had been established and formalised with the approval of the four OPs, and they were accredited during 2008 (CARDS 2003 2007). The Operating Structure for IPA IIIc existed since mid-2007 but officially the contract was signed in March 2008, in the form of an operational agreement between the bodies responsible for IPA IIIc (GOV9<sup>6</sup>, GOV10<sup>7</sup>).

In terms of the effectiveness of the structures, interview respondents recognised some enhancement of coordination. A comparison of the administration's performance between 2002 and 2008 led to the observation that by the end of the period, under IPA, 'several line ministries have the role of operating structure therefore there is at least some formal assignment of coordination duties; inter-ministerial coordination structures exist albeit in a non-perfect form, but definitely more extensive than in the previous couple of years' (ECD2). However the Operating Structure for IPA Component IIIc proved to be very challenging for coordination because of its complexity. The organisation chart of the RCOP management structure showed (a non-exhaustive) 49 forms of

relationship, some of them interrelationships (double arrows), but the research found that there were impediments to staff in the participating organisations speaking to each other on relevant issues without explicit authorisation.

The OS and IWGs constituted a substantial part of the efforts for establishing effective coordination structures. As institutional coordination among the ministries improved, the contribution of pre-accession assistance through inter-ministerial committees and working groups for document and programme preparation became recognised and appreciated (ACA 3). Lessons from CARDS and PHARE benefited the way IPA was run: 'Technical assistance and knowledge was pumped into the Croatian public administration' (ACA3<sup>8</sup>). The NIPAC was organising meetings with representatives from different IPA components which gave the impression that each institution in charge of each IPA component had a clear view of the roles of other institutions in the system (ACA3).

An important question was whether these structures would prove to be durable. The post-accession sustainability of the coordination structures (IWG and national partnership) was identified as an issue of concern early on in the pre-accession phase (European Commission 2005). There were differences in levels of confidence that the new approach to coordination in the form of the IWGs would stand the test of time for Structural Funds programming (ECD2; ACA3; CARDS 2003 2007). In particular, the effectiveness of the coordination structure relied on the interdependence of IPA bodies and – importantly – collaboration and mutual learning under central guidance and coordination in order to minimise “quadruplication” of effort for bodies fulfilling similar roles in different OPs (CARDS 2003 2007).

### *Domestic reaction*

Moving beyond the detailed institutional arrangements and operational experiences, the third area for investigation is the domestic reaction to EU influence on coordination structures and whether they were able to address or overcome long-standing cultural weaknesses permeating the Croatian public administration, which had constituted a barrier to effective and sustainable coordination. The broad consensus of interview respondents – within and outside the public administration – is that pre-accession assistance led to an improvement of previously weak or non-existent coordination structures. Of particular importance was the role of CODEF in softer forms of coordination, for example working through different fora and informal mechanisms to coordinate the activities of different ministries, and engaging with ministers (GOV9, GOV10) to increase their appreciation of the importance of coordination (CON6<sup>9</sup>, ACA3).

The extent of coordination was, however, limited. CODEF focused primarily on the bodies involved in managing and delivering the IPA components; other institutions involved in regional development but not participating in the IPA had much less awareness or involvement in the coordination structures (ACA3). More generally, further revision of coordination structures was considered necessary in terms of horizontal coordination, and stressed by Croatian officials (ECD2). Interdepartmental coordination remained problematic. With the exception of the top government level, where regular meetings were taking place, coordination was said to be less effective between the departments in the ministries. In particular, the funding ministries lacked an informed overview of the activities of their departments working on EU programmes. It was reported that departments in different ministries were ignorant about the strategies, Technical Assistance projects and actions that other departments were implementing.

Although it was successful in establishing the required structures, CODEF fell short of executing its coordinating mission. Some respondents were not convinced that close coordination has been achieved. A perceived cause was that CODEF was outside the cabinet hierarchy and lacked the

political power to influence and monitor the performance of individual ministries (ECD3, ECD4<sup>10</sup>). CODEF's role and influence were also felt to have diminished over time. For example, the coordination groups became 'rather a formality at times and they met occasionally to fulfil nominal requirements' (ACA3). Indeed, one external observer claimed that the influence of CODEF as a state actor in charge of strategy and coordination was progressively marginalised (CON6). This was due to the role of the prime minister at the time and a hostile culture towards independent initiative from other state bodies. This coincided with a change in the state secretary of CODEF, who while competent and qualified for the post, 'was not a part of the system'. This led to CODEF 'underperforming' in the view of several external observers, exacerbated by the unwillingness or inability of the European Commission Delegation to exercise a stronger role in coordinating the assistance.

The fieldwork interviews are supported by evidence from other academic studies regarding the fragmented influence of CODEF on the development and coordination process. In their discussion of the causes of domestic change in Croatia, Bache and Tomšić (2010) cite the accession process and direct and indirect effects of the *acquis* rather than pre-accession instruments and of the instrumental role of national ministries for gatekeeping and developing new structures. This view is corroborated by interviewees who criticised the mix of CODEF's competencies. CODEF's state secretary was also one of the Prime Minister's chief economic advisors in the field of macroeconomic matters, and the compatibility of these tasks with the Office's programming role was considered a matter for concern (ECD3). While CODEF officials argued that the organisation constituted a major step towards the effective and efficient coordination of assistance and a strong indication that the Croatian government was determined to fulfil its obligations under Chapter 22 of the *acquis* (GOV2), European Commission Delegation officials and consultants voiced concerns about CODEF's coordinating capacity, the coherence of its functions and its relative inter-institutional power in the Croatian public administration especially as it did not constitute a cabinet ministry (CON6, ECD3, ECD4).

This draws attention to cultural aspects of administrative change and the embeddedness of the reforms undertaken. An inhibiting factor for administrative capacity-building in Croatia was the existence of parallel structures. It was noted that 'although the Commission's preference is for a single system for the management of funds, the Croatian authorities have created a structure for EU purposes while national funds including investment on regional development are channelled differently'. This was considered to be 'a system of dubious transparency infected with cronyism and politicisation' (ECD1<sup>11</sup>).

The academic literature partially confirms the fieldwork findings. Bache and Tomšić (2010) reveal some of the institutional weaknesses of CODEF, but they seemingly put the blame on the institution itself rather than causal explanations in the core executive's decisions to establish CODEF under a particular organisational design. Also, their conclusion that 'the combination of powerful financial incentives and the enthusiasm to complete accession led to a transformation in domestic policies and practices in the field of regional development' does not appear to be fully supported by their own evidence which points to a more superficial change. They present their results as thin learning and Type II MLG but do not link these claims with developments in particular organisations. In the subsequent period until Croatia's EU accession, coordination issues persisted and were inherited by the Cohesion policy management structures. As a recent social network analysis of Cohesion policy in Croatia concluded: the network raises serious issues of coordination and coherence due to its dense pattern (Geddes, Lees, and Taylor 2013).

## CONCLUSION

Broadening the case studies of pre-accession Europeanization can only enrich European studies. This article has examined the critical case of pre-accession Croatia, the newest EU Member State with a more turbulent transition path than the EU10. The focus was on EU pre-accession assistance provision and conditionality and its effects on national coordination structures, which were mediated by domestic factors. Inter-institutional coordination was discussed here in three ways: as a first step by reference to the formal structures required by pre-accession assistance and the parallel domestic processes; secondly, by examining the role ascribed to CODEF; and thirdly, through a closer investigation of the extent of pre-accession assistance interventions and their influence on national coordination mechanisms.

Pre-accession assistance was seen as the main driver for inter-institutional coordination in Croatia. Respondents recognised the formal coordinating role of inter-ministerial committees and working groups established through the CARDS and IPA instruments as well as informal effects and wider awareness stemming from the participation of public officials in activities such as training sessions. These provided a window of opportunity for the establishment of informal contacts between administrators who operated in a system of governance which, especially at the central government level, was characterised by a centralised and fragmented approach to policy-making. Traditionally in Croatia public bodies had operated in isolation from other state institutions and civil society; this was maintained, to a certain extent, because ministries strove to preserve any information advantage, reduce the dissemination of information to 'competing' public institutions, and secure resource allocation favourable to the power base of senior officials and their political organisations through strict gatekeeping.

This paper has found a mainly positive CARDS and IPA influence on administrative capacities for coordination, but negative and neutral influences were also observed. The positive influence was the creation of IPA management structures, and the establishment of inter-ministerial and inter-institutional coordination arrangements. The direct influence of EU pre-accession assistance on structures was also clearly visible in the establishment of operating structures for IPA management. Of the eight managing authorities established to prepare for the future management of the Structural Funds, five were expected to evolve from similar institutions established for IPA. Likewise, the NAO, CAO, NIPAC, the Strategic Co-ordinator, the Audit Authority, the National Fund (Paying Authority) and many implementing agencies were examples of institutions which were expected to continue into the post-accession Cohesion policy management system.

In most cases, some sense of ownership and benefit from coordination was instilled by pre-accession assistance. However, at times, EU Technical Assistance was substituting for non-existent domestic coordination. Effective coordination was hampered because of different priorities and budgetary constraints in ministries and departments. The engagement of public officials in coordination also depended on their individual workloads and the degree to which they had other duties apart from EU funding.

On the negative side, the Croatian government's performance in operationalising effective inter-ministerial coordination arrangements must be characterised as inadequate, reinforcing the conclusions of other students, practitioners and state officials. At the outset, the EU emphasised that inter-ministerial coordination is of critical importance for effective implementation of pre-accession assistance and Structural Funds programmes. Improving inter-ministerial coordination was also a national strategic goal. Most important in achieving the goal was the coordinating function of CODEF and the provision of pre-accession assistance to strengthen it. In formal terms, the CARDS 2003 project achieved its planned results by contributing to the establishment of CODEF as a co-ordinating body and the setting-up of the Inter-ministerial Coordination Group for the preparation of the Strategic Coherence Framework and the approval of IPA OPs and the Inter-ministerial Working

Groups which developed the OPs. However, the effectiveness of CODEF declined over time, and its influence on other government institutions was often weak, with implications for the durability of structures and ability to coordinate post-accession Cohesion policy.

The examination of lessons learned from the EU10 reveals that the path of Croatian structures differ from many Central and Eastern European countries, notably Estonia, Slovenia, Latvia, Lithuania, Poland and Hungary (Dimitrova and Toshkov 2007; Zubek 2008). There are more similarities with countries like Bulgaria and Romania, as regards the instability and incomplete state of structures, and the preferred type of institutional structures to receive financial assistance. As in Croatia, the approach most commonly followed was to establish EU-funds-related directorates in government ministries, but with several reorganisations and exchanges of competences between ministries, and the directorates moving between them. In Croatia, the Ministry of European Integration did not want responsibility for EU funds, leading to the coordination of EU funding being separated from the MEI and established as an institution responsible for the coordination of assistance outside the cabinet system. This extraordinary institutional location meant that results in terms of capacity-building remained limited, and that continuity of structures was always a concern. Other studies on foreign aid to SEE have found that legislative fervour, constant restructuring and bureaucratic expansion of ministries (Bartlett 2008) constituted attempts to thwart or limit the spread and influence of EU standards in state institutions.

With respect to the literature on Europeanisation and accession countries, this study highlights the importance of three domestic constraints, based on the Croatia case: the limited synergies between EU and national policies and value-added; considerations of political cost; and allocation of responsibilities. Two of the most vital institutions for the coordination and financing of pre-accession assistance, CODEF and the CFCA, had a separate mandate from government ministries or institutions responsible for macro-economic policy and public finances. CODEF was answerable to the prime minister and was not represented in the cabinet in its own right, as it lacked the status of a ministry. In a centralised system of governance, this meant that the role of CODEF was one of limited institutional gravity and influence. The Croatian PM was effectively a gatekeeper in terms of the implementation of CODEF's policies or recommendations. CODEF did not have sufficient political or policy influence to ensure effective coordination across government ministries and agencies, in particular to overcome entrenched institutional resistance and traditional ways of working among officials that did not encourage information-sharing or cooperation. As such, the research supports findings for other Central and Eastern European countries relating to the importance of political and administrative opportunity structures in explaining variation in coordination (Gärtner *et al.* 2011), but it also substantiates the arguments of Dimitrova and Toshkov (2007) that actors' preferences and domestic politics are key factors influencing patterns and processes of institutional change.

Finally, there are two sets of policy implications that emerge from the research. First, EU institutions and pre-accession policy instruments need to have stronger leverage in establishing coordination structures and ensuring the cultural embeddedness of processes. These are prerequisites for achieving synergies with other EU and national policies and securing added value for Cohesion policy, not least given the higher priority given to institutional coordination, policy coherence and integration of funding under the European Structural and Investment Funds for 2014-20. Second, in centralised states such as Croatia the role of the centre of government is essential for effective and efficient coordination of EU funding, and the key challenge is for the core executive to orchestrate the integration of the coordination process of EU funding into national decision-making structures. However, this needs to be accompanied by administrative capacity-building measures addressing systems, human resources and tools to ensure that the staff of ministries, agencies and other bodies are receptive to both the formal obligations and informal practices required for effective coordination.

\*\*\*

## ***Acknowledgements***

The authors would like to thank Dr Carlos Mendez and two anonymous referees for their valuable comments on earlier drafts of this article. The lead author's PhD research, on which this paper is based, was supported by the European Policies Research Centre, the University of Strathclyde, the Economic and Social Research Council (through the Centre for Russian, Central and East European Studies), the Student Awards Agency for Scotland, and the University Association for Contemporary European Studies, whose assistance is gratefully acknowledged. The usual disclaimer applies.

## ***Correspondence address***

c/o European Policies Research Centre, School of Government and Public Policy, University of Strathclyde, 40 George Street, Glasgow G1 1QE, United Kingdom  
[eleftherios.antonopoulos@strath.ac.uk]

## ***Note on the authors***

Eleftherios Antonopoulos is a Research Affiliate, and John Bachtler is Director, at the European Policies Research Centre, School of Government and Public Policy, University of Strathclyde.

---

<sup>1</sup>Except the EU funds-related committees and coordination groups established at the domestic level, Croatia as an acceding country participated as an observer in the committees and expert groups of the Commission, namely the IPA Committee in DG Enlargement and the COCOF in DG Regio. Formal coordination mechanisms for pre-accession assistance comprise committees and expert groups. CARDS and PHARE committees operated in DG Enlargement in the context of relevant funding instruments (European Commission 2012a: 11-12). In the 2007-2013 programming period the IPA Committee operated in DG Enlargement; it was chaired by a Commission representative and consisted of representatives of the Member States and the Candidate Countries. The committee was responsible for the overall coordination of IPA components and especially the adoption of the Multi-annual Indicative Planning Documents (MIPDs) and Annual reviews with regard to IPA component one and two (Transition Assistance and Institution Building, and Cross Border Cooperation) (Article 14 of Regulation 1085/2006). However the Committee of the Coordination of the Funds (COCOF) in the DG Regio performed a coordinating role with regard to the third and fourth IPA component (Regional Development and Human Resources Development respectively). Finally, the Rural Development Committee was the forum where the IPARD programmes were presented and discussed (European Commission 2013). However there were no formal mechanisms coordinating the work of COCOF with the other Committees, a situation that found parallels in the lack of formal links between COCOF and the European Agricultural Fund for Rural Development/European Agricultural Guarantee Fund (EAFRD/EAGF) and European Fisheries Fund (EFF) committee (Davies 2011).

<sup>2</sup>The Decree on Internal Organisation of CODEF was adopted on May 25 2006 Gazette no. 59/06. Coordination of EU programmes in Croatia assigned to CODEF through the Act of Organisation and Scope of Central State Administrative Authorities (Official Gazette no. 199/2003, 30/2004, 136/2004, 22/2005 and 44/2006) and the State Administration System Act (Official Gazette no. 75/93, 92/96, 48/99, 15/2000, 127/2000, 59/2001 and 199/2003).

<sup>3</sup>Interviewee GOV2: National official involved in EU Funds coordination, Zagreb.

<sup>4</sup>Interviewee GOV1: National official involved in EU Funds coordination, Zagreb.

<sup>5</sup>Interviewee ECD3: European Commission official, Zagreb.

<sup>6</sup>Interviewee GOV9: National ministry official involved in EU funding, Zagreb

<sup>7</sup>Interviewee GOV10: National ministry official involved in EU funding, Zagreb

<sup>8</sup>Interviewee ACA3: University researcher, Zagreb.

<sup>9</sup>Interviewee CON6: Consultant on economic development, Zagreb.

<sup>10</sup>Interviewee ECD4: European Commission official, Zagreb.

<sup>11</sup>Interviewee ECD1: Consultant, former European Commission official, Belgrade.



## REFERENCES

- Alvesson, M. (2002). *Understanding Organizational Culture*. London: Sage.
- Antonopoulos, E. (2013). The Effects of EU CARDS/IPA on Administrative Capacity in Croatia. *European Policies Research Centre*. Glasgow, University of Strathclyde. Unpublished PhD dissertation.
- Bache, I. (2008). Europeanisation and multi-level governance: Empirical findings and conceptual challenges. *Arena working paper* (Vol. 16). Oslo: ARENA.
- Bache, I., Andreou, G., Atanasova, G., and Tomsic, D. (2010). Europeanization and multi-level governance in south-east Europe: the domestic impact of EU cohesion policy and pre-accession aid. *Journal of European Public Policy*, 18 (1): 122-141.
- Bache, I. and Tomšić, D. (2010). Europeanization and nascent multi-level governance in Croatia. *Southeast European and Black Sea Studies*, 10 (1): 71-83.
- Bachtler, J., Mendez, C., and Oraže, H. (2013). From Conditionality to Europeanization in Central and Eastern Europe: Performance and Administrative Capacity in Cohesion Policy *European Planning Studies* (online) <http://www.tandfonline.com/doi/abs/10.1080/09654313.2013.772744>
- Bailey, D. and De Propriis, L. (2004). A bridge too Phare? EU pre-accession aid and capacity building in the candidate countries. *Journal of Common Market Studies*, 42(1), 77-98.
- Bartlett, W. (2008). *Europe's Troubled Region: Economic development, institutional reform and social welfare in the Western Balkans*. London: Routledge.
- Bechev, D. and Andreev, S. (2005). Top-Down vs Bottom-Up Aspects of the EU Institution-Building Strategies in the Western Balkans. *Occasional Paper No. 3/05*. Retrieved from Caporaso, J. A. (2008). The Three Worlds of Regional Integration Theory. In C. Radaelli and R. Pasquier (Eds.), *Europeanization: new research agendas* (pp. 23-34). Basingstoke: Palgrave Macmillan: 23-34.
- CARDS 2003. (2007). Support to National Development Planning Final Report.
- Central State Office for Administration. (2008). *State Administration Reform Strategy for the period 2008-2011*. Zagreb. Available at: <http://www.uprava.hr/strat-en.pdf>. Accessed on 11 December 2010 2013.
- Chandler, D. (2006). *Empire in Denial: the Politics of State-building*: Pluto Press.
- Christiansen, T. (2001). Intra-institutional politics and inter-institutional relations in the EU: towards coherent governance? *Journal of European Public Policy*, 8(5), 747-769.
- CODEF. (2009). Mandate and activities of the Central Office for Development Strategy and Coordination of EU Funds Available at: <http://www.strategija.hr/en/about-us>. Accessed on 23 February 2012.
- Davies, S. (2011). Interactions between EU Funds: Coordination and Competition *IQ-Net Thematic Paper*. Glasgow: European Policies Research Centre.
- Dimitrova, A. (2002). Enlargement, Institution-Building and the EU's Administrative Capacity Requirement. *West European Politics*, 25 (4): 171-190.
- Dimitrova, A. and Toskhov, D. (2007). The Dynamics of Domestic Coordination of EU Policy in the New Member States: Impossible to Lock In?, *West European Politics*, 30(5) 961-986.
- Đulabić, V. and Manojlović, R. (2011). Administrative Aspects of Regional and Cohesion Policy in Croatia: In Search of a Better Coordination of Parallel Processes. *HKJU – CCPA*, 11(4): 1041-1074.
- East West Consulting. (2006). Support to the NAO and NAC in Decentralised Implementation and Management, Croatia, Job Satisfaction Survey Among Croatian Civil Servants Working in the EU Assistance Field. Zagreb.
- Egeberg, M. and Trondal, J. (2009). National agencies in the European Administrative Space: Government driven, Commission driven or Networked? *Public Administration*, 87 (4): 779-790.

Egeberg, M. and Trondal, J. (2010). Agencification and Location. Does Agency Site Matter? *ARENA Working Paper Series*, (3). Available at: [http://www.sv.uio.no/arena/english/research/publications/arena-publications/workingpapers/workingpapers2010/WP\\_03\\_10\\_online.pdf](http://www.sv.uio.no/arena/english/research/publications/arena-publications/workingpapers/workingpapers2010/WP_03_10_online.pdf) Accessed on 12 August 2010.

Eriksen, S. (2007). Institution Building in Central and Eastern Europe: Foreign Influences and Domestic Responses. *Review of Central and East European Law*, 32 (3): 333-369.

European Commission. (2013). *Summary Report 69th Rural Development Committee*. Brussels, 20 February.

European Commission. (2012a). *COMMISSION STAFF WORKING DOCUMENT Presentation of committee activities in 2011 by policy sector Accompanying the document REPORT FROM THE COMMISSION ON THE WORKING OF THE COMMITTEES DURING 2011* Brussels. Available at: [http://ec.europa.eu/transparency/regcomitology/docs/annual\\_report\\_2011\\_en.pdf](http://ec.europa.eu/transparency/regcomitology/docs/annual_report_2011_en.pdf). Accessed on 15 September 2013.

European Commission. (2012b). Croatia - Financial Assistance. Available at: [http://ec.europa.eu/enlargement/acceding-country/croatia/financial-assistance/index\\_en.htm?id=keydoc#library](http://ec.europa.eu/enlargement/acceding-country/croatia/financial-assistance/index_en.htm?id=keydoc#library). Accessed on 20 February 2012.

European Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA). (IPA Implementing Regulation) (2007).

European Commission. (2005). *Croatia 2005 Progress Report*. Brussels.

European Commission. (2004). *Opinion on Croatia's Application for Membership of the European Union*.

European Commission and Government of the Republic of Croatia. (2007). *Framework Agreement between the Government of the Republic of Croatia and the Commission of European Communities on the rules for co-operation concerning EC-financial assistance to the Republic of Croatia in the framework of the implementation of the assistance under the Instrument for Pre-accession Assistance (IPA)*. Zagreb. Available at: [ec.europa.eu/esf/BlobServlet?docId=263&langId=en](http://ec.europa.eu/esf/BlobServlet?docId=263&langId=en). Accessed on 23 February 2012.

European Court of Auditors (2011). Has EU assistance improved Croatia's capacity to manage post-accession funding? Luxembourg. 14.

Featherstone, K. and Papadimitriou, D. (2008). *The limits of Europeanization : reform capacity and policy conflict in Greece*. Basingstoke: Palgrave Macmillan.

Frey, B. and Eichenberger, R. (1999). *The New Democratic Federalism for Europe. Functional, Overlapping, and Competing Jurisdictions*. Cheltenham: Edward Elgar.

Gärtner, L., Hörner, J. and Obholzer, L. (2011). National Coordination of EU Policy: A Comparative Study of the Twelve "New" Member States. *Journal of Contemporary European Research*, 7 (1): 77-100.

Geddes, A., Lees, C., and Taylor, A. (2013). *The European Union and South East Europe: The Dynamics of Europeanization and Multilevel Governance*. London: Routledge/UACES Contemporary European Studies.

Goetz, K. (2001). Making sense of post-communist central administration: modernization, Europeanization or Latinization?. *Journal of European Public Policy*, 8 (6): 1032-1051.

Government of the Republic of Croatia. (2009). *PIU Operational Guide, Management of CARDS, PHARE, IPA I under DIS, B-Institutional Framework*. Zagreb.

Government of the Republic of Croatia. (2008). *Action Plan for meeting the EU Cohesion Policy requirements: Chapter 22 - Regional Policy and Coordination of Structural Instruments*. Zagreb.

Government of the Republic of Croatia. (2006a). Regulation on the Internal Organisation of CODEF (2006a). Zagreb.

Government of the Republic of Croatia. (2006b). *Strategic Development Framework for 2006-2013*. Zagreb. Available at: <http://www.vlada.hr/en/content/download/12663/248968/file/strategic.pdf>. Accessed on 13 August/September 2010.

Grabbe, H. (2006). *The EU's transformative power: Europeanization through conditionality in Central and Eastern Europe*. Basingstoke: Palgrave Macmillan.

Green Cowles, M., Caporaso, J.A., and Risse-Kappen, T. (2001). *Transforming Europe: Europeanization and domestic change*. Ithaca, N.Y.: Cornell University Press.

- Hertie School of Governance (2013) *The Governance Report 2013*, Oxford: Oxford University Press.
- Hix, S. (2005). *The Political System of the European Union*. Basingstoke: Palgrave Macmillan.
- Holden, P. (2009). *In Search of Structural Power: EU Aid Policy as a Global Political Instrument*. Aldershot: Ashgate.
- Hughes, J., Sasse, G., and Gordon, C. (2005). *Europeanization and regionalization in the EU's enlargement to Central and Eastern Europe: the myth of conditionality*. Houndmills, Basingstoke, Hampshire: Palgrave Macmillan.
- Kassim, H., B.G. Peters and V. Wright (eds). (2000). *The National Co-ordination of EU Policy: the Domestic Level*. Oxford: Oxford University Press.
- Kassim, H. (2003). 'Meeting the Demands of EU Membership: The Europeanization of National Administrative Systems', in K. Featherstone and C. M. Radaelli (eds), *The Politics of Europeanization*. Oxford: Oxford University Press.
- Knill, C. (2001). *The Europeanisation of National Administrations: Patterns of Institutional Change and Persistence*. Cambridge: Cambridge University Press.
- Marks, G. and Hooghe, L. (2004). Contrasting Visions of Multi-level Governance. In I. Bache and M. Flinders (Eds.), *Multi-level Governance*. Oxford: Oxford University Press.
- Niemann, A. (2006). *Explaining decisions in the European Union*. Cambridge: Cambridge University Press.
- Ongaro, E. (2009). *Public management reform and modernization : trajectories of administrative change in Italy, France, Greece, Portugal and Spain*. Cheltenham: Edward Elgar.
- Parrado-Diez, S. (2008). Failed policies but institutional innovation through 'layering' and 'diffusion' in Spanish central administration. *International Journal of Public Sector Management*, 21 (2): 230-252.
- Pierson, P. (2004). *Politics in time : history, institutions, and social analysis*. Princeton: Princeton University Press.
- Puljiz, J. and Maleković, S. (2007). *Current Situation and Future Perspectives of Regional Policy in Croatia (CD-ROM)*. Paper presented at the 6th International Conference: Economic Integrations, Competition and Cooperation, Opatija.
- Radaelli, C. (2003). The Europeanization of Public Policy. In K. Featherstone and C. Radaelli (Eds.), *The Politics of Europeanization*. Oxford: Oxford University Press: 27-56.
- Radaelli, C. and Pasquier, R. (2008). Conceptual Issues. In P. Graziano and M. P. Vink (Eds.), *Europeanization: new research agendas* (pp. 35-45). Basingstoke: Palgrave Macmillan.
- Schimmelfennig, F. and Sedelmeier, U. (Eds.). (2005). *The Politics of European Union Enlargement: Theoretical Approaches*. London: Routledge.
- Schout A. and Jordan A. (2005). Coordinated European Governance: Self-Organizing or Centrally Steered? *Public Administration*, 83(1), 201-220.
- Sedelmeier, U. (2006). Europeanisation in new member and candidate states. *Living Reviews in European Governance* 1(3).
- SIGMA. (2007). Croatia Public Service and the Administrative Framework Assessment. Paris.
- Streeck, W. and Thelen, K. A. (2005). *Beyond continuity: institutional change in advanced political economies*. Oxford: Oxford University Press.
- Thoenig, J.C. (2007). Institutional Theories and Public Institutions: Traditions and Appropriateness. In B. G. Peters and J. Pierre (Eds.), *The Handbook of Public Administration*. London: Sage: 88-98.
- Tulmets, E. (2005). The Introduction of the Open Method of Coordination in the European Enlargement Policy: Analysing the Impact of the New PHARE/Twinning Instrument. *European Political Economy Review*, 3 (1): 54-90.
- Vachudova, M. A. (2005). *Europe Undivided: Democracy, Leverage and Integration After Communism*. Oxford: Oxford University Press.
- Verheijen, A. (2007). Administrative Capacity in the new EU Member States: the Limits of Innovation?. *Working Paper: The International Bank for Reconstruction and Development/The World Bank*. Washington DC.

Zielonka, J. (2007). *Europe as Empire: the Nature of the Enlarged European Union*. Oxford: Oxford University Press.

Zubek, R. (2008). *Core executive and Europeanization in Central Europe*. New York: Palgrave Macmillan.

# Journal of Contemporary European Research

Volume 10, Issue 2 (2014)

## 'Runaway Train Never Going Back?' The Implications of the New Economic Governance for Democracy in the EU

**Mathias Dobbels** *Maastricht University*

### ***Citation***

Dobbels, M. (2014). "Runaway Train Never Going Back?' The Implications of the New Economic Governance for Democracy in the EU', *Journal of Contemporary European Research*. 10 (2), pp. 203-220.

First published at: [www.jcer.net](http://www.jcer.net)

## Abstract

When the debt crisis erupted in late 2009 in the European Union it was addressed with a fundamental reform of the EU's system of economic governance. These reforms pushed an agenda of fiscal austerity and more integration by putting national budgets under strict European supervision. Situating itself in the wider academic debate on the EU's democratic nature, this article determines the extent to which the reforms have affected the EU's democratic legitimacy by analysing them in the light of four vectors of legitimation (indirect, parliamentary, technocratic and procedural legitimacy). It will show that having had a considerable impact on the substance of the legislation, the European Parliament has strengthened the technocratic aspects of the reforms, but has compromised both the EU's procedural and indirect legitimacy. By consequence, national parliaments who are most affected by the reforms are left on their own to catch up with the ever running train of European integration. The new reforms may have brought about a more robust and efficient Stability and Growth Pact; this article shows it scores low in terms of procedural, indirect and parliamentary legitimacy.

## Keywords

Economic governance; Legitimacy; Democracy; European Parliament; National parliaments; Stability and Growth Pact

---

When the Greek debt crisis erupted in late 2009 and spread over Europe in the following months, no one could have predicted its impact on the European Union's system of economic governance. Barely two years later, the Council and the European Parliament (EP) adopted a package of measures to strengthen and reform the Stability and Growth Pact (SGP); further legislative measures were proposed by the Commission in November 2011, and in March 2012 twenty-five member states signed a new fiscal treaty on stability, coordination and governance in the Economic and Monetary Union (EMU), the so-called Fiscal Compact. The reforms pushed an agenda of fiscal austerity and deeper European integration by effectively putting national budgets under strict European supervision and thus national parliamentary control under pressure.

Integration and the transfer of competences to the supranational level inevitably involves a shift of power away from the national level, in this case the national parliaments. Ever since the Maastricht Treaty, volumes have been written on the European Union's presumed democratic deficit and on how this deficit could be addressed (Majone 2010; Moravcsik 2002; Coultrap 1999; Bowler and Farrell 1993). In what follows, a concise synthesis of the academic debate is presented and linked to the four vectors of legitimation (indirect, parliamentary, procedural and technocratic legitimacy) in the EU as defined by Lord and Magnette (2004). These vectors could help in understanding the impact of the reforms made in economic governance.

This analytical frame is used to analyse the recent reforms in economic governance. It is argued that although the EP had a considerable impact on the substance of the legislative reforms, proof of strong parliamentary legitimacy, it primarily strengthened the supranational and technocratic character of the system. In a process that was largely steered from the top down by the European Council, the flanking measures the EP introduced have delivered more transparency and efficiency but have also put national parliamentary procedures to control the budget further under pressure.

This pulls both against the indirect (national) legitimacy and the procedural legitimacy of the new system. Indeed, it will mostly be up to national parliaments themselves to address the democratic deficit resulting from these reforms by adapting their internal control cycle. Their track record on involvement in EU decision-making through the subsidiarity check introduced by the Lisbon Treaty suggests this process will take more than just procedural adaptations. The further integration of EMU thus poses questions in relation to three dimensions of legitimacy: indirect, parliamentary and procedural legitimacy.

In the following section the analytical framework is outlined based on a synthesis of the academic debate on the EU's democratic nature. The third section then briefly introduces the main reforms in economic governance and assesses these against the four vectors of legitimation and the wider literature on the democratic deficit.

## THE DEBATE ON THE EU'S DEMOCRATIC NATURE: WHAT DEMOCRATIC DEFICIT?

Further integration is almost always linked to questions on democratic legitimacy. The debate on the European Union's democratic nature really came to the fore at the time of the ratification of the Maastricht Treaty. Not only did Denmark reject the treaty in a first referendum, but also the 'petit oui' in the French referendum brought forward reflections in both the political and the academic worlds on the treaty's democratic implications (Norris 1997: 276). The Maastricht Treaty had famously granted co-decision to the EP and had extended qualified majority voting in the Council to a number of areas, thus strengthening the supranational character of the decision-making process (Beetham and Lord 1998). Since then, a debate has erupted on the so-called democratic deficit of the EU, such that, as Kohler-Koch and Rittberger (2007) have said, the debate on the democratic legitimacy of the EU is crowded territory.

### *Crowded Territory: The Academic Debate*

The decision to grant co-decision to the European Parliament at the time of the Maastricht Treaty was partly meant to compensate for the shift away from unanimity in the Council and restore the resulting loss in terms of democratic control in the legislative decision-making process. The logic behind this linkage is that of a zero-sum game whereby the inter-institutional balance of power is altered: take power away from the Council and give more to the European Parliament. Or, as Bowler and Farrell (1993: 45) argue, 'as the E[uropean] C[ommission]'s influence over the Member States increases, there is a need to protect the 'democratic' (i.e. legislative) check on executive procedure'. Throughout two decades of treaty changes there has been a common attempt to address the democratic deficit, whether by strengthening the role of the European Parliament in decision-making or in the appointment of a new European Commission. This stems from the idea that the democratic nature of the EU can be enhanced by reinforcing the institution which is supposed to represent European citizens directly. The logic is that when powers are transferred from the national executive to the European executive, a similar transfer should take place in the legislative branch (Bowler and Farrell 1993). By 'parliamentarising' decision-making, the process would become more transparent and more democratic.

Yet, the solution of giving the European Parliament more power has come under pressure in recent years. Majone (2010: 150) for instance objects that the continuous expansion in powers of the European Parliament has not led to a 'notable increase in democratic legitimacy'. The main critique is that even though the European Parliament is directly elected, its elections are of a secondary order with no European but national electorates, an ever decreasing number of voters and national

issues dominating the campaign (Corbett, Jacobs and Shackleton 2011). Indeed, elections for the European Parliament are a process during which very little transnational deliberation takes place (Moravcsik 2002: 604). Consequently there is hardly a connection between politics at the EU level and national public opinion since there is no electoral contest connected to political behaviour in the EU institutions (Follesdal and Hix 2006: 553). Moreover, the degree of representativeness of the EP has raised concerns as it is unclear who or what MEPs actually represent (see Bowler and Farrell 1993: 47). From a legal perspective too the decision to give more powers to the European Parliament as a means to address the democratic deficit has come under pressure. The 2009 ruling of the German Constitutional Court (GCC) on the Lisbon Treaty famously considered the European Parliament did not provide substantial democratic legitimacy because not all citizens are equally represented.<sup>1</sup> Instead, the Court pleaded for more control by the German Bundestag and Bundesrat over the positions defended by the German government at the EU level (Blauberger 2010: 52; Best 2009; Bundesverfassungsgericht 2009: paras 148, 280).

Measures taken at the supranational level to address the democratic deficit are in a sense only of a secondary nature as the core of the deficit actually resides at the national level (Börzel and Sprungk 2009: 364). Indeed, further and deeper integration such as established by the Maastricht and Lisbon Treaties first and foremost affects the relationship between the executive and the legislative branch at the national level. By transferring power to the transnational level, the former rids itself of much of the control exercised by the latter (Andersen and Burns 1996). Deeper integration and supranationalisation thus hold the risk of turning national parliaments into 'mere recipients of orders' (Decker 2002: 259). This has resulted in increased scrutiny of national parliaments over EU affairs in some member states, most notably in, Denmark, Germany, the Netherlands, Sweden and the United Kingdom. Nevertheless, control remains more restricted as compared to national politics because a considerable part of what happens at the European level still escapes national legislatures (Börzel and Sprungk 2009: 367). As explained above, this dimension of the debate found resonance with the GCC's ruling of 2009. The GCC branded the EU as an intergovernmental 'Staatenverbund' which derives its legitimacy and authority solely from the legislative power of its member states. In this view, it is not the EU, but the member states that have to be democratic. (Liebert 2010; Muckenberger 2009: 587;). Its remedy to address the democratic deficit resulting from further integration is thus to strengthen control of the German parliaments over EU decision-making. However, as Muckenberger (2009: 588) remarks, this uniform conception of nation state sovereignty and democracy is a very one-sided view and hard to maintain in an age of multi-level systems of governance, of which the EU as a prime example.

The concept of subsidiarity is closely connected to this dimension of the debate on the democratic deficit. Not surprisingly it came to the centre of attention at the time of the ratification of the Maastricht Treaty. In legal terms, subsidiarity is a concept that is rarely applied by courts and has a rather ambiguous meaning (Chaplin 1997; Estella 2002: 74-75). The Treaty on European Union defines it as a principle that governs the limits of Union competences by requiring that the Union only acts 'if and insofar as the objectives of the proposed action cannot be sufficiently achieved by the Member States (...) but can rather, by reason of the scale or effects of the proposed action, be better achieved at Union level' (Article 5: European Union 2010: 18). In practice, the European Court of Justice has been reluctant to rule on the substantial interpretation of the concept, leaving this up to the legislator, and has instead focused on the procedural steps required to make an assessment of Union initiatives according to this principle (Schütze 2009: 526). There are no clear legal directives in the treaty on how to determine its substantial application and neither did a set of guidelines, approved by the European Council in Edinburgh in 1992, provide for the necessary clarity to steer the political decisions on whether or not a measure has passed the subsidiarity-test (Bermann 1994: 371). Consequently, the interpretation of the concept is a political rather than a legal matter and both supporters and opponents of deeper integration have invoked it (Chaplin 1997: 117). Adding to its complex nature, Estella (2002) shows that although 'subsidiarity' embodies the principle of



diversity as opposed to unification, it has not really been an effective tool to stop Community action or further integration. It is also doubtful whether the special status of subsidiarity in the Lisbon Treaty will change much in this respect. The treaties now provide for a possibility whereby not only the legislators but also national parliaments can assess Community initiatives against the principle of subsidiarity. It thus not only adds to the assessment's procedure but also strengthens its character of diversity by presenting it as a 'safeguard of federalism' (Schütze 2009: 526). The mechanism foresees in it both a yellow card<sup>2</sup> and an orange card<sup>3</sup> to be given by national parliaments in the light of Commission initiatives. Neither mechanism however, provides for a veto.

Another dimension of the debate on the democratic deficit argues that institutional adaptations, be they at the national or at the European level, do not necessarily and effectively address the democratic deficit (Tsakatika 2007). The argument here is in fact of a more fundamental nature as it calls into question the benchmarks or baselines against which the EU's democratic legitimacy is assessed. Coultrap (1999) and Majone (2010) for instance, argue that it is irrelevant to evaluate the Union according to a national parliamentary model. The argument goes that because the EU is a *sui generis* political entity, democratic theories and tests need to be adapted to its particular nature. Coultrap (1999) proposes a more American, 'pluralist model' that takes account of the multi-level structure of EU decision-making, with each level providing legitimacy, and an important position for societal interest groups that try to influence decision-making.

Moravcsik's (2002) assessment of the democratic deficit takes account of the same view as a starting point and comes to the conclusion that the current institutional checks and balances and separation of powers are sufficient to guarantee democratic legitimacy in the EU. He argues that the EU should not be assessed against idealistic standards but against existing advanced industrial democracies and finds that the checks and balances in place reflect the low electoral salient functions the EU performs; functions which are often delegated in national systems and do not require high expenditure (Moravcsik 2002: 603, 608). In addition, Moravcsik (2002: 617-618) also denies claims that the European project's focus on 'negative integration', i.e. liberalisation and decentralised market competition, leads to a race to the bottom in regulatory social protection as the level of social welfare provision has remained relatively stable and member states are still fully responsible for policies on pensions, health care and employment. He thus concludes that '[w]hen judged by the practices of existing nation-states and in the context of a multi-level system, there is little evidence that the EU suffers from a fundamental democratic deficit' (Moravcsik 2002: 621).

On a similar note, Christiansen (1997) argues that national models of parliamentary democracy cannot be transposed without modification to the European level and that in reality these very models rarely match the ideal-type democracy they are supposed to promote. Christiansen therefore advises looking beyond the decision-making procedures to the actual capacity of the European framework to take decisions efficiently and effectively before judging its democratic legitimacy. He finds that both the EU's transnational problem-solving capacity in the context of the regulation of transnational markets and the ingrained respect for diversity of identities and cultural values legitimise the integration process. He therefore concludes that the desire to shape the EU according to ideal-type majoritarian models of democracy might even work counter-productively by leading to a centralisation of decision-making, delegitimising the system for fixed minorities. This would, in the face of the dominant models, improve democratic accountability and legitimacy but would also give 'away the advantages of the current accommodation system. This likely result might not just result in no increase, but in fact a loss in legitimacy' (Christiansen 1997: 12). He therefore warns critics of European integration to think twice 'before demanding the wholesale expansion of parliamentary powers and/or elements of direct democracy' (*ibid.*).

At the other end of the debate, others argue that no matter which model is used, the core element of a democracy, namely a common political identity, remains absent in the EU. Decker (2002: 258) states that democracy supposes 'the presence of a common political identity which serves as a basis

upon which all governmental or parliamentary decisions can be interpreted as being expressions of democratic self-determination'. When power is supranationalised it does not necessarily mean that the basis upon which that power is vested can also be transposed to the supranational level. As Estella (2002: 48) argues, the creation of a new polis does not automatically imply a new demos emerging from the addition of old demoi. Like Decker, Estella concludes that there is no common political identity, as even in an integrated Europe electorates still think in terms of 'us and them' in the context of decisions taken at the EU level. This logic is exacerbated when decisions are adopted by majority vote instead of by unanimity. Majone (2010) goes yet another step and blames the 'integrationist elites' for having consciously pursued a political project of 'integration by stealth'<sup>4</sup> without having a majority of voters in favour of it. He not only addresses the normative dimension of the debate by criticising the limited accountability of EU policy-makers but also argues that integration has not reduced transaction costs or made the policy-making process more efficient, thereby aggravating the democratic deficit (Majone 2010: 151-152, 158). Majone argues for giving up on the 'Community method' and to rethink the integration process radically by finding out 'the level of integration a majority of European voters are willing to support' and thus to renationalise ineffective or 'perverted' policies such as the Common Agricultural Policy (Majone 2010: 173-174).

#### ***Four Vectors of Democratic Legitimacy in the EU***

On the basis of this overview the four vectors scheme as defined by Lord and Magnette (2004) is taken as the framework for analysis. Lord and Magnette (2004) define four ideal-type vectors of democratic legitimation in the EU: indirect, parliamentary, technocratic and procedural legitimacy. The concept of vectors is used because they are 'articulated as suppositions about general directions in which the legitimation of the Union ought to be headed, rather than as fully developed theories. Second, like vectors, they sometimes reinforce, and at other times, pull against one another' (Lord and Magnette 2004: 184).

1. Indirect legitimacy: checks and balances at the national level. The first vector of indirect legitimacy depends on the legitimacy of the EU's member states and on the Union's respect for their sovereignty (ibid.: 185). As explained above, the EU thus in part draws its legitimacy from sufficient national control on decision-making. Checks and balances in the Council of Ministers and in national parliaments can therefore reinforce it when power is transferred.
2. Parliamentary legitimacy: the European Parliament as the saviour of democracy. The second vector is based on the view that the EU's democratic nature is ensured dually by a 'Council of governments and a directly elected Parliament' (ibid.: 185-186). The vector of parliamentary legitimacy therefore requires representative structures, of which the EP is the prime example in the EU.
3. Technocratic legitimacy: output counts. The third vector of technocratic legitimacy argues that the Union draws its legitimacy from its technical ability to offer solutions that are 'able to improve the welfare of the overwhelming majority of citizens in terms of their own felt preferences' (ibid.: 186).
4. Procedural legitimacy: the case for transparency. Finally, the fourth vector of procedural legitimacy is linked to issues such as transparency, the balance of interests, proportionality, legal certainty and consultation of stakeholders (ibid.: 187). Legitimacy is assured through fixed procedures to control actors involved in EU decision-making and hold them effectively to account (Majone 1999). Procedural legitimacy addresses concerns with technocratic legitimacy in that the latter is deemed insufficient without a

‘normative agreement on how groups and individuals should be treated in (...) decision-making processes’ (Lord and Magnette 2004: 187).

The four vectors of legitimacy as outlined above are now connected to the reformed system of economic governance as each vector is assessed in light of the reforms that took place.

## LEGITIMACY IN THE REFORMED SYSTEM OF ECONOMIC GOVERNANCE

In response to the Greek debt crisis of 2009, the Council and the EP adopted a package of six measures (the so-called six-pack) to strengthen and reform the Stability and Growth Pact (SGP); two additional measures were proposed by the European Commission in November 2011, and in March 2012 twenty-five member states agreed to a new treaty for deeper fiscal integration. For the purpose of this contribution, the analysis is limited to these reforms.

Before going into the actual analysis, it is useful to outline briefly the main changes in economic governance that have taken place over the past three years. In the next section, the six-pack, two additional regulations proposed by the Commission in 2011, the European Semester and the Fiscal Compact are briefly introduced. After this, the political and institutional dynamics behind these reforms are analysed in the light of the four vectors.

### *The Reformed Economic Governance of the EU*

The Stability and Growth Pact (SGP) which entered into force in 1999 was designed to enforce the limits set by European Monetary Union, namely the requirement that member states need to keep their fiscal deficit below a threshold of three per cent of GDP and their debt level at sixty per cent or below. Yet the SGP proved to be flawed in two respects: it failed to identify and remedy the triggers of the crisis in countries like Ireland and Spain (i.e. large private sector liabilities), and in 2003, when both France and Germany exceeded the three per cent limit, the Excessive Deficit Procedure (EDP) forcing member states to adapt their national budgets so that the target is reached was not implemented (McArdle 2012). In addition, the system did not stop Greece from submitting the fraudulent statistics that led to its ongoing crisis. In 2005, the SGP was reformed for the first time by the introduction of country-specific mid-term objectives depending on each member state's debt level and growth potential. Five years later, the six-pack was introduced as the second reform and the EU's first legislative response to the European debt crisis. Six measures, five regulations and one directive, were proposed with the aim of reinforcing the SGP.

The measures were approved by both the Council and the EP in the second half of 2011 and include reinforced surveillance in the EDP, quasi-automatic sanction procedures whereby the Commission can only be stopped if a qualified majority in the Council expresses itself to be against the sanctions (i.e. reverse qualified majority voting), equal status to the debt criterion as compared to the deficit target for the launching of the EDP, and minimum requirements for budgetary planning. In addition a new procedure was established, named the Macro-economic Imbalances Procedure (MIP), which meets the concern that the triggers for the Irish and Spanish crisis were overlooked by detecting macro-economic imbalances that could jeopardise EMU's operation. Like the EDP, it foresees corrective action plans and the possibility of the Commission taking sanctions against a Eurozone member state that repeatedly fails to adopt corrective measures.

In November 2011, the Commission came forward with two additional proposals designed to strengthen economic governance further. One regulation proposes enhanced economic and budgetary surveillance of member states with serious financial stability difficulties and/or member

states that receive financial assistance from the European Financial Stability Facility (EFSF), the European Stability Mechanism (ESM) or other international financial institutions such as the International Monetary Fund (IMF) (European Commission 2011a). A second regulation proposes an additional layer of control as part of the EDP. It foresees among other aspects that Eurozone members have to submit their annual draft budgets to the Commission and the Eurogroup for scrutiny no later than 15 October each year and that member states make public their medium-term fiscal plans and budgetary frameworks annually, no later than 15 April. For member states with an on-going EDP, there will be even closer monitoring and auditing by the Commission of the government's budgetary plans and accounts (European Commission 2011b).

Next to these eight legislative measures, the strengthened Stability and Growth Pact was also made part of the European Semester, an annual exercise which synchronises all requirements that member states have to fulfil as part of the SGP under the form of a submission of their Stability or Convergence Plans as well as the submission of the national reform plans member states have to adopt in the framework of the Europe 2020 strategy for growth and jobs. So, like the medium-term fiscal plans and budgetary frameworks, the stability plans and the national reform plans have to be submitted in April each year. While plans related to the SGP are mainly of a fiscal nature, national reform plans deal with measures that are non-fiscal and aimed at reaching the (non-binding) EU 2020 targets in fields such as employment, poverty reduction, energy saving, education and innovation. Nevertheless, these elements too have a considerable impact on a member state's budgetary plans.

In addition, the intergovernmental treaty on stability, coordination and governance in EMU concluded in 2012, known as the Fiscal Compact, requires those member states with a debt level higher than 60 per cent to enshrine in their legal system, at the constitutional or equivalent level, the rule that budgets should be in balance or in surplus and never exceed a structural deficit of 0.5 per cent.<sup>5</sup> The European Court of Justice will be able to verify the transposition of this rule. Its decisions will be binding and penalties of up to 0.1 per cent of GDP can be taken. Furthermore, under the Fiscal Compact all member states will have to report on their national debt issuance plans before adopting them nationally and member states in an EDP will have to submit their structural reform plans to the Commission and the Council (Treaty on Stability, Coordination and Governance in the Economic and Monetary Union 2012).

The six-pack, two-pack and the Fiscal Compact now constitute the basis of the EU's system of economic governance in which budgetary discipline and debt reduction are central.

### ***The Implications of the Reforms in Economic Governance for Legitimacy: an Analysis According to Four Vectors of Legitimacy***

Even at the time of EMU's inception concerns were raised over its stability and viability. Inman and Rubinfeld (1998: 13) wrote that it would be a balancing act between 'protecting rights, encouraging political participation, and promoting economic efficiency'. The fact that no political union was established in parallel with monetary union led Verdun (1998: 125) to the assessment that there were not enough 'points of access' for national citizens and politicians to express their dissatisfaction with the way the system worked. She concluded that EMU 'suffers moderately from a democratic deficit', and that this is mainly due to the lack of domestic features and a true government that could carry out economic policies (1998: 107). Back in 1996, warnings were heard about the poor design and EMU's

weak foundations of popular accountability (...). [I]f an economic crisis comes, pitting member against member, or member against the Union, it will come too quickly and on too

large a scale to be dealt with in the usual way. When EMU fails that test, the entire structure could fold (The Economist, in Norris 1997: 227).

It is clear that this test has now come. As we have seen in the previous section the crisis was confronted with a reform of the Stability and Growth Pact and a new treaty pushing an agenda of severe budgetary discipline. The economic crisis has in a way caught up with Moravcsik's (2002: 607-608) argument that the setting of fiscal priorities and fiscal authority is the sole prerogative of the member states and that therefore the European Union does not need the same intensity of democratic scrutiny as national states. Indeed, the measures described above now paint an impressive picture of enhanced European control of national budgets with serious consequences for national sovereignty. It is fair to say that the European Union's grip on national budgetary cycles and on the content of these budgets has been remarkably strengthened over the past two years. But what are the implications for democratic control in light of the vectors outlined above?

### ***Vector 1: Indirect legitimacy: national checks and balances***

Budgetary power is one of the most important prerogatives of the nation state. In light of the reforms and the debate on the democratic deficit outlined above, it would be interesting to see a) whether member states have been able to leave their mark on the new system, and b) whether national parliaments raised any subsidiarity concerns when the reform measures for economic governance were proposed. As will be clear from the analysis in the light of other vectors, national parliaments are heavily affected by these reforms.

#### ***a) Indirect legitimacy through the Council***

An analysis of the European Council's conclusions, the statements of the Heads of State and Government of the Eurozone and the report of the task force on economic governance chaired by Herman Van Rompuy show the deep involvement of the highest national political level during both the stage of legislative initiation and the actual legislative negotiations (Bocquillon and Dobbels 2013). Even though, formally speaking, the European Commission has a quasi-monopoly to propose legislation, the content of the six-pack proposals was largely determined in the task force by the national finance ministers and their 'sherpas'; mostly members of the Economic and Financial Committee of the Council. The report of the task force, which worked 'in close cooperation' with the European Commission, was indeed the blueprint for the Commission's eventual proposals. Notwithstanding the legislative procedure being launched by the Commission, the European Council also intervened directly in the process by setting deadlines and reinforcing certain agreements and positions when according to the treaty it should not perform any legislative functions.

The examples are numerous. The European Council set the pace and deadlines for the negotiations (European Council 2010c: 2) and urged both co-legislators to accelerate their work (European Council 2010d: 2). In addition, the heads of state and government of the Euro area made detailed declarations on the numerical benchmark for debt reduction (Heads of State and Government of the Euro Area 2011a: 2) and when a deal looked unlikely by the end of the Hungarian Presidency in June 2011, the Eurozone chefs again intervened declaring their full support for the Polish Presidency on reaching an agreement on the voting rules in the SGP (Heads of State and Government of the Euro Area 2011b: 4).

These interventions show the close involvement of the member states, often at the highest levels, in setting up the reformed SGP. In a similar way, the idea of having a fiscal compact originated in the European Council. Even though sovereignty was transferred from the national level to the European

level, the agenda for reform was thus mainly set by the member states themselves. They have also retained a role in the implementation of the new procedures through the Council of Ministers. It is therefore fair to say that in terms of indirect legitimacy, the reforms score high in terms of government involvement. It would be interesting to see, however, if and how national parliaments reacted to the reforms. The analysis is limited to the subsidiarity check which is the instrument for national parliamentary scrutiny provided for by the treaties.

*b) National parliaments and the reformed system of economic governance*

On each of the five regulations and the one directive of the six-pack, between 12 and 17 national parliaments made use of their right to do a subsidiarity check. For the regulation establishing closer scrutiny on national budgets by the European Commission and the Eurogroup, 14 parliaments scrutinised the Commission proposal. The thresholds for forcing the European Commission to answer were not reached, although some parliaments raised concerns about the legitimacy of the proposals.

On 25 January 2012, the Swedish Riksdag (IPEX 2012) adopted an opinion stating that the proposal on closer scrutiny by the European Commission and the Eurogroup of national budgets did not include sufficient guarantees to protect the national competences on fiscal policy. A day before, the French Senate (IPEX 2012) had asked the Commission for further clarifications on the ex-ante control of member states' medium term fiscal plans and annual budgets in the light of subsidiarity and democratic control over budgets. Despite not reaching the threshold of one third or half of the parliaments expressing concerns, the Commission still sent a reply to both national parliaments stating that the prerogatives of national parliaments are and will be respected (IPEX 2012). The same pattern emerged for the six-pack. On all proposals the Italian parliament expressed concerns related to the numerical benchmark for reducing the debt levels. The chamber of representatives warned against a much too one-sided focus for assessing debt reduction. The Commission replied that other factors would be taken into account as well, such as an ageing population, or cyclical conditions. Finally, the enforcement of the EDP raised concerns among two more member states: Portugal and Luxembourg, with Luxembourg asking for earlier involvement of national parliaments in the drawing up of the mid-term budgetary targets under the EDP to ensure sufficient democratic scrutiny. The Commission concurred and replied that it is up to the member states to assure the timely involvement of national parliaments.

The new mechanism of subsidiarity checks thus raised the concerns of member states about the democratic nature of the new system of economic governance, but seems to have resulted in little more than a dialogue between the European Commission and national parliaments rather than leading to thorough reflections by the Commission on its proposals. This is partly because the threshold of member states having subsidiarity concerns was never reached, and partly because there is not yet a real culture of holding the Commission to account in the national parliaments. The same can be said of the Fiscal Compact where only a few national parliaments expressed concerns. The French Senate criticised the obligation for member states to inscribe the 'balanced budget' rule in their constitutions, arguing that the EU Treaties explicitly stipulate that political and constitutional structures are the sole responsibility of member states (IPEX 2012). The Czech Parliament also expressed concerns, leading the government not to sign up to the Fiscal Compact.

The fact that more parliaments did not protest is remarkable, because the new system touches greatly upon the prerogatives of national parliaments. The economic governance reforms have first and foremost strengthened the supranational level: it is now easier for the Commission to issue warnings and take sanctions against member states not complying with the requirements of the Stability and Growth Pact. In addition, the set-up of the European semester whereby national reform

plans and stability and convergence plans have to be submitted as early as April of each year, often with preparatory meetings already starting in March of each year (see European Commission 2011c), creates tension with the work cycle of national parliaments as both plans are supposed to be the basis for national budgets. The Commission proposal of November 2011 for a regulation strengthens this further by requiring control of national budgetary plans by the Commission and the Eurogroup before the formal approval of national parliaments.

With the budget cycle starting much earlier than before and the locus of decision-making being the Council and the Commission, national parliaments will have to adapt themselves to the new situation in exercising their control tasks. They will have to make the system more transparent by starting the parliamentary and democratic debate on the formulation of the national budget much earlier than they do now.

If anything, this brief analysis shows that although the role of national parliaments has come under pressure in the new system, they did not have a great ex-ante impact on the reforms through the early warning system as established by the Lisbon Treaty. In the next section the focus is placed on the EP in light of the parliamentary legitimacy vector.

### ***Vector 2: Parliamentary legitimacy: the EP's role and impact***

One of the reasons the negotiations on the six-pack were relatively protracted despite the pressure on the co-legislators to conclude a deal in the first reading, was the discussion concerning the automaticity of the warnings given before sanctions are taken. In the previous system, the Council could easily block the Commission's decision that no effective action had been taken by a member state under the EDP, because a qualified majority was necessary to confirm them. During the six-pack negotiations the EP was pleading for a reverse qualified majority rule, meaning the Council would need a qualified majority to stop the final warning from being issued – making sanctions much likelier. Such 'semi-automaticity' was already included once it had been established that a member state was not taking adequate measures to comply with the SGP, but the EP pleaded for this mechanism to be introduced at the very beginning of the process. In the end, and partly due to the pressure of time, the Parliament obtained the following concession by the Council: a mechanism of semi-automaticity is introduced at the beginning of the procedure, whereby a cooling-off period of one month is introduced in case the Council does not adopt the Commission's final warning, after which the decision is automatically adopted unless a (simple) majority of Eurozone members votes it down within ten days. The compromise, tipping the balance clearly in favour of the EP's position on this issue concluded the deal on the six-pack. The system thus requires Eurozone member states to find either a majority or a qualified majority at important steps in the EDP procedure to stop (the possibility of) sanctions being taken. A similar system was adopted for the new MIP.

The EP also obtained an enforced 'economic dialogue' whereby it can invite the President of the European Commission, the President of the Eurogroup and the President of the European Council to discuss the broad orientations of the EU's economic policy and on-going procedures, as well as member states subject to sanctions, although the latter may decline such an invitation. In addition, on the EP's insistence the European Semester, including the submission of the SGP's stability and convergence plans and the Europe 2020 national reform plans, is now mentioned in the six-pack, which gives these instruments a more solid legal base. Having the Greek crisis in mind, the EP also obtained the possibility for the Commission to issue a new type of fine for Eurozone members who submit fraudulent statistics on deficits and debt. Finally on the MIP, the Parliament enlarged the scope so that unemployment would also be one of the indicators under scrutiny, and successfully introduced the provision that the Commission will not only consider trade deficits in their



assessment of macro-economic imbalances, but also current-account surpluses such as Germany's and the Netherlands' (Phillips 2011).

The EP may have had an important impact on the drafting of the new legislation; most changes however strengthened the supranational character of the new procedures without providing much Parliamentary oversight. The EP successfully asked for a strengthening of the automaticity of sanctions being proposed by the European Commission, created new sanctions for the submission of fraudulent data, and codified the European Semester's system and timing. At the same time, the 'economic dialogue' that should lead to more accountability, has an open-ended character and boils down to more transparency rather than binding parliamentary oversight. Indeed, the SGP is still dominated by the Council and the Commission, with the latter's position clearly strengthened. In addition, although the EP obtained observer status at the negotiation table on the Fiscal Compact, its fundamental concerns voiced in a resolution voted in November 2011 were largely ignored (Beres 2011). In this resolution the EP expressed its scepticism about the necessity for and the form of the Fiscal Compact, arguing its goals could be more effectively achieved through EU law. Its demand to mention project bonds, a financial transaction tax and a roadmap for Eurobonds were not included in the final agreement.

This snubbing does seem to have changed the discourse inside the Parliament towards more scepticism vis-à-vis the new system. The controversial nature of the six-pack was already put under the spotlight by the tight voting results in plenary as many MEPs on the left voted against or abstained on some parts of the pack (Phillips 2011a). And the Fiscal Compact and the proposed regulation for closer scrutiny on national budgets were further criticised in a resolution which got broad support in the Parliament. Drafted by French Socialist MEP Pervenche Berès (2011: 4), the EP said that

the lack of transparency in decision-making and opinion forming processes, particularly in the European Council and the Council of Ministers, is undermining citizens' trust in European integration and the democracies of the European Union and is hindering the exercise of active, constructive control by citizens.

It further stressed that 'parliamentary debate on economic policy guidelines is the cornerstone of any democratic system' and added that 'EU economic policy coordination will work only if it becomes more democratic and less technocratic' (ibid.).

The dust is thus far from settled, but the reforms as they stand now seem to have strengthened supranational control considerably and weakened parliamentary scrutiny. The Commission is clearly in the driver's seat as the neutral and technocratic watchdog over the implementation of the new rules. In the next section this issue will be addressed in light of the technocratic legitimacy vector.

### ***Vector 3: Technocratic legitimacy: a strengthened European Commission***

It is clear that the reforms in economic governance, and especially the amendments made to the EDP and the newly established MIP, make the system more enforceable, by consequence more effective and, given the semi-automaticity of the sanctions, probably more efficient as well. The European Commission is strengthened in its role as watchdog over the SGP. If the goal of the reforms was to make the system of economic governance more robust and watertight, it is fair to say that the EU's capacity in converging the fiscal policies of the member states (and in particular those of the Eurozone) has been enhanced. The criteria of convergence that were defined for European Monetary Union at the time of the Maastricht Treaty are more compelling than before. With Belgium, France, Hungary, the Netherlands and Spain already under pressure by the



Commission to apply the new rules during the first European semester (see *infra*), it is clear that the Commission is taking its new powers seriously and wants to avoid the laxity shown in 2003.

It also remains to be seen what the effects of centralising economic governance will be on the output side in the medium and long term. Will the reforms as argued by the European Commission and the European Council President prevent new crises from taking place? Are the foundations of the new design strong enough to make EMU a lasting project? It is too early to tell. The fact is that the reforms remain controversial and that the European Commission's neutrality and objectivity have been questioned by many on the left side of the political spectrum (see for instance De Standaard 2012; Lemoine 2012). In this light, Lord and Magnette's assertion (2004: 1986) that in order to achieve technocratic legitimacy solutions and decisions should be 'able to improve the welfare of the overwhelming majority of citizens in terms of their own felt preferences', has come under pressure. Increasingly, commentators and observers, both academics and practitioners, have expressed concerns regarding the democratic legitimacy of the reforms being executed, warning that European leaders seem to have lost touch with the wider public (see for instance Bolton 2011; De Grauwe 2011; Hamilton 2011). Euroscepticism seems to be rising in public opinion since the economic crisis (see for instance Gluchowski 2012; Prieto 2012; EUbusiness 2011; Lecomte 2010). Also, the election results in the first round of the French presidential elections in which parties on the far right and left voiced fundamental criticism of the European project and won votes and similar results at the Greek elections in May and June 2012 show that there remain concerns about whether the reforms are supported by the wider public. It is therefore no surprise that the EU reacted with relief when the Irish referendum on the fiscal compact passed with sixty per cent of voters voting in favour of the new treaty (RTE 2012).

It is clear that certainly the efficiency and output of the new system of economic governance has been enhanced, but it remains to be seen whether the reforms will have the desired outcome in terms of welfare or whether public opinion will become more critical vis-à-vis the ongoing reforms.

#### ***Vector 4: Procedural legitimacy***

As set out in the theoretical framework, procedural legitimacy is the plug to fill the gaps left by technocratic legitimacy. The previous section showed that the reforms score highly in terms of technocratic effectiveness and efficiency, but that questions remain as to the level of support for the reforms. Elements such as transparency, a balance of interests, proportionality, legal certainty and consultation of stakeholders could meet these concerns, especially as the reforms touch upon highly politically salient issues of member state competence such as pension reforms, wage setting mechanisms, unit labour costs, social security expenses, and health care. This was already evident in a number of member states that came under closer scrutiny in the framework of the reformed EDP and the new MIP.<sup>6</sup> As EU policy-making is going beyond the low electoral salient functions as described by Moravcsik (2002), the need for transparency and a balance of interests is high.

The co-legislators and the European Commission tried to capture these concerns when setting up the new system by clearly spelling out the steps of the European Semester and by defining the criteria against which the assessments in the EDP and the MIP would be made. In addition, the main stakeholders, the member states, are consulted before the Commission makes public its assessment and have the possibility, through the Council of Ministers and the European Council, of reacting. Yet, as explained above, the thresholds to stop warnings from being issued, sanctions from being taken and recommendations from being made are high with the reverse qualified majority rule. Unsurprisingly, this has led to criticism in member states that were negatively assessed. Where the Spanish government argued that the European Commission was not taking account of the grave economic situation when assessing its budget and should introduce flexibility (UPI 2012), the Belgian

government criticised the Commission's recommendations for being too restrictive and for not making the distinction between the legally binding targets and the policy measures to reach them, which member states can freely decide (Windels and Buxant 2012).

It is clear that the new system is still struggling to find the 'normative agreement on how groups and individual should be treated in (...) decision-making processes' required for procedural legitimacy (Lord and Magnette 2004: 187). In this respect, it is probably useful to refer back to the position of national parliaments in the new system. A more intense and timely involvement through a structural dialogue with the European Commission could not only address parliamentary and procedural legitimacy, but could take national parliaments from the side-line into the centre of economic governance.

### **CONCLUDING REMARKS: THE NEW ECONOMIC GOVERNANCE AND DEMOCRACY: WHERE DO WE GO FROM HERE?**

Looking at the reformed economic governance in light of the four vectors, concerns can be raised about three of them. It was demonstrated that the EP had a considerable impact on the outcome of the six-pack negotiations and will be a tough partner at the negotiation table on the proposed regulation regarding the monitoring of national budgets; proof of a strong parliamentary vector. However, it also emerged that the EP strengthened the supranational component of the reformed economic governance by lowering the threshold for sanctions to be taken and even adding an additional type of sanction. This strengthened the technocratic aspect of the reforms but pulls against procedural legitimacy. In addition, the EP hardly has a substantial role to play in implementing the new procedures, apart from being involved in an economic dialogue with the European Commission and the Council.

National parliaments are arguably most affected by the reformed system of economic governance. The analysis showed that the new procedures put the operation of national parliaments under pressure. They will need to adapt in order to play their traditional role in the preparation of national budgets. Despite this, only a small number of them raised concerns related to subsidiarity in the light of the Commission's legislative proposals and the Fiscal Compact. By consequence, thresholds to trigger the yellow or orange card were far from being reached. This raises concerns in terms of both the procedural and the indirect (national) legitimacy of the new system.

As Lord and Magnette (2004) pointed out, the vectors are intertwined in reality. They interact and can clash with each other. In this case both procedural and indirect legitimacy have been diminished for the sake of technocratic legitimacy. This is a classic pattern of policy-making in times where spillovers are presented as necessary steps of a predominantly technical nature (Majone 2010). The need for output and efficiency spurs the technocratic legitimacy of the reforms but results in the fact that transparency, proportionality and the support of the wider public lag behind. With time, however, pressure mounts to correct this imbalance. The demand by national parliaments to be more closely involved in the new system and the political calls for a more balanced system of economic governance which finds resonance with the electorates are a first indication of this.

The inherent contradiction in the monetary union described by Lord and Magnette (2004: 192) is ever present today. The new reforms may have brought about a more robust and efficient Stability and Growth Pact; the debate on its legitimacy has only just begun.

\*\*\*

### ***Correspondence Address***

c/o Handelskaai 29 bus 3, 1000 Brussels, Belgium [m.dobbels@maastrichtuniversity.nl]

---

<sup>1</sup> A German MEP represents over 800,000 voters while a Maltese MEP represents around 66,000 voters.

<sup>2</sup> If one third of the national parliaments cast a negative vote (with each parliament having 2 votes) against a given measure, the draft 'must be reviewed'. For measures taken under the ordinary legislative procedure the threshold is a majority of the votes.

<sup>3</sup> The orange card foresees that if the European Commission maintains its proposal but a simple majority of national parliaments continue to object it must submit its justification for maintaining it to the co-legislators.

<sup>4</sup> Majone (2010: 159) defines integration by stealth as a technocratic method of pushing for more integration 'under the guise of economic integration' by presenting this integration as a 'fait accompli' rendering opposition and argument 'useless'.

<sup>5</sup> This is more stringent than the 1 per cent of GDP required by one of the six-pack regulations, which according to the treaty is now the rule for member states with debt levels significantly below 60 per cent of GDP and where risks in terms of long-term sustainability of public finances are low.

<sup>6</sup> Member states such as Belgium (see van Haver and De Wilde 2012), Hungary (see Euractiv 2012), the Netherlands (The Economic Times 2012) and Spain (see Chaffin 2012) are the most prominent examples.

## REFERENCES

Andersen, S.S. and Burns T.R. (1996). 'The European Union and the Erosion of Parliamentary Democracy: A Study of Post-Parliamentary Governance' in: S. S. Andersen, K. A. Eliassen (eds) *The European Union: How Democratic Is It?* London, Thousand Oaks, New Delhi: SAGE Publications.

Beetham, D. and Lord, C. (1998). *Political Legitimation and the European Union*. London: Longman.

Best, E. (2009). 'Lisbon Treaty – Karlsruhe Rules', *Intereconomics*, July/August 2009.

Beres, P. (2011). 'Report on the European Semester for Economic Policy Coordination', *European Parliament*, 2011/2071, Brussels, 15 November 2011, available at <http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&mode=XML&reference=A7-2011-384&language=EN> [accessed 8 April 2014].

Blauberger, M. (2010). 'Reinforcing the Asymmetries of European Integration' in A. Fischer-Lescano, C. Joerges, and A. Wonka (eds), *The German Constitutional Court's Lisbon Ruling: Legal and Political Science Perspectives*, Bremen: ZERP.

Bocquillon, P. and Dobbels, M. (2013). 'An elephant on the 13<sup>th</sup> floor of the Berlaymont? The rising tensions between the European Council and the Commission in legislative agenda-setting', *Journal of European Public Policy*, DOI: 10.1080/13501763.2013.834548.

Bolton, J.R. (2011). 'EU's democratic deficit: Euro crisis widens gap between EU institutions and member states', *The Washington Times*. 27 November 2011, available at <http://www.washingtontimes.com/news/2011/nov/26/eus-democratic-deficit/> [accessed 8 April 2014].

Börzel, T.A. and Sprungk, C. (2009). 'The goodness of fit and the democratic deficit in Europe', *Comparative European Politics*, 7 (3), pp. 364-373.

Bowler, S. and Farrell, H. (1993). 'Legislator Shirking and Voter Monitoring: Impacts of European Parliament Electoral Systems upon Legislator-Voter Relationships', *Journal of Common Market Studies*, 31 (1), pp. 45-69.

Bundesverfassungsgericht (2009). *Act Approving the Treaty of Lisbon compatible with the Basic Law; accompanying law unconstitutional to the extent that legislative bodies*. Judgment of 30 June 2009.

Chaffin, J. (2012). 'Spain defies EU over deficit rules', *Financial Times*, 2 March 2012, available at <http://www.ft.com/intl/cms/s/0/eabdded8-6462-11e1-b50e-00144feabdc0.html> [accessed 8 April 2014].

Chaplin, J. (1997). 'Subsidiarity : The Concept and the Connections', *Ethical Perspectives*, 4 (2), pp. 117-130.

Christiansen, T. (1997) 'The Limits of Legitimizing European Integration', *Irish Journal of International Affairs*, 8, pp.35-48.

Corbett, R., Jacobs, F., & Shackleton, M. (2011). *The European Parliament – 8th edition*. London: John Harper Publishing.

De Grauwe, P. (2011). 'European Summits in Ivory Towers', *Vox*, 26 October 2011.

De Standaard (2012). *Paul Magnette: 'Wie kent Olli Rehn?'*. 12 January 2012, available at [http://www.standaard.be/cnt/dmf20120112\\_026](http://www.standaard.be/cnt/dmf20120112_026) [accessed 8 April 2014].

Decker, F. (2002). 'Governance beyond the nation-state. Reflections on the democratic deficit of the European Union', *Journal of European Public Policy*, 9 (2), pp. 256-272.

Estella, A. (2002). *The EU Principle of Subsidiarity and its Critique*. Oxford: Oxford University Press.

EUbusiness (2011). *Euroscepticism rises in crisis-weary Germany*. 18 September 2011.

Euractiv (2012). *EU to cut Hungary's regional funds over deficit*. 23 February 2012.

European Commission (2011a). 'Proposal for a regulation of the European Parliament and of the Council on the strengthening of economic and budgetary surveillance of Member States experiencing or threatened with serious difficulties with respect to their financial stability in the euro area', *COM(2011) 819 final*, Brussels, 23 November 2011.

European Commission (2011b). 'Proposal for a regulation of the European Parliament and of the Council on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area', *COM(2011) 821 final*, Brussels, 23 November 2011.

European Commission (2011c). 'Communication from the Commission – Annual Growth Survey 2012', *COM(2011) 815 final*, 23 November 2011.

European Union (2010). *Consolidated Treaties*. Luxemburg: Publications Office of the European Union, 2010.

Follesdal, A., & Hix, S. (2006). 'Why There is a Democratic Deficit in the EU: A Response to Majone and Moravcsik', *Journal of Common Market Studies*, 44 (3), pp. 533-552.

Franck, T.M. (1990). *The power of legitimacy among nations*. New York: Oxford University Press.

Gluchowski, P. (2012). 'Debt Crisis hardens Eurosceptics' antipathy in Poland', *The Guardian*, 26 January 2012, available at <http://www.theguardian.com/world/2012/jan/26/debt-crisis-eurosceptics-antipathy-poland> [accessed 8 April 2014].

Hamilton, A. (2011). 'Europe debt crisis: Democratic deficit at the heart of it', *Economic Times*, 12 November 2011, available at [http://articles.economictimes.indiatimes.com/2011-11-12/news/30391240\\_1\\_financial-crisis-eurozone-democratic-deficit](http://articles.economictimes.indiatimes.com/2011-11-12/news/30391240_1_financial-crisis-eurozone-democratic-deficit) [accessed 8 April 2014].

Inman, R. P. and Rubinfeld, D. L. (1998). 'Subsidiarity and the European Union', *National Bureau of Economic Research Working Paper*, 6556, pp. 1-26.

IPEX (2012), 'Interparliamentary EU information exchange', available at <http://www.ipex.eu/IPEXL-WEB/search.do> [accessed 7 August 2012].

Lecomte, C. (2011). *Understanding Euroscepticism*. Basingstoke, Hants: Palgrave Macmillan.

Lemoine, P. (2012). 'European left places high hopes in Francois Hollande', *Europolitics*, Rome, 3 May 2012, available at <http://europolitics.info/european-left-places-high-hopes-in-fran-ois-hollande-art333310-33.html> [accessed 8 April 2014].

Majone, G. (2010). 'Transaction-cost efficiency and the democratic deficit', *Journal of European Public Policy*, 17 (2), pp. 150-172.

Mastenbroek, E. (2009). 'Procedural legitimacy and EU compliance', *Paper prepared for the Politocologenetmaal*, 18-19 May 2009, available at <http://repository.uibn.ru.nl/bitstream/handle/2066/78482/78482.pdf?sequence=1> [accessed 8 April 2014].

McArdle, P. (2012). 'The Euro Crisis: The 'fiscal compact' and fiscal policy', *Institute of International and European Affairs Working Paper*, 6, available at <http://www.iiea.com/publications/the-euro-crisis-the-fiscal-compact-and-fiscal-policy> [accessed 8 April 2014].

Moody, B. (2012). 'Greece-Germany tension rises, reflects wider European rift', *Reuters*, 16 February 2012, available at <http://www.reuters.com/article/2012/02/16/us-greece-germany-idUSTRE81F1G720120216> [accessed 8 April 2014].

Moravcsik, A. (2002). 'In Defence of the "Democratic Deficit": Reassessing Legitimacy in the European Union', *Journal of Common Market Studies*, 40 (4), pp. 603-624.

Norris, P. (1997). 'Representation and the democratic deficit', *European Journal of Political Research*, 32 (2), pp. 273-282.

Phillips, L. (2011). 'Parliament approves economic governance 'six-pack'', *EU Observer*, 28 September 2011, Brussels, available at <http://euobserver.com/economic/113761> [accessed 8 April 2014].

Phillips, L. (2011). 'Brussels pushes for radical shift in budget powers away from parliaments', *EU Observer*, 23 November 2011, Brussels, available at <http://euobserver.com/economic/114372> [accessed 8 April 2014].

Prieto, J. (2012). 'Spain discovers Euroscepticism amid economic gloom', *The Guardian*, 26 January 2012, available at <http://www.theguardian.com/world/2012/jan/26/spain-discovers-euroscepticism-crisis-eu> [accessed 8 April 2014].

RTE (2012). *Ireland passes fiscal treaty referendum by 60.3% to 39.7%*. 1 June 2012, available at <http://www.rte.ie/news/2012/0601/fiscal-treaty-referendum-count-to-begin.html> [accessed 12 June 2012].

Schütze, R. (2009). 'Subsidiarity After Lisbon: Reinforcing the Safeguards of Federalism?', *The Cambridge Law Journal*, 68 (03), pp. 525-536.

The Economic Times (2012). *EU urges Dutch to meet own deficit commitments*. 1 March 2012, available at [http://www.expatica.com/nl/news/dutch-news/eu-urges-dutch-to-meet-own-deficit-commitments\\_211842.html](http://www.expatica.com/nl/news/dutch-news/eu-urges-dutch-to-meet-own-deficit-commitments_211842.html) [accessed 8 April 2014].

Treaty on stability, coordination and governance in the economic and monetary union (2012). Brussels, 31 January 2012.

UPI (2012). *Rajoy defends abandoning deficit target*. 6 March 2012, available at [http://www.upi.com/Business\\_News/2012/03/06/Rajoy-defends-abandoning-deficit-target/UPI-23521331020800/](http://www.upi.com/Business_News/2012/03/06/Rajoy-defends-abandoning-deficit-target/UPI-23521331020800/) [accessed 8 April 2014].

van Haver, K. and De Wilde, D. (2012). 'Belgie doet het zo slecht nog niet', *De Tijd*, 2 March 2012, available at [http://www.tijd.be/nieuws/politiek\\_economie\\_economie/Belgie\\_doet\\_het\\_zo\\_slecht\\_niet.9165621-3149.art](http://www.tijd.be/nieuws/politiek_economie_economie/Belgie_doet_het_zo_slecht_niet.9165621-3149.art) [accessed 8 April 2014].

Verdun, A. (1998). 'The Institutional Design of EMU : A Democratic Deficit?', *Journal of Public Policy*, 18 (2), pp. 107-132.

Windels, K. and Buxant, M. (2012). 'Nummertje van Di Rupo ergert Europese leiders', *De Morgen*, 30 June 2012, available at <http://www.demorgen.be/dm/nl/989/Binnenland/article/detail/1462770/2012/06/30/Nummertje-van-Di-Rupo-ergert-Europese-leiders.dhtml> [accessed 8 April 2014].

# Journal of Contemporary European Research

Volume 10, Issue 2 (2014)

## The European Union as a Normative Actor and its External Relations with Southeast Asia

**Naila Maier-Knapp** *University of Cambridge*

### **Citation**

Maier-Knapp, N. (2014). 'The European Union as a Normative Actor and its External Relations with Southeast Asia', *Journal of Contemporary European Research*. 10 (2), pp. 221-235.

First published at: [www.jcer.net](http://www.jcer.net)

## Abstract

It is commonplace that the European Union (EU) attempts to diffuse human rights and the other 'essential elements' to its external partners. It is also commonly known that these attempts frequently face accusations of inconsistency and double standards from without as well as within the EU. The aim of this article is to assess why the EU has readily promoted norms and values in some instances and not in others through the examination of the EU as an actor in the case of transboundary and newly emerging security challenges in Southeast Asia. This article suggests that the EU has displayed a demand-oriented and issue-specific shift in its strategy to effectively diffuse norms. This is not a capitulation of norms and values on the part of the EU. Rather, it is the re-strategisation of its normative identity in its external relations to match the domestic and international realities.

## Keywords

ASEAN; Normative actor; Norm diffusion; Transboundary challenges; EU-ASEAN relationship

---

The diffusion of norms has evolved to a major field of study and significantly expanded the International Relations body of literature. Notably, scholars of the European Union (EU) have contributed to this growing area of research both theoretically and empirically. Whether through the analysis of internal and external processes of Europeanization or the study of EU-centred interregionalism, the EU has been the exemplar of an international actor that has based its agency on norms and values (e.g. Börzel and Risse 2000; Rüländ 2002b; Featherstone and Radaelli 2003; Bulmer and Radaelli 2004; Schimmelfennig and Sedelmeier 2005; Lucarelli and Manners 2006).

In particular, the EU's legal agreements with third parties worldwide have been a prominent avenue to diffuse norms and shape the international environment. In recent years, the EU's attempts to project its normative identity to the Association of Southeast Asian Nations (ASEAN) countries have included the Partnership and Cooperation Agreements (PCAs), which aim to 'upgrade its relationship with ASEAN countries' (EUROPA Press Release 25 June 2010). Within the PCA, the EU has incorporated its normative dimension mainly through the "essential elements" clause.<sup>1</sup>

The PCA negotiations with selected Southeast Asian governments show that the EU has readily promoted its norms and values in some instances, but not in others. They suggest that the EU is not always norm-guided like prominent international role concepts of the EU in world affairs would like us to believe (Duchêne 1972; Manners 2002; Nye 2004; Aggestam 2008). For instance, Singapore and Malaysia proceeded with the bilateral Free Trade Agreement (FTA) negotiations with the EU without the ratification of the essential elements clause. By contrast, the Philippines and Indonesia – which require greater economic adjustments – had to wait for the PCAs to be concluded before they were considered for FTA negotiations. Similarly, Thailand was struggling to find a solution on the conclusion of the PCA, because the EU allegedly made use of its economic leverage and insisted on the inclusion of the essential elements into the agreement (Maier-Knapp 2011: 60, 64-55 and 71).

This introductory discussion of the case of the PCA negotiations demonstrates that debates on the EU as an actor in Southeast Asia need to pay attention to the gap between theory and empirical evidence. In this context, we need to re-consider particularly the utility of existing international role



concepts of the EU as a normative actor, who is norm-driven and a promoter of norms. The introductory case qualifies claims that the EU is ‘neither a military nor purely economic [concept], but one that works through ideas and opinions’ (Diez 2005: 615). It exhibits the EU as a normative actor who is not always consistent with its normative agenda, to some extent. Thus, it puts into perspective the applicability of role concepts – including the prominent “normative power” concept by Ian Manners – that characterize the EU as a normative actor who performs its foreign policy in accordance with its normative standards (Manners 2002: 244-245).

The negotiations with Thailand, show that some EU officials suggested that the EU will be more flexible on some essential elements to overcome deadlocks (Maier-Knapp 2011: 68). Thus, can we consider the EU a normative actor at all, if its norms are flexible and systematically context-dependent? Additionally, we can question whether normative actors have to employ appropriate and non-coercive means which are in line with their non-coercive norms. We can further ask whether there is some form of tacit coercion, if a power asymmetry underlies behavioural patterns. Should the emphasis be on the means and to a lesser extent on the motivations and ends, as proponents of the “civilian power” EU concept would suggest (Duchêne 1973)? Along these lines, a former official from the European Delegation in Singapore has characterized the EU as a non-coercive power in Southeast Asia *per se* and said that, ‘the EU has established itself as a civilian and economic power in Singapore’ (Interview with former European Delegation official in Singapore 19 November 2008).<sup>2</sup> Most importantly for this article, this introductory case of the PCAs has shown that the EU varies as a normative actor in Southeast Asia and that this variation appears mainly contingent on the socio-economic situation of the counterpart. That is, the extent to which the EU’s normativity unfolds in its external relations is highly dependent on the power asymmetries or conceptions of hegemony (Diez 2013).

Against this backdrop, this article is interested in providing a better understanding of the EU as a contemporary normative actor in Southeast Asia. It further seeks to discuss the variation in the EU’s normative behaviour through empirical case studies, premising normative behaviour as norm-guided behaviour and normative rhetoric. The empirical discussion builds on the socio-economic asymmetry as the integral underlying shaper of power imbalance and normative variation.<sup>3</sup> It correlates socio-economic asymmetry with a specific frame of risk and vulnerability that facilitates the distinction of the EU as a normative or rationalist actor in the region.

Transboundary and newly emerging security issues are useful in defining the EU as a normative actor.<sup>4</sup> In particular, normative motivations of the EU become clearer against the backdrop of these challenges, as evident in the international response to the recent devastation of Typhoon Haiyan. They invite us to take greater account of contemporary empirical findings of risk and resilience in Southeast Asia in order to better understand the EU as a normative actor. It is expected that crises pre-define objectives and motivations. The level of urgency, self-protective/material cost-benefit calculations, and long-term vision of the EU in structuring the international environment act as the central motivational categories. The objectives and motivations are associated with the normative dimension mainly in the following manner. The first and third categories presume that the EU frames its norms and values to attain normative objectives. The second motivational category refers to the EU as an interest-oriented actor who applies norms instrumentally, notwithstanding the underlying normative and long-term vision that the EU has. It is presumed that the empirical cases will display instances where norm- and interest-driven motivations cannot be disentangled.

The dividing lines between interest-oriented and normative behaviour are blurry, and there have been indeed other scholarly approaches attempting to reconcile this divide through analytical categories that supersede the traditional dichotomies of the normative actor debate in regard to altruism-vs.-self-centrism or strategic use of norms-vs.-appropriate use of norms (Smith 1994: 25; Jørgensen 2004: 12-13). Reconciling this divide may allow the construction of role concepts that

better describe the EU in a holistic manner. However, this does not generate new and differentiated insights into capturing interest-driven or norm-guided motivations that inform the EU's behaviour in specific settings.

Finally, it is important to note that only actors are capable of identifying risk, politicising and articulating (security) interests and motivations,<sup>5</sup> choosing means and defining objectives to begin with (Rüland 2002a: 10; Bretherton and Vogler 2006: 17). Therefore, this article premises the EU as an actor *ex ante*. This circumvents the discussion of the EU as an actor *per se*, which has been sufficiently done elsewhere (Sjöstedt 1977; Rhodes 1998; Cannizzaro 2002; Telò 2009).

## TRANSBOUNDARY AND NEWLY EMERGING SECURITY CHALLENGES

'...[W]e should move on from classifying or categorising the EU – and celebrating its distinctiveness – to debating what it actually does and what it should do in international relations.' (Smith 2005: 17)

So far, scholarly attempts to understand the fluid nuances of the EU as a normative actor in Southeast Asia have been only a handful (Algieri 2007; Rüland 2001; Petersson 2006; Manea 2008). Research has focused on the case of Myanmar to highlight the diverging normative foundations between the two regions. However, as demonstrated through the introductory case, the ideological debate is entrenched in the EU-ASEAN relationship and implies that the socio-economic asymmetry is the starting point for the EU-ASEAN interaction and its ideological debate. This fosters an understanding of socio-economic progress as a means of influence. In fact, until recently, the EU has prominently employed this lever to make an example of Myanmar.

Over the past decade, the EU's official criticism of Myanmar has become nuanced and mitigated since Myanmar's recent attempts to transform. In the last few years prior to Myanmar's most recent opening, the EU has been reframing Myanmar increasingly as the origin of Southeast Asia's regional instability on the basis of the many security challenges stemming from this country (European Commission 2003: 42). This subtle shift in rhetoric avoided antagonising Myanmar directly and attenuated the degree to which the EU alienated ASEAN.

From a scholarly viewpoint, this rhetorical shift puts into perspective the extent to which the case study of Myanmar can provide holistic insights into the EU as a normative actor in the ASEAN region. This emphasises the significance of transboundary and newly emerging security challenges as a case study, since the EU as a contemporary normative actor in Southeast Asia finds particular expression through issues related to socio-economic asymmetries. Thus, the EU as a normative actor is observable through many more ways than the prototype case of Myanmar. Ultimately, the case of Myanmar is only one of many frames that is based on the socio-economic asymmetry as an integral shaper of the EU's engagement with Southeast Asia.

Generally speaking, transboundary and newly emerging security challenges have become an important frame for the EU to express its normative agenda in the contemporary EU-ASEAN relationship. They appeal to popular understandings of compassion and appropriateness, and tie into broader global normative dynamics including humanitarian assistance and multilateralism. This frame is convincing because it targets the emotional realm. At the same time, it manages to be persuasive, because of its apolitical and technical nature; which makes it an effective means in gaining universal approval through reason. Therefore, a timely discussion of the EU as a normative actor in the region has to acknowledge the implications of these transboundary and newly emerging security challenges in Southeast Asia.

These challenges heighten Southeast Asia's vulnerability and increase European engagement. On the one hand, the EU and its member states should be more willing to help. On the other, there should be a greater necessity on the part of Southeast Asian countries to welcome external assistance. In situations of an economic or security crisis, a reflective process could be triggered and lead to the questioning of one's normative standards (Acharya 2004: 247). The actor is not necessarily forced or persuaded by external actors, but realises that, given this new situation, it needs to adapt. This may imply inventing or actively integrating foreign and competing norms into local normative settings (Acharya 2004: 269). In these instances, these transboundary and newly emerging security challenges are subject to the interpretation by the affected as well as non-affected actors, and embedded in normative contexts that have ramifications on the cooperative efforts of the actors. The immediate assistance from external partners is generally short of cost-benefit calculations and coercive action. It tends to relate to basic human needs and rights.

Employing this kind of frame for EU action acknowledges that the EU is demonstrating greater sensitivity to domestic pressures in Southeast Asia. This suggests an evolutionary perspective of the EU as an international actor and an understanding of the growing impact of global interdependence on individual actors. This perspective presupposes that actors learn and that the EU's normative identity is now well-known to fellow international actors (Interview with ASEAN member state official in Singapore 21 November 2008). This is further suggestive that the EU could afford to be less explicit on its norms and values in the official negotiations. It is expected that the EU's normative agenda will still find considerable realisation, even without explicit and pro-active promotion. This assumption originates in the belief that processes of socialization provide pre-existing understandings and meanings of what the EU is. This does not mean that the EU is distancing itself from its normative agenda and pursuing an approach favourable for economic competitiveness. Rather, one could interpret that the EU is adopting a strategy that is suitable for an emancipated and established international actor with sufficient economic leverage – still at its disposal.

The remainder of this article substantiates the preceding paragraphs with empirical evidence. It builds on the assumptions from this section and the introduction and provides a chronological discussion of the EU as a normative actor in Southeast Asia through selected cases of transboundary and newly emerging security crises and challenges. It begins with an outline of European perspectives and initiatives in the case of the Asian financial crisis of 1997/98. This is followed by the case of the avian influenza outbreak in 2003. Pursuant to this, the article highlights the increasing significance of non-state actors and demand-orientation and exemplifies these elements through the example of the German aid-implementing agency *Gesellschaft für Internationale Zusammenarbeit* (GIZ) and the Forest Law Enforcement, Governance and Trade (FLEGT) scheme in relation to Southeast Asia's forestry. The empirical discussion ends with the case of the Aceh Monitoring Mission (AMM) in the aftermath of the Boxing Day Tsunami.

These cases have been selected, because they provide evidence and unique insights into the variation of the EU as a contemporary and evolutionary normative actor in Southeast Asia. They allow us to induce nuances of the EU as a normative actor that link between the theoretical and empirical realms. Overall, they suggest that the EU has displayed a demand-oriented and issue-specific shift in its strategy to effectively diffuse norms. This is not a capitulation of the normative identity on the part of the EU, and indeed an explicit normative agenda is still pursued. Rather, it is the re-strategisation of its norms and values to match the domestic as well as international realities. In fact, the EU seems to be re-packaging its normative agenda more subtly and effectively.

## TRANSBOUNDARY AND NEWLY EMERGING SECURITY CHALLENGES IN SOUTHEAST ASIA

The Asian financial crisis in 1997/98 showed cracks in the official proclivity of the ASEAN states towards the “ASEAN Way” and triggered enhanced regional cooperation in the banking and financial sectors, extending existing intra-regional swap arrangements from 1977. This re-focus on the regional integration process attracted European interest and, vice versa, the EU as an exemplar of regional integration received greater attention from ASEAN. To some extent, EU interest stemmed from the fear that the crisis could impact the European financial markets. Overall, it was understood that the crisis was localised and its impact on Europe was downplayed (Bridges 1999: 458; Robles Jr. 2008: 47). In the early stages of the crisis, self-protection was not the primary motivation. The EU member states were slow to react. Mainly those European countries that have lent loans were actively seeking to be paid back. There were immediate funds channelled through the international financial institutions aimed at assisting ASEAN states in complying with conditionality. However, it was only when the economic powerhouse Japan was hit that the crisis became an economic threat to Europe.

The EU has shown its support to Southeast Asia during the crisis in many ways. Principally, this support was expressed in the form of declaratory speeches of solidarity and compassion. The EU and its member states also provided substantial material help to Asia (Gilson 2004: 193-194). Trade barriers were not raised and large amounts of financial assistance were made available by individual EU member states. Assistance targeted immediate social and financial recovery, but also accounted for long-term best practice-sharing and continuous open markets. Within the Asia-Europe Meeting (ASEM), the trade and investment pledge inhibited Southeast Asian protectionism. By 1998, the EU increasingly realised that ASEM could serve as a vehicle for Europe to guarantee and gain better access to Asian markets (Kerr, Perdakis et al. 1999: 74).

This aspect fits into the second motivational category, devised in the Introduction. The EU is an interest-oriented actor, applying norms instrumentally, notwithstanding the underlying normative and long-term vision that the EU has. In the instance of the trade and investment pledge, the EU’s rhetoric of assistance and friendship also served the EU’s own purpose in safeguarding export to Asia. Solidarity has not been the only calculus, and self-protection and -preservation have been closely linked to solidarity. In general, normative objectives are intertwined with material interests and reinforce each other. In this light, the trade and investment pledge was an emergency mechanism on the one hand. On the other, it was an instrument of political strategy, as noted by William Kerr and colleagues.

Initiatives to improve region-to-region dialogue and cooperation in the aftermath of the Asian financial crisis also involved the objectives of mutual understanding and learning as part of EU’s long-term assistance in the financial sector. This “learning” by the Europeans is not necessarily about what the Asian side is doing, as this is “limited” and the dialogue partners are usually informed about each other’s measures (Interview with EU official in Brussels 9 February 2009). It is rather ‘a little bit knowing about the new measures and what they have got in the pipeline...and then it is learning why they are not doing more, what their concerns are and what they aim to achieve realistically’ (Interview with EU official in Brussels 9 February 2009). Thus, the dialogue becomes a normative tool and an end in itself. It is a mechanism to improve better understanding and sustain Southeast Asian interest. When the EU shares its experience or gives advice, its goal is also to move Asian integration towards a direction that serves Europe (Interview with EU official in Brussels 9 February 2009). The ECFIN official explained,

I think so in a way. It is not so much about defending Europe [but] trying to shape what is going on at the global level in a way that is either more favourable, but also already underway in Europe [and] convincing Asia through ASEM that what Europe is doing is good. (Interview with EU official in Brussels 9 February 2009)

This suggests that, even within putatively technical sectors of cooperation, the EU will try to promote norms as a means to create lasting structures that are conducive to cooperation and influence. At the same time, it is noteworthy that the Asian financial crisis was a missed opportunity to strengthen Asia-European ties in order to re-shape the international financial institutions, to some extent (Interview with EU official in Singapore 18 November 2008).

This crisis put the Southeast Asian region on the EU's map. Since then, European officials and publics have redefined and rethought Southeast Asia politically (Umbach 2004: p.10). With the September 11 attacks and the outbreak of various pandemic diseases in the early 2000s, this emerging politicised perception towards Southeast Asia sharpened. For example, the avian influenza outbreaks in the early 2000s were such an instance displaying East Asia's vulnerability and risk to food safety in Europe. The successful management of the intra-regional avian influenza outbreaks within the EU in 2003 and the geographical distance to Southeast Asia mitigated politicised perspectives, to some extent. However, once infected, migrating wild birds were found in Turkey, European leaders showed greater concern. This was many months after the outbreak in Asia and suggests that the initial motivation to act in response to the outbreak in Southeast Asia was not contingent on threat perceptions and contagion. On the one hand, intra-regional activities built on pre-existing mechanisms of risk management. On the other, the EU's extra-regional response to the avian influenza outbreaks in Southeast Asia needs to be seen as part of a global response and an extension of domestic calculations of preparedness.

When the avian influenza broke out in continental Southeast Asia at the end of 2003, the EU as the largest importer of poultry from Southeast Asia was quick to offer assistance and ban imports from affected countries. In early 2004, EU Health Commissioner David Byrne visited the avian influenza-affected countries in Southeast Asia. Despite the Commissioner's visit and promise of continuous assistance, there was a lack of transparency towards the EU (The Nation 20 January 2004). This jeopardised food safety within the EU. Once Thailand's efforts of concealment were uncovered, the EU sought immediate food safety.

Overall, the EU aimed at creating sustainable and transparent structures that enhanced the resilience outside of Europe. The EU possessed issue-specific expertise, financial capacity and the goodwill to project its level of preparedness to other regions. In Southeast Asia, the EU was engaged in ASEM and the ASEAN Regional Forum. These fora addressed the avian influenza concern through various declarations, workshops, seminars and one stockpile initiative. In addition to this, the European Commission and individual EU member states offered direct technical and financial assistance aimed at capacity-building. Commonly, technical assistance is embedded within specific normative contexts and, therefore, it allows an implicit projection of norms. At the same time, the EU acted upon its normative profile directly in Southeast Asia by addressing the issue of gender and avian influenza through one European Commission-funded study. The extent of active EU norm diffusion for the purpose of developing long-term resilience in Southeast Asia appeared tacit and focused on supporting initiatives that influenced sanitary, agricultural and industrial practices.

Various Directorate Generals (DG) were involved in the outward-oriented protective measures. Underlying the outward-oriented initiatives was the conviction that this outbreak can be utilised as a 'good vehicle for regional integration, sustainable development, democratization...[and] to make something more lasting' (Interview with EU official 4 November 2009, Brussels). This statement displays similarity with the understandings of normativity expressed by the ECFIN official in the preceding case study of the Asian financial crisis. The EU holds many long-term normative objectives, which aim at creating lasting liberal-democratic structures and shaping behaviour. This aspect is particularly interesting in regard to pandemic preparedness in Southeast Asia, because pandemic preparedness in this region relies on military manpower and capabilities as active components of pre-emption and preparedness (Associated Press 11 November 2005).

The EU aims to uphold its multilateralist and liberal-democratic norms in its external relations. At the same time, it seeks to have a subtle normative impact and devises assistance that does not undermine state sovereignty. There are new types of initiatives that manage this tension more effectively. These projects indicate that the EU and its member states are re-packaging norms and exhibiting greater demand-orientation. For example, within the forestry sector of some Southeast Asian countries, there are initiatives that seek to stimulate norms of participation and pluralism within ASEAN implicitly.

In this context, an interesting case is the engagement of GIZ within the ASEAN Secretariat. GIZ<sup>6</sup> has been engaged in developing the double-tiered capacity development project, known as the ASEAN-German Regional Forest Programme, with ASEAN since 2003. This project seeks to strengthen both the role of the ASEAN Secretariat and the intergovernmental cooperation level of the member states within the forestry sector. As part of this project, GIZ has managed to persuade the ASEAN member states to create an external non-governmental advisory group to the ASEAN Senior Officials Group. The external non-governmental advisory group to the ASEAN Senior Officials Group delivers to improving participatory elements within the ASEAN process and upholds the sanctity of the states, *inter alia*, through the creation of the Peer Consultation Framework, intergovernmental coordination (GIZ and ASEAN Secretariat).

The endorsement of this external non-governmental advisory group by the ASEAN states required intensive liaison and persuasion. The negotiations were lengthy and showed that the proposal for this civilian body was watered down to meet the normative reality of the Southeast Asian negotiation partners. Despite the difficulties in persuading the ASEAN counterpart and the reliance on the member states for enforcement, GIZ staff have argued that 'having this body is better than not having it at all' (Interview with GIZ staff in Jakarta 26 May 2010).

Regional projects sponsored by European partner countries and implemented by state-affiliated development agencies such as the GIZ are sensitive to the regional objectives of ASEAN and have shown greater demand-orientation. On the one hand, they promote certain societal values. On the other, they are an attempt to adapt to ASEAN's intergovernmental settings. They are a balancing act and attempt to be inclusive of stakeholders from all levels of society. This complements ASEAN's community-building process that aims at greater people-orientation and builds on the power of socialisation and knowledge-building/-sharing. In the long-run, this supports emancipation processes within society.

Demand-orientation and flexibility amongst European donors appeals to ASEAN states. In particular, partnerships like the FLEGT scheme are attractive, since they offer significant economic incentives. Initially, the FLEG initiative was based on conditionality and offered minimal market benefits to attract the interest of developing countries. Many development agencies and stakeholders were sceptical about the success of FLEG in bringing meaningful change to combating illegal logging in the absence of economic incentives for greater enforcement (Thang 2008: 5). The revamped FLEGT scheme includes greater economic benefits and, specifically, incentivises political and business elites through guaranteed EU market access for exporting timber and wood products, the control over certification licensing and stakes in the carbon market.

FLEGT has a comparative advantage over previous forms of development cooperation that influence forest governance, because it emphasises country-ownership. It provides a guideline for European agencies not to force efforts against the ideas and wishes of the partner country (Thang 2008: 5). The economic and political dimensions are interdependent and designed to be mutually reinforcing. FLEGT explicitly links economic incentives and normative objectives. This market- and state-driven, top-down and reward-oriented scheme complements, but also competes with existing bottom-up non-governmental certification schemes that build on consumer pressure. FLEGT mainly relies on

the role of the sovereign in the legality verification process, although accredited auditors and civil society are involved in giving permits and checking the certification process.

Parallel to the FLEGT agreement negotiations, the EU has begun to conduct FLEGT supporting activities. In Indonesia, the FLEGT office liaises and coordinates with the European Delegation in Jakarta. It has been involved in information-sharing and good governance projects on the grassroots level. FLEGT is inclusive of the people dimension and advocates for responsible governance and greater stakeholdership of local communities in managing the forestry sector (Interview with FLEGT official in Jakarta 24 May 2010). For example, FLEGT emphasises legality verification over certification, minimising external certification criteria and encouraging responsible governance. In this context, the extent of European interference into Southeast Asian processes of enforcement appears limited to the harmonisation of legalities. When the EU buys from a non-FLEGT Voluntary Partnership Agreement (VPA) country, it needs to apply numerous controls for certification. These controls are avoided when the VPA is signed. On the one hand, as aforementioned, this acts as an incentive to sign the VPA and adhere to its conditions. On the other, it creates space for criminal activity and does not curb companies trading with illegal timber from non-VPA countries, which could buy licenses from signatory countries.

FLEGT is not a panacea for Southeast Asia's timber sector. The inclusion and implementation of participatory elements is desirable, but the realisation of these ultimately rests with the domestic authorities. Furthermore, it will only have a greater impact when its bilateral nature between the EU and selected individual ASEAN member states is superseded by a region-to-region scheme. This could ensure that even re-exported products are certified. This, however, premises that Southeast Asian countries manage to launch some form of regional cooperation in the jealously guarded timber sector; which is, furthermore, not a source of revenue for every ASEAN country.

An important case study of the EU-ASEAN relationship that also shows the operational ambiguities of realising the EU's normative agenda is the AMM. It is the most significant instance of European assistance to Southeast Asia associated with contemporary transboundary and newly emerging security challenges. The EU responded immediately when the Boxing Day Tsunami struck. The European Commission's Humanitarian Aid Office (ECHO) support was under way within 24 hours. Considerable financial support for immediate humanitarian assistance was made available. The severity of this natural catastrophe even overruled concerns about Indonesia's human rights record and three Rapid Reaction Mechanisms (RRMs) were activated to assist Indonesia.

In the introduction, it was assumed that the EU may frame its norms and values to attain normative objectives. The immediate launch of the RRM after the Boxing Day Tsunami hit Southeast Asia's coastlines confirms this. The RRM was drawn upon as an immediate response based on urgency and humanitarian perceptions, without lengthy political deliberation. Whilst normative behaviour was consistent with the objectives and motivations, it conflicted with other norms and values of the EU. One of the RRM supported the peace process in Aceh and brought about the AMM. The AMM was launched on the basis of the Memorandum of Understanding (MoU) between the Indonesian Government and the Free Aceh Movement. The tasks specified in the MoU reflected the EU's human rights concerns, to some extent. However, the focus was on operation effectiveness and, seemingly, the EU's norm and values were de-emphasised during the implementation phase (Schulze 2007). The European Commission attempted to compensate this shortcoming with complementary flanking projects.

The EU's quick-in-and-out approach and its lenient stance on democratisation and human rights have been considered favourably by Indonesian counterparts. Furthermore, the circumvention of multilateral frameworks seemed justified in light of Indonesia's wariness towards the involvement of the United Nations, ASEAN, the United States of America and Australia. This does not mean that the EU only displays rhetorical commitment to multilateralism and other norms and values. The EU acts

in accordance with the given situation. If an approach via other international organizations appears inappropriate, the EU will take responsibility on the basis of an official mandate.

One European Commission official explained that the success of the AMM and the ongoing peace are not necessarily the result of compromises of the EU's normative identity. Rather, they are suggestive that any form of human rights surveillance and intervention would have jeopardised the mission. 'Let's say, it is not a contradiction in first place. It is a Realpolitik, a recognition of Realpolitik. You aim for goals. You have a certain vision....We thought human rights, democracy [etc.] are important' but 'normative influence was limited from the outset notwithstanding a vision that we have' (Interview with EU official in Brussels 5 February 2009). EU officials have argued that the main purpose of the AMM was to safeguard an unproblematic transition from an unstable, violent situation to a stable peace where human rights and the rule of law were implemented. AMM personnel was neither in the position to promote human rights during the negotiation nor the peace process. First and foremost, it was Indonesia's problem and not the EU's problem. The EU was not actively negotiating in Helsinki. It only consented to Ahtisaari as the mediator. Ahtisaari was paid by the EU but he did not represent the EU. He might have wanted a stronger focus on human rights during the process, but this was his personal ambition and not to be mistaken as the EU's official rhetoric (Interview with EU official in Brussels 5 February 2009).

## EMPIRICAL INSIGHTS AND ANALYTICAL PURPOSE

The empirical discussion illustrated various normative facets as well as the extent to which the EU's normative agenda is re-packaged within the EU's region-to-region, bilateral and EU-affiliated engagement. It proceeded in three parts that examined selected transboundary and newly emerging security challenges and the EU's responses. In the first part, through the discussion of the European response to the Asian financial crisis and the avian influenza outbreak, it was established that these challenges raise awareness and the level of politicisation between the EU and ASEAN. Furthermore, it appears that the EU will seek to become involved in mitigating vulnerabilities, both on the basis of compassion and interdependence.

The case of the Asian financial crisis has highlighted the extent to which the dialogue with Southeast Asia has become a goal in itself. Interaction enhances mutual understanding and reciprocal normative influence. The case has further shown that the EU and its member states provided various forms of assistance ranging from tangible financial support to rhetorical pledges. It was mentioned that these activities also allowed Europe to gain economically and shape the economies in Asia, to some extent. Similarly to the case of the Asian financial crisis, the discussion of the avian influenza and the European response reconfirmed the EU's mixed motivations. The discussion noted that some activities addressed normative issues directly. Normativity was traceable both within the motivations and the manner the activities were implemented. Norms guided behaviour, but also served as a rhetorical means.

The second part looked at the two cases of bilateral interaction within the forestry sector. They showed how European actors are adapting their conditions of assistance to suit the ASEAN normative context. This showed particular sensitivity to sovereignty and non-interference. Demand-orientation, economic incentives, normative flexibility and the inclusion of non-state actors have been integral to this approach. The examples of the forestry sector suggested that the EU has toned down its normative agenda and is increasingly seeking to link this agenda with tangible benefits that could attract sustained Southeast Asian interest and see the EU's agenda realised in the long run.

The third section discussed the AMM in the aftermath of the Boxing Day Tsunami. This discussion underlined the discrepancy between the EU's vision of the world and the realisation of this vision



within operations that take place far away. Domestic contexts play a vital role in discerning EU behaviour and normativity. Some scholars have suggested that the success of the AMM benefitted significantly from the Common Security and Defence Policy's de-emphasis of European core values when implementing the MoU and the incorporation of the normative agenda into so-called flanking projects of the European Commission. Whilst in all case studies the EU promoted and shared its normative standards, it appeared to be aware of the sensitivities of an explicit approach. Confrontation was circumvented and cooperative progress was ensured through the re-invention or re-packaging of the normative agenda in the form of best practice-sharing and incentivised projects. The EU has a vision of how its international environment ought to be. However, the operational reality diverges significantly from this.

This article has been a fruitful exercise in differentiating the EU's normative motivations and objectives. Firstly, we now have a greater awareness of the implications of transboundary and newly emerging security challenges on the EU's interaction with Southeast Asia. Secondly, we have gained more nuanced insights into the EU as a contemporary normative actor. In addition to this, we have a better understanding of what is meant with re-strategising and re-packaging EU norms. That is, throughout the empirical discussion, it became clear that the EU was conscious about the sensitivities within the counterpart and, seemingly, scaled down its normative rhetoric and demands. What it mainly did, was tone down and reframe its norms in order to make their diffusion effective and pertinent to shaping the political culture of ASEAN and ASEAN states in the long-run. When the EU and EU-affiliated actors opt for technical cooperation with flexible political conditions or prioritise incentivised projects, one could say that the EU has only redefined its strategy and re-packaged its norms. Based on the empirical discussion, the focal point of this contemporary re-packaging has been best practice-sharing<sup>7</sup> as a subtle and embedded means of normative diffusion.

Furthermore, one could make the case that we may be witnessing the EU as an established actor, who has passed its phase of nascence and self-assertion in the international system. Today, fellow international actors are aware of what the EU stands for normatively (Interview with ASEAN member state official in Singapore 21 November 2008). Thus, the de-emphasis or re-strategisation of the normative identity to meet demand-orientation and attain economic competitiveness does not signify a compromise of the EU's normative identity. Instead, it is a natural progression of an international actor, who has become peer-recognised and does not want to risk being constantly at loggerheads with other actors. The latter is particularly acute in light of the Eurozone crisis and the need for economic competitiveness in Asia.

## CONCLUSION

In their quest to theorise the EU and its normative dimension in international affairs, many scholars have created impressive abstractions of what the EU essentially is and does. This article acknowledges this, but proceeded from the conviction that contemporary insights into the EU in Southeast Asia and the EU's variation as a normative actor in the region cannot be captured adequately through abstract concepts. The empirical study of transboundary and newly emerging security challenges needs to find greater scholarly recognition as an important frame for analysis.

This article focused on a handful of selected transboundary and newly emerging security challenges/crises and European responses to these. This facilitated a nuanced understanding of the variation in norm-guided actions and normative rhetoric of the EU. Insights into the EU's normative motivations, objectives, means and actions were gained through the discussion of the case studies. Particular emphasis was placed on the motivations of action. It was confirmed that the level of urgency, self-protective/material cost-benefit calculations and long-term vision of the EU are useful motivational categories in capturing the EU as a normative actor. It seemed that the EU was

commonly driven by a mix of motivations, making it difficult to disentangle the extent to which the EU's normativity actually unfolded. The EU is not always straightforward in pursuing its normative agenda. It is sensitive to domestic contexts and demand-oriented. At the same time, the EU attempts to live up to its normative standards. In complicated domestic contexts, it will prefer toned down and subtle pathways and adapt to its domestic and international settings. Whilst this risks identity conflicts, to some extent, it avoids tensions with dialogue partners. This means that the variation in normative behaviour is constant, because the inclusion of norms into the EU's interaction with the counterpart is a fluid balancing act. If the variation is considered the norm and if the normative frames are ever-evolving and becoming more subtle, the EU cannot be accused of undermining its normative dimension *per se*. Rather, the EU continues to ethicise its international environment differently through forms of implicit diffusion. On the one hand, the EU has to restrain its normative self-understanding and -awareness in order to manage effective relations with other international actors. On the other, it is aware of its identity and the perceptions of it by others.

Finally, this article proposed that the EU has become a peer-recognised international actor. The EU's concurrent phase of evolution as an international actor does not negate the EU as a normative actor. However, it suggests that, in light of the EU's intra-regional pressures and the importance of the external environment, emphasising the normative dimension of the EU may be inadequate. Placing emphasis on its norms and values in its external relations may be pertinent to certain points in time only; when the EU was a new international actor and its dependency on other external actors lower. At the same time, whilst the socio-economic asymmetry constituted an important premise and entry point for interaction to develop, it also became clear that we cannot reduce the variation in normativity to this and need to acknowledge the significance of normative realities within the counterpart. In conclusion, we can say that the EU's interaction with and within Southeast Asia in the context of these case studies has confirmed the EU as a nuanced normative actor, who is constantly searching for new pathways of influence. Transboundary and newly emerging security challenges have been a useful frame in this article, because they provided evidence on how the EU is an evolving normative actor and re-packaging its normative agenda in Southeast Asia.

\*\*\*

### Acknowledgements

The author would like to thank the Centre for History and Economics of the University of Cambridge and the SEATIDE project for facilitating the writing of this article.

### Correspondence address

Naila Maier-Knapp, Centre for History and Economics, Magdalene College, Cambridge CB3 0AG, United Kingdom [nm574@cam.ac.uk]

<sup>1</sup> The 'essential elements' clause consists of the core values of the EU. Generally speaking, these are human rights and liberal-democratic principles. Since 1992, the EU has systematically incorporated this clause in its bilateral trade and development relations. In the Communication: A New Partnership with Southeast Asia in 2003, the EU proposed to include this clause in all negotiations with the ASEAN member states.

<sup>2</sup> In view of the former official's academic background, it is assumed that she is familiar with the civilian power concept as defined by François Duchêne. Furthermore, her statement confirms that, to some extent, these scholarly role concepts of the EU as a normative actor are still finding their way into the EU's official rhetoric and self-awareness.

---

<sup>3</sup> In this article, the EU's behaviour refers to the sum of interactions from the EU system with Southeast Asia. This consists of the activities of the European Commission, EU member states and EU-affiliated agencies, although the primary focus is placed on the agency of the European Commission. Furthermore, it should be noted that the socio-economic asymmetry is not the sole variable impacting on an actor's capacity to persuade and influence. However, it is the central one in shaping understandings of vulnerability and resilience in relation to transboundary and newly emerging security challenges.

<sup>4</sup> This feature is the central lead for understanding the EU as a normative actor in the empirical discussion.

<sup>5</sup> The empirical narrative places emphasis on understanding an actor's motivations, because this is essential when judging the sincerity of the employment of norms and normative jargon.

<sup>6</sup> Whilst GIZ is not accounted for in traditional accountings and this article's definition of the EU as an actor, it is indeed an extension of Germany's international agency, given its role as a contractor, bound to the principles of Germany's Ministry for Development Cooperation. Hence, it should be subsumed within this article's definition of the EU as an actor, which includes the activities of and affiliated to the member states.

<sup>7</sup> The pathway of best practice-sharing to develop a culture of particularism and participation was exemplified through the ASEAN-German Regional Forest Programme.

## REFERENCES

- Acharya, A. (2004). How Ideas Spread: Whose Norms Matter? Norm Localization and Institutional Change in Asian Regionalism. *International Organisation*, 58 (2): 239–275.
- Aggestam, L. (2008). Introduction: ethical power Europe?. *International Affairs*, 84 (1): 1-11.
- Algieri, F. (2007). Unequal Treatment: democracy promotion of the EU in Myanmar/Burma and China. In A. Jünemann and Michèle Knodt (eds) *Externe Demokratieförderung durch die Europäische Union*. Baden-Baden: Nomos: 169-184.
- Associated Press (2005). China reports new bird-flu outbreaks, CTV. Available at: [www.calgary.ctv.ca/servlet/an/local/CTVNews/20051111/bird\\_flu\\_china\\_051111?hub=MontrealHome](http://www.calgary.ctv.ca/servlet/an/local/CTVNews/20051111/bird_flu_china_051111?hub=MontrealHome). Accessed on 12 June 2013.
- Börzel, T. and Risse, T. (2000). When Europe hits Home: Europeanisation and Domestic Change. *European Integration Online Papers*, 4 (15). Available at: [www.eiop.or.at/eiop/pdf/2000-015.pdf](http://www.eiop.or.at/eiop/pdf/2000-015.pdf). Accessed on 20 May 2013.
- Bretherton, C. and Vogler, J. (2006). Conceptualising Actors and Actorness. In C. Bretherton and J. Vogler (eds), *The European Union as a Global Actor*. New York: Routledge: 12-36.
- Bridges, B. (1999). Europe and the Asian Financial Crisis: coping with contagion, *Asian Survey*, 39 (3): 456-467.
- Bulmer, S. and Radaelli, C. (2004). The Europeanisation of National Policy?, *Queen's Papers on Europeanisation*. Belfast: Queen's University Belfast.
- Cannizzaro, E. (2002). *The European Union as an Actor in International Relations*. The Hague: Kluwer Law International.
- Diez, T. (2013). 'Normative Power as Hegemony', *Cooperation and Conflict*, 48 (2): 194-210.
- Diez, T. (2005). Reconsidering "Normative Power Europe." *Millennium: Journal of International Studies*, 33 (3): 613-636.
- Duchêne, F. (1973). Die Rolle Europas im Weltsystem: Von der regionalen zur planetarischen Interdependenz. In W. Hager and M. Kohnstamm (eds), *Zivilmacht Europa: Supermacht oder Partner?*. Frankfurt am Main: Suhrkamp: 11-35.
- Duchêne, F. (1972). Europe's role in world peace. In R. J. Mayne (ed), *Europe tomorrow: sixteen Europeans look ahead*. London: Fontana: 32-47.
- EUROPA Press Release (2010). EU and Philippines initial Partnership and Cooperation Agreement. *EUROPA*. Brussels.
- European Commission (2003). *A new partnership with South East Asia*, Brussels. Available at: [www.trade.ec.europa.eu/doclib/docs/2004/july/tradoc\\_116277.pdf](http://www.trade.ec.europa.eu/doclib/docs/2004/july/tradoc_116277.pdf). Accessed on 23 May 2013.
- Featherstone, K. and Radaelli, C. (2003). *The Politics of Europeanisation*. Oxford: Oxford University Press.
- Gilson, J. (2004). Trade relations between Europe and East Asia. *Asia Europe Journal*, 2 (2): 185-200.
- GIZ and ASEAN Secretariat (2009). *ASEAN-German Regional Forest Programme*, Jakarta: GIZ and ASEAN Secretariat.
- Interview with ASEAN member state official in Singapore (21 November 2008).
- Interview with EU official in Brussels (9 February 2009).
- Interview with EU official in Brussels (5 February 2009).
- Interview with EU official via telephone to Brussels (4 November 2009).
- Interview with EU official in Singapore (18 November 2008).
- Interview with former European Delegation official in Singapore (19 November 2008).
- Interview with FLEGT official in Jakarta (24 May 2010).
- Interview with GIZ staff in Jakarta (26 May 2010).

- Jørgensen, K.E. (2004). Theorising the European Union's Foreign Policy. In T. Christiansen and B. Tonra (eds), *Rethinking European Union Foreign Policy*. Manchester: Manchester University Press: 11-35.
- Kerr, W.A., Perdakis N. and Yeung, M. (1999). *Regional Trading Blocs in the Global Economy: the EU and ASEAN*. Cheltenham: Edward Elgar.
- Lucarelli, S. and Manners, I. (2006). *Values and Principles in European Union Foreign Policy*. Abingdon: Routledge.
- Maier-Knapp, N. (2011). The Case of the European Union Partnership and Cooperation Agreement Negotiations with Thailand, *Australian and New Zealand Journal of European Studies*, 2 (2): 58-72.
- Manea, M.G. (2008). Human rights and the interregional dialogue between Asia and Europe: ASEAN-EU relations and ASEM. *The Pacific Review*, 21 (3): 369-396.
- Manners, I. (2002). Normative Power Europe: a contradiction in term?. *Journal of Common Market Studies*, 40 (2): 235-258.
- Nye, J.S. (2004). *Soft Power: The Means to Success in World Politics*. New York: Public Affairs.
- Petersson, M. (2006). Myanmar in EU-ASEAN Relations. *Asia Europe Journal*, 4 (4): 563-581.
- Rhodes, C. (1998). *The European Union in the World Community*. Boulder: Lynne Rienner.
- Robles Jr., A.C. (2008). *The Asia-Europe Meeting: the theory and practice of interregionalism*. Abingdon: Routledge.
- Rüland, J. (2001). The EU as an Inter-regional Actor: the Asia-Europe Meeting. In S. Y. Chia, S. Chirathivat, F. Knipping and P. H. Lassen (eds), *Asia-Europe on the Eve of the 21st Century*. Singapore: Institute for Southeast Asian Studies: 43-56.
- Rüland, J. (2002a). The European Union as an Inter- and Transregional Actor: Lessons for Global Governance from Europe's Relations with Asia. *The European Union in International Affairs*. Canberra: Australian National University.
- Rüland, J. (2002b). Inter- and Transregionalism: Remarks on the State of the Art of a New Research Agenda. *National Europe Centre Paper*, 35, Canberra: Centre for European Studies.
- Schimmelfennig, F. and Sedelmeier, U. (2005). *The Europeanisation of Central and Eastern Europe*. Ithaca: Cornell University Press.
- Schulze, K.E. (2007). Mission Not So Impossible. The Aceh Monitoring Mission and lessons learned for the EU. *International Policy Analysis*, Berlin: Friedrich-Ebert-Stiftung.
- Sjöstedt, G. (1977). *The External Role of the European Community*. Farnborough: Saxon House.
- Smith, K.E. (2005). Still 'civilian power EU'?. *European Foreign Policy Unit*, London: London School of Economics.
- Smith, M. (1994). Beyond the Stable State? Foreign Policy Challenges and Opportunities in the New Europe. In W. Carlsnaes and S. Smith (eds), *European Foreign Policy: the EC and changing perspectives in Europe*. London: Sage: 21-44.
- Telò, M. (2009). *The European Union and Global Governance*. Abingdon: Routledge.
- Thang, H.C. (2008). *Forest Law Enforcement, Governance and Trade in Asia: an update*. Rome: Food and Agriculture Organisation.
- The Nation (2004). *Bird Flu Not Here: EU Commissioner*. Available at: [www.nationmultimedia.com/page.news.php3?clid=2&id=106798&usrss=1](http://www.nationmultimedia.com/page.news.php3?clid=2&id=106798&usrss=1). Accessed on 23 May 2013.
- Umbach, F. (2004). EU-ASEAN Political and Security Dialogue at the Beginning of the 21st Century: prospects for interregional cooperation on international terrorism,. In C. Dürkop (ed), *Panorama: Insights into Southeast Asian and European Affairs*. Singapore: Konrad-Adenauer Stiftung: 9-22.

# Journal of Contemporary European Research

Volume 10, Issue 2 (2014)

## Challenges to the Aarhus Convention: Public Participation in the Energy Planning Process in the United Kingdom

**Raphael Heffron** *University of Stirling*

**Paul Haynes** *Royal Holloway, University of London*

### ***Citation***

Heffron, R.J. and Haynes, P. (2014). 'Challenges to the Aarhus Convention: Public Participation in the Energy Planning Process in the United Kingdom', *Journal of Contemporary European Research*. 10 (2), pp. 236-247.

First published at: [www.jcer.net](http://www.jcer.net)

## Abstract

This article examines the tension between the democratic right of public participation on specific environmental issues, guaranteed by European Law, and the degree to which it is being challenged in the UK as a consequence of recent approaches to energy infrastructure planning. Recent trends in UK government policy frameworks seem both to threaten effective public participation and challenge EU planning strategy, in particular those outlined in the Aarhus convention. The research outlined in this study involves an assessment of the changing context of planning and energy policy, in addition to recent changes in legislation formulation in the UK. The research findings, derived from an extensive interview process of elite stakeholders engaged in policy and legislation formulation in the UK and the EU provide a new categorisation system of stakeholders in energy policy that can be utilised in future research. The article concludes with a second order analysis of the interviewee data and provides solutions to increase public participation in the planning of energy infrastructure that emerge from the different perspectives.

## Keywords

Public participation; Aarhus Convention; planning policy

---

‘The idea of citizen participation is a little like eating spinach: no one is against it in principle because it is good for you.’ (Arnstein 1969: 216)

This article examines new challenges related to public participation in the planning process and in particular, large projects centred on energy and transport infrastructure, focussing on policy and legislation formation in the UK. The study presents research findings, expressed in a new framework, demonstrating that there is a growing tension between the rapid need to plan, develop and construct an effective and integrated energy infrastructure in order to meet carbon emission reduction commitments, while, at the same time, ensuring that the planning process is deliberative and inclusive, with considerable public participation with which to build consensus. While all member states of the EU face similar challenges, the UK seems to be most transparent in pursuing policy that ignores EU wide agreements on public participation in the planning process.

Under the changes to planning regulations – as of yet untested - large energy projects, including nuclear, maybe fast-tracked through the planning process with limited public participation; however, without perceived legitimacy in process, and public participation observed in practice, such proposals are likely to lead to negative outcomes including protests and legal action by those who oppose specific elements of a proposal, apathy and limited understanding by potential beneficiaries and the disempowerment of the local communities affected by the plans. The consequences are that without the necessary structures to inform the public and build consensus, coupled with the legal right to challenge planning decisions that have not been sufficiently evaluated and deliberated in its public consultation, the planning processes is likely to be considerably slower, antagonistic and, at the same time, give disproportionate power to small but well organised interest groups.

## PUBLIC PARTICIPATION IN THE PLANNING PROCESS

Public participation within the UK planning process is no longer limited series of local meetings, but involves a series of legally required procedures, as part of the planning process. These include the dissemination of key information concerning the details of the plan, public consultation and some attempted engagement related in specific details of the decision making process, particularly the inclusion of the views of those affected by a decision. These procedures are not detailed in specific legislation, but are generally considered to be effective if they are able to build consensus through deliberative action, usually focussing on the local community, but not to the exclusion of other interested parties (see Smith 1983). There are many options for public participation, but these can be divided into two types, depending upon the level of engagement and the flow of information: (1) lower level engagement, which involves top down communication and a one-way flow of information; (2) higher level engagement, characterised by dialogue and a two-way information exchange (Rowe and Frewer 2000).

While the most suitable method of public participation will depend on the specifics of a particular planning arrangement, more knowledge-based decisions (e.g. technical decisions) will require lower levels of participation than value-based decisions. Learning how to effectively communicate complex ideas to non experts is important, and by developing the public understanding of the issue, the public's capacity to enter debate will be enhanced (Frewer and Shepard 1998). Studies have been conducted on the best ways to present information (Golding *et al.* 1992), the best medium for transmitting information to a target audience (Chipman *et al.* 1996), and the best people to impart information (Frewer *et al.* 1996). Less research has been carried out on mechanisms for involving the public simultaneously at both higher and lower levels of input into decision-making. There is also a lack of research into the implications of the democratic right of participation in environmental issues under the Aarhus Convention. This article will examine the key implications of the tension between the right to participate in the planning process and the need to get the planning process completed effectively under challenging time constraints, and will develop a framework with which to address the tensions implied by these implications, as exemplified through energy infrastructure planning policy.

Public participation in planning is of importance from a legal perspective as it both adds value in terms of legitimacy and sets limits from a procedural perspective in particular in limiting the arbitrary power of the government or the institution that is the law-maker (Boyle and Chinkin 2007). Susana Aguilar Fernandez (2001) states that the basic EU principles of subsidiarity, shared responsibility and partnership –all linked to sustainable development – emphasise the value, need and requirement for enabling citizens, and in particular the local communities, to engage in environmental related decisions. In the context of US government agencies, Michael Kraft (1996) illustrates that public approval for specific types of planning, such as waste facilities, are unlikely to pass swiftly through the planning process if they do not provide sufficient opportunities for citizens to participate in critical judgements about acceptable levels of risk. It thus follows that it serves the interest of such agencies to support public engagement and, indeed, such agencies are beginning to advocate greater public involvement in their planning process to improve transparency and avoid policy failure (Kraft 1996: 205). Aguilar Fernandez (2001), however, notes that there is still only a limited success in public participatory programmes, arguing that much of the action taken by government agencies is reactionary and typically occurs at an advanced stage of the planning process, rather than being proactive from the beginning.

The UK's jurisdictions differ from the USA and most European countries from a public participatory level as their legal character, and in particular judicial review, are procedural in nature (see Harlow 2002). Decisions made are examined at first in terms of whether the correct procedure was followed and the protection of individual interests. In contrast, in other European countries the national



interest or considerations of reasonableness and proportionality are the key objectives. The introduction of National Policy Statements, able to over-ride local concerns, in the Planning Act 2008, indicates, then, that the environmental planning system and planning in general within the UK jurisdictions is moving towards a more continental European focus of national interest. This is important because, as Neil Hawke (2002) notes, policies make or definitively contribute to law both in the UK and the EU.

In the case of the EU, policies eventually become enshrined within law, and as such to ensure meaningful public participation, it is at the policy formulation stage that the effort should be made to engage with the public. In this way, as the law emerges from policy, any processes that follow from the law will already have taken significant opportunities to enrol public support. However, as policies tend to be created from a top-down process with little or no involvement from the public any such opportunities, and the benefits afforded by effective engagement measures, will remain unexplored.

While considerations of public participation and engagement apply to regeneration, infrastructure development and built environment planning in general, both in terms of the practical benefits of greater participation and the institutional requirements, public engagement in energy planning policy is particularly important for the UK at present, as a series of major energy infrastructure projects are required to meet the changing energy requirements. Many of the projects, from renewable energy to nuclear power, are controversial, in terms of their impact on the local environment, impact on local residents and the perceived risks they pose. As a consequence, there has been a return to prominence of energy planning research, not least because nuclear energy is back on the agenda, but such research tends to focus on public perceptions rather than considerations of public participation (see, for example, Reiner 2006; Tweena 2006; Pidgeon *et al.* 2008). It is not difficult to see why: identifying attitudes is, at least methodologically, relatively straightforward, while identifying the most relevant considerations from the many conflicting definitions and conceptualisations of participation is much more of a challenge.

The issue is not new and, indeed, there is literature on public participation in the decision-making process dating from the 1980s for example Brian Wynne (1982) and Richard Davies (1984), but the literature is somewhat limited. For example, Davies's research details public participation in Sizewell B nuclear power plant in Suffolk, although his study is almost wholly descriptive. Davies notes that the process was a success; the first time (along with Windscale) that the public had been centrally involved in decision-making for a nuclear energy plant, with previous decisions having been made by public servants and government ministers in private and with very little consultation. However, although Davies provides interesting comments on the role of public participation in the Sizewell B inquiry, he offers little more than review the inquiry itself, as indeed does Wynne (1982). Where research in public participation does go beyond description, for example in Frank Laird's (1993) analysis of participation and democracy in decision making, such reviews tend to be limited to the evaluation of secondary sources.

For this reason, this article is an attempt to adopt a different approach to assessing public participation. This approach will be outlined later in the analysis, however, in order to examine the issues of public participation in UK energy infrastructure planning, the case with which the approach will be exemplified, it will be necessary to give a critical overview of the energy policy context to the infrastructure planning it implies.

## THE EMERGENCE OF A NEW UK ENERGY POLICY

The UK's current policy on energy infrastructure planning is undergoing a transition, as discussed in early sections of this article. This transition was greatly influenced by the 2002 Energy Review and, in turn, the 2003 White Paper *Our Energy Future: Creating a Low Carbon Economy* (DTI 2003). The 2002 and 2003 documents represent a shift in attitudes towards the UK's energy strategy, framed in terms of a response to commitments made by the UK government to reduce carbon emissions, and to assess energy security, with particular reference to the need to build a new energy infrastructure, including constructing a large number of renewable energy projects around the country and upgrading the UK's nuclear generation capacity, in response to the need to reduce dependency on fossil fuels for energy generation in the future.

In 2006 the UK government's Department of Trade and Industry produced another Energy Review, assessing the UK's progress towards the medium and long-term goals of the 2003 Energy White Paper. The 2006 review reinforced the need to build more large scale renewable projects and represented a shift in government attitudes towards nuclear energy, advocating an expansion of nuclear power, through Generation III nuclear power plants. In the 2007 White Paper, *Meeting the Energy Challenge*, the UK government set out its energy strategy, based on 'tackling climate change' and 'ensuring secure, clean and affordable energy' (2007: 6), a strategy which formed the basis of the 2008 Energy Act. Also in 2008, three other government outputs were to modify the UK's approach to energy and energy infrastructure planning: the White Paper on Nuclear Power; the Planning Act; and, the Climate Change Act and the key implication of each output will be noted.

The key provision of the 2008 Planning Act was the introduction of a new system for approving major infrastructure projects of national importance. The objective was to streamline these decisions and avoid long public inquiries (with an estimated saving of £300 million a year). This new regime means decisions are taken by a new independent Infrastructure Planning Commission, whose members are unelected, and who base decisions on new national policy statements (NPS). The hearing and decision-making process are rigidly bound to a timetable. The Act also specifically states that the system will be used for energy developments such as large scale renewable projects, and for nuclear power.

The White Paper on Nuclear Power, produced by the Department for Business Enterprise and Regulatory Reform (2008) states very clearly the modification to the UK government's energy strategy in relation to nuclear power:

The Government believes it is in the public interest that new nuclear power stations should have a role to play in this country's future energy mix alongside other low-carbon sources; that it would be in the public interest to allow energy companies the option of investing in new nuclear power stations; and that the Government should take active steps to open up the way to the construction of new nuclear power stations (BERR 2008: 10).

This was the first formal indication that new nuclear power generation would be developed as part of the UK's energy mix beyond 2020 and an indication that new nuclear power stations would be planned and constructed with an emphasis on being government driven.

Coupled with these two policy statements came the UK's 2008 Climate Change Act, which reconfirmed the UK's commitment to carbon emission reduction, which under the Kyoto protocol set a 12.5 per cent reduction of 1990s emission levels, and indeed extended and formalised the UK commitment to an 80 per cent reduction of carbon emission on 1990 levels by 2050. In 2010 the UK government policy on energy provision reached a state of tension. One tension point was that the parties comprising the new UK coalition government had expressed different manifesto commitments on energy, a second was that in Scotland and Wales, the devolved governments have

each expressed the importance of developing large scale renewable projects in their jurisdiction, along with each having also expressed opposition to new nuclear power stations. In 2011 a new White Paper: Planning our Electric Future, was presented by the Department of Energy and Climate Change, and the key elements of this white paper intended to become law in 2013 (DECC 2011: 13). Alongside the 2011 White Paper, the Renewables Roadmap details proposals for a major expansion of large scale projects by 2020. A careful analysis of these documents indicates that no extra provision for public engagement or participation is discussed at all. Indeed the documents are consistent with the limits to public participation affirmed by the 2008 Planning Act: to reduce the time and opportunities for public participation, and fast track energy infrastructure projects, although there is no explanation of the implications for the right to public participation in the planning process. Understanding the implications for the construction of energy infrastructure from this context is complex and requires an analysis from a wide range of expert perspectives. The following section will present a method with which to provide synthesised perspectives with which to undertake a second order analysis of energy infrastructure planning, emerging from our research programme.

## TOWARDS A NEW FRAMEWORK

This section explains the case study structure developed as part of a new methodology applied in this study. This structure is derived from a new type of framework based on a classification of expert perspectives which emerged from a large number of elite interviews with many of the leading experts on energy policy and planning in the UK. The sample for the interviews was taken from 264 contacts made with different stakeholders involved in energy policy and legislation formulation, with a request-to-interview rate of 12.5 per cent and a final total of 33 interviews conducted. The average length of interview was around 40 minutes with 70 per cent being conducted by telephone and the remainder face-to-face. A “semi-structured” ethnographic approach was taken, using an interview guide with a prioritised list of topics to steer the discussion.

Interviews were conducted in order to deliver on three main objectives:

- (1) provide insight into the perspectives on current practice of public participation;
- (2) provide an evaluation of the range of views on legal and policy requirements for effective public participation;
- (3) determine the range of perspectives that exist on effective methods of public participation within the context of energy infrastructure planning

The case study was developed, derived from these insights, using a two step process: (1) the examination of policy formulation in the context of the energy planning debate within the UK and EU; (2) the critical analysis of elite interviews conducted with different categories of stakeholders in policy and legislation formulation.

The different types of expertise were analysed so as to provide a second order analysis of public participation by combining the complementary policy observations afforded by their different position within the network of planning experts. In this way, a small number of distinct perspectives emerged from the interview process. These perspectives have been synthesised and classified into six distinct categories as outlined in Table 1. Also shown in Table 1 are the amount of interviews secured in each category for this study and the type of interviewees.

*Table 1: Identified categories, and Interviewee Sample*

Category	No. of interviews conducted	Interviewees
1: Governance perspective (national and intra-national)	4	with EU Energy Commission, Members of the House of Commons, and Government institutions in the environment and energy sector
2: Legal perspective	4	with legal experts from leading UK Barrister chambers and Solicitor firms
3: Academic researcher perspective	6	with academic experts who research in energy and nuclear energy
4: Non-public sector practitioner perspective	4	with nuclear experts in private industry
5: Public sector practitioner perspective	5	with Energy Managers or Environment Officers in County Councils
6: Local governance perspective	10	with Councillors from districts where nuclear power plants are located, for example, Suffolk, Cumbria etc.

Each perspective is named after the stakeholder type most associated with the perspective, although it should be noted that this convention is an abstraction, used for the convenience of applying the framework rather than implying any unanimity among those who share an occupation.

## POSITIONING THE PERSPECTIVES

There is a wide range of themes encompassed by issues of participation in energy policy decision making, and these can be indicated through the identification of themes, and the importance attributed to such themes that emerge in different planning perspective contexts. It is not the case that through such perspectives it is possible to contrast a range of distinct characterisations of public participation problems with six separate solution types. The different perspectives are more nuanced and subtle than separate “ideal types” would be and specifically emerge from agreement of those informed by experience on energy policy issues, which implies working within a dialogue with other perspectives. There is, of course, much consensus from the six categories that have been identified and synthesised in the course of this research. For example there is common consensus that EU and UK energy policies are beleaguered by a lack of direction, but in the detail there is a difference of emphasis from the different perspectives, which will inform this section. To return to the EU/UK example above, while there might be consensus among perspectives, there are differences of emphasis, for example, emerging from the governance, legal and academic perspectives there is a strong sense that there are no clear long-term strategies around which to build public participation into the planning process either from the EU or the UK. Other perspectives contrast UK and EU practices – with EU energy policy considered to involve much more long term planning, with open and inclusive decision making built in, contrasted with UK energy policy, which

is considered to be evolving and institutionally less participatory, in particular as suggested from the non public sector practitioner perspective.

There is consensus that confusion surrounding energy policy and the complex nature of the area mean there is limited scope for the public to get involved. Perspectives differ on the assessment of opportunities for participation: the legal perspective is sceptical that opportunities exist, although there is also the sense that the public were very reactive instead of being proactive, as emerged from the academic perspective. The non public sector practitioner perspective is in agreement but emphasises that most people are unaware of how to get involved in the formulation stage, in contrast with the local governance perspective, which suggests that people are not interested in getting involved at that stage of planning. The public sector practitioner perspective supports the view that people will only get involved if it emerges they are directly affected.

There is a consensus that the planning system in the UK is lengthy. The public sector practitioner, and the local governance, perspectives emphasise that the planning system itself is a major barrier and should be streamlined to make it faster. Other categories advocate that the current planning system with lengthy inquiries is working well, as the complex nature of the large energy infrastructure projects (particularly nuclear) means there should be time spent in delivering a decision. Nuclear energy is considered a long-term commitment, and one with potential implication for the UK taxpayer (academic and legal perspectives), and hence debate and lengthy processes to ensure all parties are heard should happen.

Public participation in the formation of legislation and consultation events is considered by all perspectives as too low, with the legal and local governance perspectives emphasising the low figures in general and local elections. The legal, academic, governance and non public sector practitioner perspectives, converge on the view that recent UK government consultation documents, likely to informing new legislation, and a strict interpretation of the participation requirements implied by the 2008 Planning Act, will lead to more Judicial Review cases before the Courts on the grounds of the right to fair hearings, privacy, or under the freedom of Information Act. Coupled with formal criteria for legal challenges, legitimacy also has to be seen in the areas of policy and legislation formulation stages and also the planning process – according to legal, academic, governance and non public sector practitioner perspectives.

Perspectives do, though, diverge in their emphasis on what causes the delays in the planning stages for large infrastructure. The governance, public sector practitioner, and local governance perspectives blame the time documents spend with centralised government for these delays, while the governance perspective additionally places emphasis on the general public and local communities. The legal and public sector practitioner perspectives also cite the failure of developers to engage with the public and also their failure to deliver a better up front product. The analysis will now turn to some of the recommendations and potential solutions to promoting public participation emerging from the synthesis of perspectives.

## CONCLUSIONS AND RECOMMENDATIONS

As has been shown, there is consensus from among the key perspectives that the lack of forward planning in energy by the UK government, and this has contributed to the need for urgent action because of a looming shortage of low carbon energy provision within the UK energy mix. A number of key issues have been highlighted and a number of potential solutions have emerged from combining assumptions which have been drawn out of the different perspective categories.

While the public can be blamed for their lack of participation, there is consensus emerging from the perspectives that the under-funded consultation processes coupled with the inertia of the government to engage the public contributes to this apathy; the government at all levels is not being proactive, indeed there is a strong consensus that the consultation process is perceived as little more than a legitimisation process, designed to promote an outcome already decided before the consultation process began. A lack of creativity and proactive engagement with the public by planners and decision makers, coupled with cynicism regarding the power relations and touch points for impacting on the planning process within a consultation, conspires against public participation and leaves the public believing that the process lacks legitimacy, independence and, as a consequence, lacks the means to build consensus.

The failure to engage local communities at an early stage of a proposal means that government is not forcing the developers of large energy infrastructure projects to have better project proposals from the outset, while all the information that emanates from government on the issue is far beyond the grasp of those members of the public that would be most beneficial in enrolling as active participants within the planning process. Each perspective agrees that tangible improvements can be made to increase public participation but will require increased resources to do so, a concerted effort to involve the public from the outset, an overhaul of the planning system to encourage participation in addition to more education, greater access to a relevant level of information that is appropriately pitched for non specialists, as well as a range of incentives to increase public participation.

The details of such incentives diverge, with some perspectives emphasising the benefits of a relaxation of the planning laws, while other perspectives suggest clarifying the financial incentives and other benefits from the development of, and changes to, the nation energy infrastructure. Understanding the personal, community and national benefits of different energy provision strategies would be a necessary condition of repositioning energy as the type of trade-off policy issue that attracts interest from within affected communities. Instead, there is a growing consensus a that new approach to energy infrastructure planning and policy implied by a stricter implementation of the Planning Act 2008 threatens public participation in the UK further, and, if enacted to the letter of the law, would lead to a continuous flow of legal action by members of the public because of the failure of the UK government to adhere to legitimate democratic processes of public participation.

Although the long-term nature of the impact of energy infrastructure planning policy and legislation means that it is vital to the UK national interest to have active public participation, consensus emerged that an effective way of re-engaging with the public is to reconnect with EU-wide energy strategies. It is clear that energy policy within the UK is bound to various EU frameworks, such as the EU energy commission, binding climate change and renewable energy commitments, the EU emission trading scheme, and EU driven agreements, such as the Aarhus Convention. All of the latter illustrate that the EU remains a major driving force in key areas of energy policy within the UK. The level and effectiveness of public participation in energy policy operates quite well in terms of the current EU energy commission, and could, as a first step, be applied as a model to UK energy infrastructure planning, in particular as expressed by the governance, academic and legal perspectives.

Finally, all categories agree that improvements can be made to increase public participation and in this context many support a call for increased resources to do so. The legal and public sector practitioner perspectives emphasise the need for a more concerted effort to involve the public from the outset, and an overhaul of the planning system to encourage participation, supported by the non public sector practitioner perspective, although less so by the public sector practitioner perspective. The academic and local governance perspective place a strong emphasis on the need for education,

accessible information and incentives to increase public participation, while other perspectives converge on the view that emerging energy solutions, such as micro generation could provide innovative methods to increase public participation, and, indeed, this is where incentives have been proposed. Further, additional strategies have been suggested that have emerged through observing the successes and failures of other attempts to enrol public participation, for example, that the public should be consulted on a more 'what if' basis, and the language being directed at them as to how they are directly affected (local governance perspective) or the use of event based participation, such as citizen's juries (academic and legal perspectives).

\*\*\*

### ***Correspondence Address***

c/o Raphael Heffron, Stirling Law School, University of Stirling, Stirling FK9 4LA, United Kingdom  
[raphael.heffron@stir.ac.uk]

## REFERENCES

- Aguilar Fernandez, S. J. (2001). Is Spanish Environmental Policy Becoming More Participator. In K. Eder and M. Kousis (eds) *Environmental Politics in Southern Europe: Actors, Institutions and Discourses in Europeanizing Society*. Dordrecht: Kluwer: 255-275.
- Arenstein, S. R. (1969). A Ladder of Citizen Participation. *Journal of American Planning Association*, 35 (4): 216-224.
- BERR (2008). Meeting the Energy Challenge: A White Paper on Nuclear Power, Department for Business Enterprise & Regulatory Reform. London: The Stationary Office.
- Boyle, A. and Chinkin, C. (2007). *The making of International Law*. Oxford: Oxford University Press.
- Chipman, H., Kendall, P., Slater, M., and Auld, G. (1996). Audience responses to a risk communication message in 4 media formats. *Journal of Nutritional Education*, 28 (3): 133-139.
- Climate Change Act (2008). Chapter 27. London: The Stationary Office.
- CO (2002). *The Energy Review*, Cabinet Office Performance and Innovation Unit. London: The Stationary Office.
- Davies, R. (1984). The Sizewell B Nuclear Inquiry: An Analysis of Public Participation in Decision-making about Nuclear Power. *Science, Technology, & Human Values*, 9 (3): 21-32.
- DECC (2011). Planning our electric future: a White paper for secure, affordable and low-carbon electricity, Department of Energy and Climate Change, London: The Stationary Office.
- DECC (2007). *Energy White Paper on Energy 2007. Meeting the Energy Challenge*, Department of Energy and Climate Change. London: The Stationary Office.
- DTI (2003). *Energy White Paper: Our Energy Future—Creating a Low Carbon Economy*. Department of Trade and Industry. London: The Stationary Office.
- DTI (2006). *The Energy Challenge: Energy Review Report 2006*. Department of Trade and Industry. London: The Stationary Office.
- Energy Act (2008). Chapter 32. London: The Stationary Office.
- Frewer, L. J. and Shepard, R. (1998). Consumer perceptions of modern food biotechnology. In S. Roller and S. Harlander (eds), *Genetic engineering for the food industry: A strategy for food quality improvement*. New York: Blackie Academic: 27-46.
- Frewer, L. J., Howard, C., Hedderley, D. and Shepard R. (1996). What determines trust in information about food related risks: Underlying psychological constructs?. *Risk Analysis*, 16 (4): 473-486.
- Golding, D., Krinsky, S. and Plough, A. (1992). Evaluating Risk Communication: Narrative vs technical presentations of information about radon. *Risk Analysis* 12 (1): 27-35.
- Harlow, C. (2002). Proceduralism in English Administrative Law. In K.H. Ladeur (ed), *The Europeanisation of Administrative Law*. Aldershot: Ashgate: 46-67.
- Hawke, N. (2002). *Environmental Policy: implementation and enforcement*. Aldershot: Ashgate.
- Kraft, M. E. (1996). *Environmental Policy and Politics: Towards the Twenty First Century*. New York: Harper Collins.
- Laird, F. N. (1993). Participatory Analysis, Democracy, and Technological Decision Making. *Science, Technology, & Human Values*, 18 (3): 341-361.
- Pidgeon, N. F., Lorenzoni, I. and Poortinga, W. (2008). Climate change or nuclear power – No thanks! A quantitative study of public perceptions and risk framing in Britain. *Global Environmental Change* 18 (1): 69–85.
- Planning Act (2008). Chapter 29. London: The Stationary Office.
- Reiner, D. M. (2006). EPRG Public Opinion Survey on Energy Security: Policy Preferences and Personal Behaviour. WP 0706, Electricity Policy Research Group. Cambridge: University of Cambridge.



Rowe, G. and Frewer L. J. (2000). Public Participation Methods: A Framework for Evaluation. *Science, Technology, and Human Values*, 25 (1): 1-39.

Simth, L. G. (1983). *Impact Assessment and Sustainable Resource Management*. Harlow: Prentice Hall.

Tweena, M. (2006). Nuclear Energy: Rise, Fall & Resurrection. WP 2006:01, Cicero Working Paper Series. Oslo: Center for International Climate and Environmental Research.

Wynne, B. (1982). *Rationality and Ritual: The Windscale Inquiry and Nuclear Decisions in Britain*. Chalfont St. Giles: British Society for the History of Science.

# Journal of Contemporary European Research

Volume 10, Issue 2 (2014)

## Do All Roads Lead to the Same Europe? Reconsidering the Pro-/Anti-Integration Yardstick to Measure National Party Positions towards the European Union: The Case of Belgium

**Clément Jadot** *Université Libre de Bruxelles*

### ***Citation***

Jadot, C. (2014). 'Do All Roads Lead to the Same Europe? Reconsidering the Pro-/Anti-Integration Yardstick to Measure National Party Positions towards the European Union: The Case of Belgium', *Journal of Contemporary European Research*. 10 (2), pp. 248-265.

First published at: [www.jcer.net](http://www.jcer.net)

## Abstract

Mapping national political party attitudes towards the EU is crucial in explaining the current state of the EU and is key to understanding political alliances on European affairs. Although important, literature on the topic remains constrained by the idea that positions on European integration can be located on a single 'pro-/anti-axis'. The aim of this paper is to demonstrate why one-dimensional typologies lead to cumbersome and misleading evaluations of party positions. Based on Easton's theory of political support, the research undertaken hypothesises that such classifications are unable to solve the problem of divergent orientations from one sector to another. Taking Belgium as an example, I explain why Belgian political parties, generally labelled as unanimously 'pro-integration', can be considered as divided regarding the EU. The research is primarily based on qualitative analysis of 2009 European manifestos and interviews with party elites conducted from May to July 2010.

## Keywords

European integration; Political parties; Belgium; Measurement

---

Scholars generally agree that Europe has never become a structurally divisive issue for national political landscapes, and hence does not represent a political cleavage in a Rokkanian sense (Harmsen 2005; Mair 2000; Marks and Wilson 2000). However, Europe is today daily business for political parties and the millions of citizens they represent. Despite their natural inertia towards direct influence from the EU (Ladrech 2010; Carter, Luther & Poguntke 2007), parties live in an increasingly Europeanised world and adapt to it. And whenever Europe knocks more forcefully at the door (i.e. when it is time to carry out a referendum, to ratify a referendum, vote on a budget or modify constitutional settlements) parties, as vehicles of legitimacy, are expected to take a position, at least implicitly. To that extent, mapping national political party attitudes towards the EU is crucial in explaining the current state of the EU and is key to understanding political alliances on European affairs.

For some time, the question has been addressed by dividing parties into proponents and opponents of Europe. However, the multiplication of unexpected reactions during referendum campaigns or, more recently, to the ongoing crisis, has demonstrated the need to go beyond and to understand the multiplicity of projects for Europe. Over the past few decades, comparative research has shed new light on the limits of international theories in understanding the variety of positions towards the EU. Studies on voting patterns inside the European Parliament (Hix, Nourry & Roland 2007) and on parties' attitudes towards Europe at the national level (Hix and Lord 1997; Gaffney 1996) have highlighted the way in which supranational and subnational divisions between parties have progressively gained the upper hand in conflicts between member states as keys to understanding the state of the Union. This new direction within the research subsequently led to new classificatory tools, aimed at organising the plurality of party attitudes regarding European integration (Steenbergen and Marks 2004). In addition to the general acceptance that conflicts occur on the question of how much national sovereignty should be shared at the EU level, scholars increasingly asserted that parties are also divided on European issues along a left/right axis. But as long as a typology is based on the axiom that such a thing as a single 'pro-/anti-integration' scale exists, it remains restricted in its ability to interpret the complexity of a party's relation to the EU. Without defining any standard, only an abstract 'quantity' of a given Europe is evaluated. Positions are taken as 'black boxes', shuffled and then compared on the same scale without paying attention to their nature. For this reason, current typologies must be reviewed.

By questioning how to map political party attitudes towards the EU, this article demonstrates that the European reality involves a plurality of discourses that cannot be merged without causing a major loss of meaning. In the present research, I hypothesise that this situation could be solved by referring to the concept of political support as theorised by David Easton (1975). By introducing different objects of support, i.e. political community, political regime, and public policies implemented by political authorities, Easton helps us to think outside the one-dimensional box, and leave room to conceptualise the plurality of 'Europes' desired by parties. In times of crisis, such a classification also has the advantage of differentiating and clarifying the different criticisms addressed to the EU by political elites.

The present contribution is organised as follows. First, it critically reviews how conflicts on European issues have been theorised, and what the resulting limitations are. Second, an original typology is established in order to include a multidimensional classification of political parties towards the EU. Third, the typology is finally tested on the Belgian party system, generally labelled as unanimously 'pro-integration'. Data collected come mainly from 2009 European manifestos, and interviews with party elites conducted from May to July 2010.

## THEORISING CONFLICTS ON EUROPEAN INTEGRATION

At first, the European integration process was presented as an apolitical project, relying on a functional legitimacy determined a posteriori by the degree of perceived benefits enjoyed by European citizens (Haas 1958). In the 1950s, research agendas were indeed driven by theories of international relations where ideological subnational oppositions are regarded as irrelevant (Saurugger 2004: p. 166). The two dominant paradigms in the field, Neofunctionalism and Intergovernmentalism, put the emphasis on institutions and states as key players in the integration process, but parties were largely marginalised at both the subnational and the supranational levels (Hix and Lord 1997: p. 202). According to these approaches, European issues are only discussed by supranational elites or governments, which tend to promote national interests or European institutions respectively. Divisions occur at the level between rather than within states and because any move forward in the integration process requires an agreement between all member states, the EU has often been evaluated as a fundamentally consensual project (Marks and Steenbergen 2002: p. 881). In such a scenario, attitudes towards the EU are thus summarised on a single continuum, going from the defence of national sovereignty to support for more supranational cooperation.

Two structural changes in the integration process have, however, challenged this original conception. First, the emergence of the European Parliament as an essential player, the 'parliamentarisation' of the EU (Costa and Brack 2011: p. 44), significantly modified the rules of the game. Since 1979, the direct and proportionally representative elections of the European Parliament have allowed small parties to gain representation at the EU level. In addition, the continuous strengthening of the EP's powers contributes to balancing the EU decision-making process dominated by the national governments, hence opening new windows of opportunity for the expression of divergences. Second, the nature of the debate and the highly symbolic competences transferred to the EU led to an increasing dynamic of politicisation of the Union (Hooghe and Marks 1999: p. 78). With the successive ratifications of the Single European Act and the Treaty of Maastricht, new issues in both economic and political areas started to emerge. In the 1990s, the increasing pressure of popular movements in opposition to Europe put an end to the thesis of a permissive consensus, where elites and citizens of the same country agree on how to conduct the integration process (Lindberg & Scheingold 1970). If it is increasingly argued that opposition to the EU did not arise at that time (Guieu 2009), it is widely assumed that divergent opinions benefited from the new context in order to break through. Organising referenda on European treaty ratification also contributed to give a symbolic face to opposition forces in the European debate. Taken together, the processes of parliamentarisation and politicisation gainsaid the theoretical representations of conflicts in European integration inherited from international relations. Among scholars, Comparativists were at the forefront. In contrast with what had

been done before, they started to pay attention to positions on Europe within member states. Furthermore, they intended to do it on the basis of the usual tool of political attitudes classification.

Along with the model of international relations, three new models appeared, aimed at understanding European conflicts (Marks and Steenbergen 2002). The first model was developed by Simon Hix and Christopher Lord (1997), who found the international relations model insufficiently inclusive. For both scholars, political parties are not only divided on the question of how much integration should be achieved, but also compete for Europe from an ideological perspective. Hence, party positions towards the EU are defined by the attitude they adopt on both a pro-/anti-EU and left/right axis. According to Hix and Lord, the positions taken on each axis are independent from each other; that is to say that positions on the left/right scale do not influence positions regarding the desired degree of sovereignty that should be transferred to the EU, and vice versa. Tsebelis and Garrett (2000), who have studied the EU legislative process, have developed a second model. Following this model, the level of sovereignty which delegation parties are likely to accept depends on their left/right profile, not on national considerations. In such a case, debates on Europe take place in a more encompassing environment, and are subsumed along a left/right axis. As in the model of international relations, the model developed by Tsebelis and Garrett conceptualises the European political space as a one-dimensional spectrum. But in opposition to the former, the latter considers that left/right positions are dominant (Marks and Steenbergen 2002: p. 886).

Finally, a third model proposed by Hooghe and Marks (1999: p. 76) suggests a synthesis of the Hix–Lord and Tsebelis–Garrett models. Like Hix and Lord, Hooghe and Marks identify two dimensions underlying the European political space. On the one hand, parties conflict on a left/right scale according to ideology; on the other hand, they oppose each other on a European axis, going from defence of national independence to support of further integration. Unlike Hix and Lord however, Hooghe and Marks argue that a correlation exists between the two. But because the correlation is not perfect, the two axes cannot be merged, as suggested by Tsebelis and Garrett (Steenbergen and Marks 2004: p. 9). The theoretical relationship goes as follows: if the European debate is about market regulation, left-orientated parties will tend to support further integration, whereas right-orientated parties are likely to support it if regulation turns out to be about market liberalisation. Depending on the European agenda, party positions are likely to change. For Hooghe and Marks, the achievement of Economic and Monetary Union corresponds to a shift in support for further integration from right wing to left wing parties.

Whatever the model, focusing on European attitudes within member states helps to identify sources of tension otherwise hidden by the international relations model. It also allows us to go beyond the notion of a permissive consensus and to conceptualise relations towards the EU in a different way. But if the above models complete and critically review the international relations model, they are not themselves exempt from criticisms. First, the basic possibility of expressing constructive criticism is not allowed in the reviewed models. Contesting the path undertaken by European expansion is necessarily regarded as a plea for ‘less integration’. Criticising the EU in the name of ‘more’ or ‘another’ Europe is, however, different from campaigning for renationalisation. Conversely, it could be misleading that a party favouring the status quo, i.e. expressing support for the current trajectory of the issue, obtains a high score on a less/more integration scale. Without paying more attention to the nature of the message delivered by parties, and without defining any standard, the evaluation of the desired ‘quantity’ of Europe is doomed to remain elusive. Second, these models all suggest that parties have one single position regarding European integration or that all their positions can be reduced to a single one, by calculating the mean one for instance. Over-reliance on mean calculation is problematic however, as it groups antagonists’ positions together, making it difficult to distinguish one from another.

Research on Euroscepticism has recently tried to overcome these difficulties. By showing that opposition to Europe, even radicalised, does not necessarily lead to rejection of the integration process, scholars have increasingly challenged binary representations of European positions. For a while, however, publications on Euroscepticism did not make such a distinction, and have even corroborated one-dimensional classifications.

## EUROSCEPTICISM: FROM HERESY TO NORMALITY

Inherited from the British press, the concept of Euroscepticism has gained acceptance within the scientific literature through the work of Paul Taggart, who defined it as '[a] contingent or qualified opposition, as well as incorporating outright and unqualified opposition to the process of European integration' (Taggart 1998: p. 366). In his founding contribution, the author even then underlined that support and opposition are not all of a piece; that attitudes regarding Europe as a political project may differ from attitudes towards the European Union as it exists. But despite this introductory remark, Taggart's definition regards political parties opposed to European integration as belonging to a single category, ordered linearly according to the level of hostility towards the EU. Since then, several authors have followed in Taggart's footsteps and developed new typologies with the objective of specifying and splitting the all-encompassing category of Eurosceptic parties. Among the typologies that emerged, the distinction made by Taggart and Szczerbiak between 'hard' and 'soft' Euroscepticism – outright rejection vs. contingent or qualified opposition – is now used as a benchmark (Taggart and Szczerbiak 2001). In this first wave of research, the will to define and classify the different kinds of opposition to Europe was largely dominant, as well as the idea of a strategy-driven Euroscepticism. Little effort was made, however, to understand the message delivered by Eurosceptic parties. As for models of conflict on Europe, positions towards the EU remain conceptualised as general attitudes ranging from rejection of the core ideas of integration to wholehearted agreement. And even if some nuances are admitted, support and opposition are presented as mutually exclusive.

Emphasising ideology rather than strategic calculations, another approach to Euroscepticism has nonetheless developed at the margins. Instead of evaluating to what extent national conflicts are transposed into European issues, it asks if it is possible to identify different European doctrines behind the plurality of (op)positions to Europe. That is to say, to open the 'European black box' by breaking EU attitudes down. This approach originates in the work of Kopecký and Mudde, who criticised Taggart and Szczerbiak's distinction between 'hard' and 'soft' Euroscepticism for being too encompassing (Kopecký and Mudde 2002). The main issue they addressed concerns the need to make a distinction between the core ideas of integration on the one hand, and the European Union as it currently exists on the other hand. Referring to David Easton's theory of political support, Kopecký and Mudde argue that the two cannot be merged because they correspond to rather independent kinds of support, diffuse and specific support respectively.

Over the last decade, the events that have affected the integration process, the 2005 French and Dutch 'No' votes on the EU constitution, the Irish rejection of the Lisbon Treaty, and more recently the Eurozone crisis, have confirmed the breach opened up by Kopecký and Mudde. For an increasing number of scholars, the automatic association of strong criticism of the EU with rejection of European integration is no longer acceptable: in comparison to the 1990s, criticisms that have arisen in the 2000s are more specific, and do not call into question European integration in itself. Focusing on concepts, Crespy and Verschuere have criticised the notion of Euroscepticism as being outdated for three reasons (Crespy and Verschuere 2009: p. 381). First, the conceptual tools used suffer from a lack of precision as they do not define clear criteria for classification. Second, the concept of Euroscepticism is historically rooted, and suffers from a radical overtone that fits badly with current forms of protest. Third, the concept is negatively connoted, and is used in political competition to disqualify opponents. According to Crespy and Verschuere, it is thus necessary to get rid of the notion of Euroscepticism in favour of 'resistances to Europe' defined as 'an individual or collective hostility, latent or manifest, towards one (or several) aspect(s) of European integration and perceived as a threat'<sup>1</sup> (Crespy and Verschuere 2009: p. 383). Referring to the plurality of 'resistances' also allows for the variety of actors and reasons to oppose Europe to be taken into account.

Following on from the tendency towards more detailed analyses of Euroscepticism, a whole new wave of research has since emerged in which three different, although not mutually exclusive, dynamics can be highlighted. The first research objective consists of pursuing the pioneering attempts to classify parties' positions towards European integration. Contrary to their predecessors, these scholars concentrate on

specific positions rather than encompassing labels (Vázquez García, Delgado Fernandez & Jerez Mir 2010) and tend to elaborate conceptual tools for detailed understanding of European positioning, such as in-depth typologies that break with the catch-all nature of Euroscepticism (Vasilopolou 2009; Flood & Usherwood 2007). Behind their works generally lies the assumption that European positions can be accurately operationalised, conversely to what had been previously argued (Flood 2009: 915). Second, efforts are also invested into developing innovative methodologies in order to study positions. Even if largely accepted (Marks et al. 2007), the established methodologies, i.e. manifesto coding, opinion, expert and elite surveys, are resource-intensive and often involve relying on existing databases, somehow inappropriate for the research goals assigned. If sources do not necessarily change (Vasilopolou 2009; Kritzinger, Cavatorta & Chari 2003), new materials such as political discourses are increasingly exploited (Hubé & Rambour 2010; Treschel & Mair 2009; Flood & Usherwood 2007). Furthermore, concerns about analysing positions on specific issues tend to balance the previous quantitative angle of approach and encourage further qualitative research (Flood & Usherwood 2007). Lastly, parties' European positions are increasingly put into perspective and connected with those of other actors, such as civil society organisations, in order to study how ideas spread between them (Fitzgibbon 2013; Ivaldi 2006).

Without casting doubt on the existence of anti-systemic forces at the EU level, this 'second generation' literature works to broaden the recognition of the right to express democratic criticisms towards the EU. By the critical review it offers, latest research demonstrates that Europe, as any political system, is not exempt from criticism; criticism which has always existed. Often focused on the opposing side, this literature suggests, however, that strong boundaries exist between opponents and proponents, at least implicitly. Paradoxically, it supports the stigmatisation that it aims to eliminate. Furthermore, the excessive attention paid to opposition to Europe reduces support to a narrow group of wholehearted supporters. Taking into account that European integration is constantly evolving, this is even truer, as total satisfaction appears to be a theoretical position only. Taking into account the plurality of Europe(s) wished for by political parties implies the breaking up of one-dimensional typologies of European positioning. It also requires considering simultaneously the full range of attitudes towards the EU. As stressed by Conti:

party-based pro-Europeanism in one dimension of the integration process does not always overlap with Europhilia in other dimensions. If Europhilia really exists in some of these countries, this attitude is probably broad rather than specific, while it is mutable within and across the different dimensions of the EU process (Conti 2010: p. 136).

## OPENING THE EUROPEAN BLACK BOX: ONE, TWO OR MANY DIMENSIONS?

In his pioneering study on political support, David Easton demonstrated the necessity of distinguishing between specific and diffuse support (Easton 1975). Specific support, mainly characterised by its short-term nature, depends largely on perceived performances of political authorities and institutions (Easton 1975: p. 439). The better they are evaluated, the higher the level of specific support. To put it simply, the underlying logic works as follows: 'I support the regime because I think the Government is implementing effective public policies'. Conversely, specific support tends to disappear when the actions implemented by the government stop being evaluated positively. Diffuse support, by contrast, does not account for what authorities do, but for what they are. Because of its high level of inertia, this form of support is evaluated by the author as more sustainable. Diffuse support is made up of two dimensions (Easton 1975: p. 447). First, it can come from confidence in the goals, the rules, and the structures of a regime. A regime is positively evaluated if its current configuration is regarded as the most likely to generate positive outcomes – 'I support this regime because I trust in its goals and how it is organised to produce results that fit with my expectations'. Second, it can come from the legitimacy lent to the regime in regard to its founding principles – 'I support this regime because I am convinced that it acts in accordance with values I am defending'. According to Easton, specific and diffuse support evolves independently in the short and middle

term; that is why criticising the Government does not automatically lead to a criticism of the regime as a whole, and vice-versa.

The distinction made between specific and diffuse support can be read in two different ways. On the one hand, it is possible to look at how support is expressed, the mode of support, if attention is being paid to the reasons for support: efficiency of public policies implemented, confidence in the regime organisation, or legitimacy of its founding principles. On the other hand, it is possible to study the orientation of support, the object of support, if attention is being paid to targets of support: public policies, political regime or political community. 'Modes' and 'objects', despite being related to each other, involve different kinds of research. Working on modes involves questioning what motivates positions, their origins. For instance, defining whether the position of a political party is structural or strategic raises the question of why it is acting that way. Working on objects requires determining where the support goes, whatever the underlying reasons.

The popularity of Easton's approach in understanding and explaining EU political support comes from its potential to be applied to any form of political system and stresses the growing trend to refuse to look at the EU as a monolithic reality (Boomgaarden et al., 2011; Fuchs, Roger, & Magni-Berton 2009; Norris 1999; Niedermayer and Westle 1995). But despite a growing echo in the literature, especially in research on public support for the EU, the use of Easton's approach is embryonic regarding studies on national party positions towards the EU. And although Kopecký and Mudde (2002) referred to it as the basis of their typology, the way they interpret the Eastonian distinction between specific and diffuse support is rather controversial as they include support for the institutional architecture of the EU as corresponding to specific support (Fuchs, Roger & Magni-Berton 2009: p. 22). Easton's distinction nevertheless remains useful for establishing a typology of positions towards Europe, as long as it is transposed properly. At this point, two remarks have to be made.

First, a consensus is emerging around the idea that positions towards the EU must be regarded as multidimensional. The distinction between agreement with the EU in principle on the one hand and with the EU's current or future trajectory on the other hand is now broadly accepted (Szczerbiak & Taggart 2008: p. 241) and even those who assume the existence of a single European political dimension do not flatly deny the possibility of going further. According to Ray,

if the underlying differences of opinion do not reflect a disagreement on the quantity of 'Europe', but rather qualitative disputes over the 'nature' of Europe, then there is no guarantee that a single political dimension is sufficient to describe the politics of European integration without unacceptable levels of distortion (2007: p.13).

So far, however, there has been no agreement on the number of dimensions needed. Focusing on objects of support, it has been noted that Easton makes a distinction between three dimensions: positions towards the community underlying the project of European integration; positions towards goals and institutions establishing the political regime of the EU; and positions towards public policies as implemented by authorities. Instead of separating general ideas about Europe from the current form of integration as Kopecký and Mudde (2002) did, I argue it is preferable for clarity to respect the three dimensions of support already identified by Easton.

Second, referring to the general concept of political support instead of using the notions of 'opposition to' and 'defence of' the EU has the advantage of avoiding an a priori separation between opponents and proponents of the EU. As noted by Easton, 'we can describe support as an attitude by which a person orients himself to an object either favorably or unfavorably, positively or negatively' (Easton 1975: p. 436). Speaking of degrees of support enables us to avoid making normative judgments. Referring to political support implies, however, a minimum and a maximum, respectively an absence of support and unconditional support. As already pointed out, such a configuration means that every position diverging from the current state of the EU must be mapped as somewhere between the minimum and the maximum.



Case study research shows nonetheless that divergences do not necessarily imply denial of Europe but can also come from the desire to deepen the EU (Delwit et al. 2005). To identify clearly these differences, I suggest introducing three theoretical levels of intensity on each dimension, to describe political support for a specific object. First, parties can decide to adopt an *alternative position* if they estimate that what exists is unsatisfactory and want to change it. An alternative position does not necessarily mean an attitude of withdrawal, even if it is an option, but support for far-reaching reforms of what has been done over the past fifty years. Second, parties can adopt a *position of consent*, namely supporting the status quo. Those parties neither want to call into question what is done, nor to go beyond it, and if they suggest changing some aspects of the EU, because they disagree with them or want to go further, their wish is only to implement limited modifications. Third, political parties can also choose to adopt a *deepening position* when they agree with what has been done but consider it unfinished. Such parties thus want to go beyond what is currently implemented.

As established, this typology allows 27 tripartite combinations; that is not to say that each possible combination produces an attitude which truly exists in the current political sphere: at this stage, combinations need to be tested empirically. However, even before this point, it is already possible to give a first definition of what is understood by political support for European integration. Political support towards the EU results from the combination of judgments, positive or negative, adopted by actors regarding the political community underlying the EU, the political regime that institutionalises it, and public policies implemented at the EU level. For each of these dimensions, parties can adopt alternative positions, positions of consent, or deepening positions, either in a manifest or in a latent way.

### **‘EUROPHILIA’ IN BELGIUM...**

Although Belgium was rather nuanced in the early stages of European construction, the country quickly became a front-runner in the integration process. After early divisions on the European Coal and Steel Community, and on the appropriateness of the European Defence Community, a broad consensus emerged on the need to support a federalist approach to European integration (Dardenne 1999). Not exempt from strategic considerations, this commitment, implemented by Paul Henri Spaak, is basically a pragmatic one. Belgium is a small country without any pretensions at the international level, orientated towards an Atlantic strategy of defence after the failure of neutrality during the Second World War. It is also a country where the sense of national belonging is weak. In addition, landlocked between France and Germany, the open economy of Belgium benefits from common rules. Because Europe allows for security and prosperity in Belgium, the integration project is thus naturally seen as a ‘good thing’ for the country.

As repeatedly shown by Eurobarometer surveys, the consensus on the ‘appropriateness’ of Europe is shared by most Belgians, and the share of the population rejecting membership has always remained low, with a mean score of around 12 per cent for the last two decades. So far, the percentage of Belgians considering membership as a ‘good thing’ has almost always been above the EU mean; the only exceptions occurred between 1996 and 1999, when Belgium was facing an important internal crisis. Looking at votes for treaty ratification in both the House of Representatives and Senate, political parties also show a strong commitment to the EU (see Table 1). The ‘worst’ scenario was indeed a majority of 75 per cent of Members of Parliament in favour of the European Defence Community. In the 1950s, opposition came from the Communists, parts of the Socialists and, to a lesser extent, the Christian Democrats. In the 1990s, opposition arose largely from newcomers, respectively the far-right and the Greens. Reasons to oppose Europe were, however, strongly antagonistic, given that the former refused to share more national sovereignty while the latter wanted to go further (Deschouwer and Van Asche 2002: p. 6). Since 2001, Green parties have ratified both the Nice and Lisbon Treaties, isolating opposition to the right end of the political landscape.

Table 1: Ratification vote results on European treaties in the House of Representatives and the Senate

	House of Representatives			Senate		
	+	-	Abs.	+	-	Abs.
ECSC	165	13	13	102	4	58
EDC	148	49	3	125	49	3
Common Market/Euratom	179	4	2	134	2	2
Single European Act	180	0	0	148	0	0
Treaty of Maastricht	146	33	3	115	26	1
Treaty of Amsterdam	105	23	0	49	13	0
Treaty of Nice	106	24	7	46	11	2
Treaty of Lisbon	116	18	7	48	8	1

### ... AND WHAT IS TO BE LEARNED FROM ONE-DIMENSIONAL APPROACHES

Along with conceptual models developed by Comparativists in the 1990s, different studies, involving different methodologies, arose to measure party positions towards the EU (Marks et al. 2007). But in spite of the diversity of data collected, most referenced contributions stick to the one-dimensional assumption previously underlined, hence suffering the same criticisms. This is the case for instance in studies using manifestos as coded by the *Comparative Manifesto Project* (Marks et al. 2007), *Chapel Hill* expert surveys (Hooghe et al. 2010; Steenbergen and Marks 2007), *European Elections Studies'* opinion surveys (European Election Studies 1979-2014), or Katz and Wessels' elite surveys (1999).

Applied to the Belgian case, all corroborate empirically the hypothesis of a political consensus on Europe. In this respect, the results obtained on the basis of the *Comparative Manifesto Project* database are particularly illustrative. As shown in Table 2, all the Belgian parties coded by the CMP fall more or less in the same box (>0.75), and thus can be evaluated as endorsing the same degree of European integration.

Table 2: Evaluation of Belgian party<sup>2</sup> positions on Europe based on the Comparative Manifesto Project database (Volkens et al. 2011)

Party	2003	2007	2010
PS	1	0.94	0.96
cdH	1	1	1
MR	1	1	0.99
ECOLO	1	0.98	0.81
Sp.a	0.76	/	/
CD&V	1	/	/
Open VLD	1	/	/
Groen!	0.98	/	/
LDD	/	/	/
VB	1	/	/
N-VA	0.86	/	/
Mean	0.96	0.98	0.94

Note: Calculations are made as follows:  $PER\ 108 / (PER108 + PER110)$ , where PER108 equals the number of quasi-sentences including favourable mentions of the EU and where PER110 equals quasi-sentences including hostile mentions of the European Union (for further information, see Volkens et al. 2011).

Taking into account that six parties out of the eleven mentioned in Table 2 already pointed out disagreements with the EU in the title of their 2009 European manifesto, the calculations presented above seem to be rather misleading. Of course, the CMP coding has already been criticised for its dual conception of the European reality (Marks and al. 2007), and since the mid-2000s the number of categories to classify EU positions in comparative studies has fortunately increased (Wüst and Volkens 2003). Nonetheless, the latest research projects either avoid gathering positions, and thus miss the point of classification, or continue to reduce EU party positions to a mean point on a pro/anti-EU axis, used as a yardstick for comparison. Hence, in both cases, they do not deal with the issue of positive orientations in one political sector, and negative in another.

## APPLYING EASTON TO BELGIUM: A THREE-DIMENSIONAL TYPOLOGY OF THE RELATION TO THE EU

As previously noted, the multidimensional approach of political support theorised by Easton allows us to solve the problem of diverging orientations. Respectively based on Easton's distinction between support for the political community, the political regime, and public policies of the EU, I suggest three indicators to evaluate Belgian parties' positions towards the EU. The major guidelines concerning the choice of variables used to build these indicators are developed below.

- 'Indicator of political openness': this aims to calculate parties' attitudes towards the EU political community on the basis of their positions on what should be the fundamental values underlying the European integration process, as well as who parties want at their side to achieve it. Regarding the question of values, parties are differentiated between those who tend to support a closed approach to what European identity is, and those who support an open approach. That is to say, those who maintain that an a priori European identity exists, defined by cultural criteria such as history, geography, religion, etc.; and those who defend an approach accepting political, but no cultural criteria. Positions taken by parties on past and future enlargements are also measured, as it helps to evaluate to what extent parties actually conform to the kind of European identity they highlight. In this respect, the case of Turkey is particularly revealing.
- 'Indicator of supranational propensity': this measures the relation of parties to the political system of the EU by evaluating the degree of freedom of action they are likely to grant to EU institutions. This indicator is calculated through collecting party positions on the possibility of extending qualified majority voting to all EU competences, of ratifying European treaties by national referenda, or of increasing the EU budget. Furthermore, party positions on the good of direct election of the President of the Commission by the EU citizens, and on the introduction of the right for the EP to initiate legislative directives are also calculated.
- 'Indicator of governance': this focuses on attitudes towards public policy choices taken at the EU level. Based on party positions towards major EU policy, adopted, aborted or intensively discussed, the objective of the governance indicator is to evaluate whether a party is likely to support a deepening of the orientation chosen by EU authorities in different domains, or to oppose it.

Data gathering was organised in two rounds, and the eleven parties included in the study were chosen in accordance with the CMP list for Belgium. First, available positions in 2009 European manifestos were collected to evaluate party positions. Methodologically speaking, manifestos are often acknowledged to be a valuable source of data for the study of parties' positions. Although increasingly challenged in large-N analysis because of potential bias introduced by human coders and the amount of resources required (Kritzinger, Cavatorta & Chari 2004), a manifesto approach remains the most appropriate method of conducting qualitative research aimed at examining a limited number of cases in a detailed manner (Vasilopoulou 2009; Flood and Usherwood 2007). Competing sources of data, first and foremost the expert

survey methodology, are also subject to criticism due to their conceptual leaps and the variability of the knowledge of the experts consulted (Mudde 2012). Several case studies have, moreover, demonstrated that a cautious reading of manifestos helps to highlight ideological variations where quantitative databases only offer impressionistic insights. It is particularly true in countries where Europe is broadly accepted (Vazquez Garcia, Delgado Fernandez & Jerez Mir 2010; Delwit et al. 2005). With an average of around 33 pages, European manifestos represent in the Belgian case a valuable and accessible source of data. According to the objective of this article, they are nonetheless unsatisfactory for at least two reasons. First, they do not guarantee a position for every selected variable; second, there are huge differences between them. This is why data collected from European manifestos were combined with interviews conducted with party elites, allowed to speak officially with the legitimacy of the party, as well as with statements collected from debates leading to the passing of a law on European treaty ratification within federal Parliament. Such a method of positioning political parties within the European Union based on mixed data may be regarded as unstructured because of the heterogeneity of the sources gathered, but it has already been implemented on a large scale by the *EU profiler* team, where it has proven its reliability (Trechsel and Mair 2009). Whenever positions diverging from their European manifestos were collected, the final word was given to the European manifestos, due to the official status of the document. In such a case, the party elite's position is nonetheless taken into account as a potential source of nuances.

For each of the 15 selected variables, parties' positions are coded between -1 and 1, according to the degree of agreement with a pre-defined statement (see Table 3). When a party explicitly takes positions in accordance with the suggested statement, and without adding nuances of any kind, the party score is evaluated as 1. The score is decreased to 0.5 when the party supports the affirmation, but feels the need to nuance it. When the position of a party is ambiguous, or when the nuances added are strong enough to change the meaning of the statement, a score of 0 is attributed. Conversely, a party will get a score of -0.5 when, all other things being equal, the party disagrees with the statement, but does not completely exclude it as a possibility. Finally, a score of -1 is attributed to parties in radical opposition to the pre-defined statement. Indicators of political openness, of supranational propensity, and of governance are then calculated to produce a mean score of related variables. For each indicator, a party with a mean score tending to -1 will be considered as defending an alternative position, and a deepening position if tending to 1. In between, the party is considered as defending a position of consent.

## BEYOND CONSENSUS? BELGIAN PARTIES AND THE EU

Two main findings can be learned from Table 3. First, data collected largely confirm the receptive nature of Belgium to the EU. Alternative positioning is indeed an exception which concerns only *Lijst Dedecker* (LDD) and *Vlaams Belang* (VB), two parties at the margin of the Belgian political landscape. And even in these two cases, what we find is far from a rejection of any form of European integration. Defining itself as 'Eurorealist', LDD acknowledges that European integration constitutes historical progress, but considers that it has reached its limits. To avoid a systemic paralysis, the EU should put an end to enlargement, small exceptions being nonetheless allowed, and should work as a confederation, focused on a limited number of competences. Regarding public policies implemented at the EU level, the party is, however, the one that appears most in accordance with the European trajectory. To a certain extent, such a paradoxical position is reminiscent of the 'Europragmatists' described by Kopecký and Mudde in their typology and for whom pragmatic considerations take the lead over ideological opinions (Kopecký and Mudde 2002: p. 303). Defending a more restrictive approach, the VB supports a Union built as an intergovernmental cooperation agreement between member states, culturally and ethnically defined a priori. Unlike LDD, the party is far more nuanced regarding governance at the European level. Nonetheless, VB neither supports an alternative stance on the topic, nor is it the most critical of it.

Table 3: Belgian political party positions towards the EU

	PS	cdH	MR	ECOL O	Sp.a	CD& V	Open VLD	Groe n!	LDD	VB	N-VA	Mea n
Identity: Only the Copenhagen criteria should be taken into account when evaluating the membership of a candidate country	0.5	0.5	1.0	0.5	1.0	0.0	1.0	1.0	-0.5	-1.0	0.0	0.36
Enlargement: Turkey should join the EU	0.5	0.5	0.5	0.5	0.5	-0.5	0.5	0.5	-1.0	-1.0	-0.5	0.05
Council: Qualified majority voting should be extended to all the competences of the EU	0.0	0.5	1.0	1.0	1.0	1.0	1.0	1.0	-1.0	-1.0	0.5	0.36
European Parliament: The EP should have the right to initiate directives	0.5	0.5	1.0	1.0	1.0	0.5	1.0	1.0	-0.5	0.5	1.0	0.68
Commission: Citizens should directly elect the president of the Commission	-0.5	-1.0	1.0	1.0	n/a	0.0	0.5	-0.5	0.5	-0.5	1.0	0.15
Referenda: National referenda are unsuitable for treaty ratifications	0.5	0.5	-0.5	-1.0	0.0	0.5	-0.5	-1.0	-1.0	-1.0	-0.5	-0.36
EMU: It is a good thing that price stability is the only primary objective of the ECB	-1.0	-0.5	0.0	-1.0	-1.0	0.5	0.0	-1.0	1.0	0.0	0.0	-0.27
Financial transaction tax: The EU should adopt a European Tobin inspired tax	1.0	0.5	1.0	1.0	1.0	0.5	-0.5	1.0	-1.0	-0.5	0.0	0.36
CAP: It is a good thing that the part of the EU budget dedicated to CAP, although still the dominant part, has decreased over time	0.5	-0.5	0.5	0.5	0.0	-0.5	1.0	0.5	1.0	0.5	0.5	0.36
ESDP: The EU should become a real political and military power	0.5	1.0	1.0	0.5	0.5	1.0	1.0	0.5	1.0	1.0	1.0	0.82
Legal immigration: The European blue card is favourable for developing countries	-1.0	0.5	0.5	-1.0	0.0	0.5	1.0	0.0	1.0	-1.0	1.0	0.14
Illegal immigration: the directive on return of illegal immigrants represents progress in the handling of illegal immigration	-1.0	-0.5	0.5	-1.0	0.0	0.5	1.0	0.5	1.0	1.0	1.0	0.27
Services: It is a pity that the Bolkestein directive has been softened	-1.0	-1.0	0.5	-1.0	-1.0	-0.5	0.5	-1.0	1.0	-0.5	-0.5	-0.41
Indicator of political openness	0.5	0.5	0.75	0.5	0.75	-0.25	0.75	0.75	-0.75	-1.0	-0.25	0.2
Indicator of supranational propensity	0.13	0.13	0.63	0.5	0.67	0.5	0.5	0.38	-0.5	-0.5	0.5	0.27
Indicator of governance	-0.29	-0.07	0.57	-0.29	-0.07	0.29	0.5	0.07	0.7	0.07	0.43	0.12

Second, the data also bring some important nuances to the all-encompassing European enthusiasm often attributed to Belgian parties. If the consensus seems to be rather strong on the nature of the political community, the gap widens regarding the political regime, and no agreement emerges on the way the EU should act. Most parties support an open approach to European identity and exclude any form of cultural requirements, except VB, and the only difference concerns the extent of their openness. *Mouvement réformateur* (MR), *Socialistische partij anders* (Sp.a), *Open Vlaamse Liberalen en Democraten* (Open VLD) and *Groen!* high scores are explained by the absence of reference to the EU's capacity for integration as an additional factor while *Christen-democratisch & Vlaams's* (CD&V), *Nieuw-Vlaamse Alliantie's* (N-VA) and, to a greater extent, LDD's lower scores are justified by the restrictions they add to further enlargement. Beyond the Copenhagen criteria, the three of them strongly emphasise the EU's limited capacity to integrate new members, especially since the 2004 enlargement.

According to the indicator of supranational propensity, all of the parties except LDD and VB accept the broad idea of sharing more at the EU level. The commitment is particularly strong regarding the EP, as all the parties except LDD agree on strengthening its powers. However, regarding the other variables included, divergences are stronger. Indeed, parties appear to be divided between those inclined to support radical reforms for further centralisation of the decision-making process – i.e. Liberals (Open-VLD & MR), Greens (Groen! & Ecolo) and, to a lesser extent, Flemish nationalists (N-VA), who encourage more direct democracy at the EU level – and those who remain rather nuanced about modifying the founding principles of the community method – i.e. Christian Democrats (CD&V & cdH) and Socialists (Sp.a & PS).

Finally, concerning European public policies, the governance indicator shows the most evident fault line. On the one hand, almost all right wing parties adopt a clear deepening position: LDD and both liberal parties agree with choices made at the EU level, do not support reforms that go against the current trend, and even exhibit regrets about some of the aborted proposals made by the Commission; only the N-VA, which supports a similar stance, was unhappy with the original Bolkestein directive establishing a single market for services within the EU because of worries about preserving regional competences. On the other hand, all the left wing parties accept the general trend but express reservations concerning some of the choices made at the EU level. This is particularly true for French-speaking parties and Flemish Socialists, who appear to be the most critical about them. However, even when expressing doubts, the dominant point of view is, indeed, that there is more to be gained through supporting EU choices and trying to change things from inside. Somewhere in-between, the CD&V, Groen! and, curiously, VB, adopt a balanced positioning, although for different reasons.

Not entirely surprisingly, the results mentioned above must be put in perspective to be fairly analysed. It is also important to remember that the importance of parties in the debate is deeply related to their weight in the political system, hence, to remember that all positions are not equal. However, the data presented in Table 3 are encouraging for the purpose of this article as it clearly appears that positions towards the EU are not only a matter of quantity. More precisely, Table 3 helps to identify some key dimensions regarding EU positions in Belgium, either because of their consensual nature in the Belgian political landscape, e.g. ESDP, the role of the European Parliament and the extension of QMV, or because of their conflictual nature, e.g. illegal immigration, organisation of national referenda, positions towards the Bolkestein directive. Following this perspective, the last column of Table 3 gives an interesting overview and helps us to understand present challenges for Belgian parties when discussing European issues. Referring to mass media in recent years, it would be difficult to miss the overwhelming interest in the economic and financial crisis, and how it is increasingly related to European governance. For each member state, Europe itself has featured on the political agenda, and Belgium is no exception. Recent debates in Parliament have certainly shown some renewed tensions between proponents of austerity, supporting the Commission's recommendations, and those who oppose them, led by French-speaking Socialists. But if it is tempting to ask ourselves what has changed with the current crisis, the present findings show that overemphasising such a controversy without looking back on previous debates would be a mistake. First, monetary policy has always been a contentious issue, which makes it likely to emerge when debating European issues.

Second, the debate is nothing new and goes back, at least, to the 1990s (Delwit et al. 2005). Thus far, the greatest impact of the crisis has been to cause Belgian eyes to turn increasingly towards Europe and, in that sense, we can speak of an evolution. However, we cannot speak of a revolution insofar as parties' positions still remain largely unchanged.

## CONCLUSION

The starting point of this paper was to demonstrate the limitations of one-dimensional typologies of EU positions, and to find a way to overcome these difficulties. In this respect, the Easton-inspired typology, developed and applied to Belgian parties, appears to be helpful for at least two reasons. First, it allows us to go beyond one-dimensional classifications and suggests solutions to solve the problem of diverging orientations. Of course, the same objection could be raised regarding the way in which variables are gathered under the three indicators identified. It is my contention, however, that the way in which variables are assembled is more coherent, and does not lead us to compare 'apples and oranges'. Indeed, as shown by Table 3, introducing a distinction between the political community, the political regime, and public policies, instead of focusing on the difference between what the EU is, and what the EU does, makes sense as each object of support gives rise to a separate arena, where confrontation lines take different orientations. Regarding the political community, populist and xenophobic parties at the margins of the system differentiate themselves from the others while, regarding the political regime, the split appears to be between those supporting further direct democracy and institutional innovations on the one hand and those defending more classical solutions on the other. Concerning governance at the EU level, parties appear to conform to the usual left/right division line.

Second, this article opens new perspectives, as it did not intend to classify parties on the basis of how much they support the present Europe. To put it simply, it helps us to answer what Belgian parties want for and from Europe and under what form. Moreover, the objective of evaluating what the constitutive components are of the Europe which parties wish to construct is twofold. On the one hand, it permits going beyond attitudes measured against a distorted standard, where all kinds of contestants are packed together; on the other hand, it deals with EU positions in a more objective way, and avoids the normative distinction between 'pro-' and 'anti-'.

For the purpose of this paper, Belgium appeared to be both the worst and the best case to study. Despite actual divergences between parties, it is important to emphasise that there is no 'European cleavage' as such in Belgium. When the topic is on the agenda, it is only moderately debated, and it is rather common to illustrate the low interest invested in European issues by highlighting how slow Belgium is to transpose EU directives. Thus, at first sight, the topic of EU positions in Belgium is not a very exciting one to study. But if Belgium is interesting, it is precisely because of this low saliency. Evidence from Belgium advocating for the necessity of looking at Europe as a multidimensional reality leads us to believe that the classification initiated in this paper could be easily implemented in other cases, where EU saliency is higher.

\*\*\*

## Acknowledgements

The author would like to thank the editors of the Journal of Contemporary European Research, Maxine David, Carol Broomhall and the two anonymous reviewers for their invaluable comments

### ***Correspondence address***

Centre d'étude de la vie Politique, Université Libre de Bruxelles, Avenue Jeanne 44, 1050 Bruxelles, Belgium  
[clement.jadot@ulb.ac.be]

---

<sup>1</sup> 'Une hostilité individuelle ou collective, latente ou manifeste, envers un (ou plusieurs) aspect(s) de l'intégration européenne perçu(s) comme une menace' (own translation)

<sup>2</sup> PS: Parti socialiste (French-speaking socialist party); cdH: centre démocrate Humaniste (French-speaking Christian democrat party); MR: Mouvement réformateur (French-speaking liberal party); Ecolo: (French-speaking Green party); Sp.a: Socialistische Partij Anders (Flemish socialist party); CD&V: Christen-Democratisch en Vlaams (Flemish Christian democrat party); Open VLD: Open Vlaamse Liberalen en Democraten (Flemish liberal party); Groen!: Flemish Green party; LDD: Lijst Dedeker (Flemish populist party); VB: Vlaams Belang (Flemish Far-right party); N-VA: Nieuw-Vlaamse Alliantie (Flemish Regionalist Party)



## REFERENCES

- Boomgarden, H. G., Schuck, A. R.T., Elenbaas, M., De Vreese, C. H. (2011) 'Mapping EU Attitudes: Conceptual and Empirical Dimensions of Euroscepticism and EU Support', *European Union Politics*, 12 (2): pp. 241-266.
- Carter, E., Luther, K. R., Poguntke, T. (2007), 'European Integration and Internal Party Dynamics' in T. Poguntke, N. Aylott, E. Carter, R. Ladrech, K. R. Luther (eds) *The Europeanization of National Political Parties. Power and Organizational Adaptation*, London: Routledge: pp. 1-25
- Conti, N. (2010) 'Introduction', *Perspectives on European Politics and Society*, 11(2): pp. 133-145.
- Costa, O., Brack, N. (2011) *Le fonctionnement de l'Union européenne*, Bruxelles: Éditions de l'Université de Bruxelles.
- Crespy, A., Verschueren, N. (2009) 'From Euroscepticism to Resistance to European Integration: an Interdisciplinary Perspective', *Perspectives on European Politics and Society*, 10(3): pp. 377-393.
- Dadrenne, E. (1999) 'Entre réalités et idéalismes européens: le compromis belge' in P. Delwit, J-M. De Waele, P. Magnette (eds), *Gouverner la Belgique. Clivages et Compromis dans une société complexe*, Paris: Presses universitaires de France : pp. 275-305.
- Delwit, P., Külahci, E. Hellings, B. Pilet, J-B., van Haute, E. (2005) 'L'eupéanisation de la représentation communautaire: le cas des partis francophones belges', *Politique européenne*, 2 (16): pp. 83-102.
- Deschouwer, K., Van Assche, M. (2002) 'Why is there no Euroscepticism in Belgium?', Paper prepared for presentation at the ECPR Joint Sessions of Workshops – Workshop on 'Opposing Europe: Euroscepticism and political parties', Torino, March 22-27.
- Easton, D. (1975) 'A Re-Assessment of the Concept of Political Support', *British Journal of Political Science*, 5 (4): pp. 435-457.
- European Election Studies (1979-2014). Available at <http://eeshomepage.net/> [accessed 18 February 2014].
- Fitzgibbon, J. (2013) 'Citizens against Europe? Civil Society and Eurosceptic Protest in Ireland, the United Kingdom and Denmark', *Journal of Common Market Studies*, 51(1): pp. 105-121.
- Flood, C. (2009) 'Dimensions of Euroscepticism', *Journal of Common Market Studies*, 47(4): pp. 911-917.
- Flood, C., Usherwood, S. (2007) 'Ideological Factors in Party Alignments on the EU: A Comparison of Three Cases', *Paper presented at EUSA Tenth Biennial International Conference*, Montreal, May 17 – May 19.
- Fuchs, D., Roger, A., Magni-Berton, R. (2009) 'European Cleavage, Euroscepticism and Support of the EU: A Conceptual Discussion' in D. Fuchs, R. Magni-Berton, A. Roger (eds), *Euroscepticism. Images of Europe Among Mass Publics and Political Elites*, Opladen: Barbara Budrich: pp. 9-32.
- Gaffney, J. (ed.) (1996) *Political Parties and the European Union*, London: Routledge.
- Guieu, J-M. (2009) 'Conclusion. Anti-européisme et résistances à l'Europe communautaire, de nouvelles perspectives pour l'histoire de la construction européenne', *Les cahiers de l'IRICE*, 2 (4): pp. 157-162.
- Haas, E. (1958) *The Uniting of Europe: Political, Social and Economic Forces, 1950-1957*, Stanford: Stanford University Press.
- Harmesen, R., (2005) 'L'Europe et les partis politiques nationaux: les leçons d'un "non-clivage', *Revue Internationale de Politique Comparée*, 12(1): pp. 77-94.
- Hix, S. Lord, C. (1997) *Political Parties in the European Union*, New York: St. Martin's Press.
- Hix, S., Noury, A., Roland, G. (2007) *Democratic Politics in the European Parliament*, Cambridge: Cambridge University Press.
- Hooghe, L. Marks, G. (1999) 'The Making of a Polity: The Struggle Over European Integration' in H. Kitschlet, P. Lange, G. Marks, J.D. Stephens (eds), *Continuity and Change in Contemporary Capitalism*, Cambridge: Cambridge University Press: pp. 70-97
- Hooghe, L., Bakker L., Brigevech, A., De Vries, C., Edwards, E., Marks, G., Rovny, J., Steenberg, M., Vachudova, M. (2010) 'Reliability and Validity of Measuring Party Positions: The Chapel Hill Expert Surveys of 2002 and 2006', *European Journal of Political Research*, 42 (4): pp. 684-703.
- Hube, N., Rambour, M. (2010) 'French Political Parties in Campaign (1989-2004): A Configurational Analysis of Political Discourses on Europe', *Perspectives on European Politics and Society*, 11(2): pp. 146-166.

- Ivaldi, G. (2006) 'Beyond France's 2005 Referendum on the European Constitutional Treaty: Second-Order Model, Anti-Establishment Attitudes and the End of the Alternative European Utopia', *West European Politics*, 29(1): pp. 47-69.
- Katz, R. S., Wessels, B. (1999) *The European Parliament, the National Parliaments, and European Integration*, Oxford: Oxford University Press.
- Kopecký, P., Mudde, C. (2002) 'The Two Sides of Euroscepticism: Party Positions on European Integration in East Central Europe', *European Union Politics*, 3 (3): pp. 297-326.
- Kritzinger, S., Cavatorta, F., Chari, R.S. (2004) 'Continuities and changes in party positions towards Europe in Italian parties: an examination of parties' manifestos', *Journal of European Public Policy*, 11(6): pp. 954-974.
- Ladrech, R. (2010) *Europeanization and National Politics*, Basingstoke, Hants: Palgrave Macmillan.
- Lindberg, L., Scheingold, S. (1970) *Europe's Would Be Polity. Patterns of Change in the European Community*, New Jersey: Prentice Hall.
- Mair, P. (2000) 'The Limited Impact of Europe on National Party Systems', *West European Politics*, 23(4): pp. 27-51.
- Marks, G., Steenbergen, M. R. (2002) 'Understanding Political Contestation in the European Union', *Comparative Political Studies*, 35 (8): pp. 879-892.
- Marks, G., Wilson, C. J. (2000) 'The Past in the Present: A Cleavage Theory of Party Response to European Integration', *British Journal of Political Science*, 30(3): pp. 433-459.
- Marks, G., Hooghe, L., Steenbergen, M. R., Bakker, R. (2007) 'Crossvalidating data on party positioning on European integration', *Electoral Studies*, 26 (1): pp. 23-38.
- Mudde, C. (2012) 'The Comparative Study of Party-Based Euroscepticism: the Sussex Versus the North Carolina School', *East European Politics*, 28(2): pp. 193-202.
- Niedermayer, O., Westle, B. (1995) 'A Typology of Orientations' in O. Niedermayer, R. Sinnott (eds), *Public Opinion and Internationalized Governance*, Oxford: Oxford University Press: pp. 33-50.
- Norris, P. (1999) 'The Political Regime' in H. Schmitt, J. Thomassen (eds) *Political Representation and Legitimacy in the European Union*, Oxford: Oxford University Press: pp. 74-89.
- Ray, L. (2007) 'Validity of Measured Party Positions on European Integration: Assumptions, approaches, and a comparison of alternative measures', *Electoral Studies*, 26: pp. 11-22.
- Saurugger, S. (2004) 'Conceptualiser l'intégration européenne : état de l'art théorique', *La revue internationale et stratégique*, 54: pp. 165-176
- Steenbergen, M. R., Marks, G. (2007) 'Evaluating Experts Survey', *European Journal of Political Research*, 46 (3): pp. 347-366.
- Steenbergen, M. R., Marks, G. (2004) 'Introduction: Models of political conflict in the European Union', in G. Marks, M. R. Steenbergen (eds), *European Integration and Political Conflict*, Cambridge: Cambridge University Press: pp. 1-10.
- Szczerbiak, A., Taggart, P. (2008) 'Theorizing Party-Based Euroscepticism: Problems of Definition, Measurement, and Causality' in A. Szczerbiak, P. Taggart (eds) *Opposing Europe? The Comparative Party Politics of Euroscepticism. Vol. 2: Comparative and Theoretical Perspectives*. Oxford: Oxford University Press.
- Taggart, P., Szczerbiak, A. (2001) 'Parties, Positions and Europe: Euroscepticism in the EU Candidate States of Central and Eastern Europe', *Opposing Europe Research Network Working Paper* [online], 2, available at [http://is.muni.cz/el/1423/podzim2004/EVS136/um/The\\_Party\\_Politics\\_of\\_Euroscepticism\\_in\\_EU\\_Member\\_and\\_Candidate\\_States.pdf](http://is.muni.cz/el/1423/podzim2004/EVS136/um/The_Party_Politics_of_Euroscepticism_in_EU_Member_and_Candidate_States.pdf) [accessed 18 February 2014].
- Taggart, P. (1998) 'A Touchstone of Dissent: Euroscepticism in Western European party systems', *European Journal of Political Research*, 33 (3): pp. 363-388.
- Treschel, A. H., Mair, P. (2009) 'When Parties (Also) Position Themselves: An Introduction to The EU Profiler', RSCAS 65, available at <http://hdl.handle.net/1814/13007> [accessed 18 February 2014].
- Tsebelis, G., Garrett, G. (2000) 'Legislative Politics in the European Union', *European Union Politics*, 1 (1): pp. 9-36.

Vasilopoulou, S. (2009) 'Varieties of Euroscepticism: The Case of the European Extreme Right', *Journal of Contemporary European Research*, 5(1): pp. 3-23.

Vazquez Garcia, R., Delgado Fernandez, S., Jerez Mir, M., (2010) 'Spanish Political Parties and the European Union: Analysis of Euromanifestos (1987-2004)', *Perspectives on European Politics and Society*, 11(2): pp. 201-221.

Volgens, A. Lacewell, O., Lehmann, P., Regel, S., Schultze, H., Werner, A. (2011) *The Manifesto Data Collection. Manifesto Project (MRG/CMP/MARPOR)*, Berlin: Wissenschaftszentrum Berlin für Sozialforschung (WZB).

Wüst, A. M., Volgens, A. (2003) 'Euromanifesto Coding Instructions', Working Paper 64 – Mannheim: Mannheimer Zentrum für Europäische Sozialforschung.

# Journal of Contemporary European Research

Volume 10, Issue 2 (2014)

## The EU-Caribbean Trade Relationship Post-Lisbon: The Case of Bananas

**Vanessa Constant LaForce**

### ***Citation***

Constant LaForce, V.A. (2014). 'The EU-Caribbean Trade Relationship Post-Lisbon: the Case of Bananas', *Journal of Contemporary European Research*. 10 (2), pp. 266-279.

First published at: [www.jcer.net](http://www.jcer.net)

## Abstract

This article examines, from a legal perspective, the Lisbon Treaty changes over the European Union's (EU) common agricultural policy (CAP) and their impact on developing countries. The study focuses particularly on the Caribbean region of the African, Caribbean and Pacific (ACP group), which signed an Economic Partnership Agreement with the EU in 2008, and will use bananas as the exemplar commodity. The Lisbon Treaty which entered into force in December 2009 has brought important institutional changes within the EU and altered the distribution of responsibility over European policies. The European Parliament (EP) now exercises legislative functions 'jointly' with the Council over fields falling outside EU trade policy but which often have trade-related impacts. This is the case of the CAP which is now a shared rather than an exclusive competence policy area. The EU is an important market for developing countries' export of agricultural food products. However, there is a risk that the EP positions, pressured by consumer opinion, could influence the negotiating process leading to the reinforcement of the EU's protectionist agriculture policy. This subject is of high importance given the end of the so-called 'banana war' in 2009 against the EU banana import regime, allowing better access for Latin American countries' bananas to the EU market. This article argues that ACP countries will not be affected by the EU internal changes post-Lisbon. They have managed to legally maintain special trade arrangements with the EU under the Economic Partnership Agreements, which provide them with favourable trading conditions, particularly for agricultural food products.

## Keywords

Lisbon Treaty; Common Agricultural Policy; Caribbean countries; Economic Partnership Agreement; Agricultural trade; Bananas

---

The European Union (EU) is the largest trading partner for developing countries and the main destination for their agri-food products.<sup>1</sup> Agriculture is also a key policy area within the EU. Both agriculture and trade in agricultural products were included in the common market in 1957, leading to the establishment of the Common Agricultural Policy (CAP) in 1962.<sup>2</sup> Agriculture has always been a politically sensitive sector for the EU and consequently has received a high level of protection.<sup>3</sup> The EU has employed a variety of trade-distorting practices to protect its own agricultural market which have affected the opportunities for developing countries in agricultural trade.<sup>4</sup> The EU has thus been classified as one of the top 'users' of domestic farm support policies<sup>5</sup> which are a 'source of market and trade distortions'.<sup>6</sup> The EU agricultural protection measures have helped the EU to protect its own agricultural sector, resulting in what many writers have termed 'Fortress Europe'.<sup>7</sup> These measures have been detrimental to the global trading system and had a severe impact on the world's poorest countries. They are also opposed to the objective of free trade within the WTO. The CAP has, however, become a more market-orientated policy through successive reforms.

In addition, the EU provides better market access to selected beneficiary countries through preferential trade arrangements under which tariff barriers on trade must be reduced or eliminated within the group. This is the case for those Caribbean countries, examined in this article, with which the EU has particularly strong historic ties. Even today, the relationship between the EU member states (MS) and the region is close, mainly via the French Overseas Departments, and the Overseas Countries and Territories of the United Kingdom (UK) and the Netherlands. The EU maintains special

economic and post-colonial relations with Caribbean countries and increases their trade opportunities to the protected EU agricultural market under the Cotonou Agreement. This agreement was signed in Benin on 23 June 2000, with subsequent revisions made to the original text in 2005 and 2010.<sup>8</sup> It is the result of colonial trade preferences between EU MS and their former colonies, referred to as the African, Caribbean and Pacific (ACP) Group of States.

The Cotonou Agreement has removed the system of non-reciprocal trading preferences provided under the Lomé Conventions which replaced the Yaoundé Conventions I and II. The latter provided for reciprocity in preferences between African countries and the EU. Lomé I was signed following the accession of the UK to the EU in 1973 and in order to include the Commonwealth states.<sup>9</sup> Before joining the EU, the UK granted Commonwealth trade preferences to its former colonies which were on a non-reciprocal basis.<sup>10</sup> The Cotonou Agreement offers better market access for these countries to the protected EU agricultural market for sensitive products such as bananas, which is examined in this article as the exemplar commodity. From 1993, there was a long-standing dispute in the GATT/WTO over the EU common banana import regime. The conflict finally ended in 2009. For the purpose of this study, 'bananas' refers only to fresh bananas, excluding plantains, classified under the combined nomenclature (CN) code 08030019. Trade in bananas forms the largest share of the international fruit trade market.<sup>11</sup>

In 2009, the Lisbon Treaty entered into force and brought important changes to the EU agricultural policy. The CAP is given a legal base in Article 38 Treaty on the Functioning of the European Union (TFEU), which for the first time also explicitly refers to the common EU fisheries policy. The Lisbon Treaty did not alter the general objectives of the CAP, which are essentially economic, political and market related. These include increasing agricultural productivity, ensuring a fair standard of living for farmers, stabilising markets, assuring the availability of supplies and guaranteeing reasonable prices to consumers.<sup>12</sup> The scope of the CAP must, as a general principle, also consider consumer protection rules and ensure a high level of protection.<sup>13</sup> In addition to this, it must integrate environmental protection rules and ensure a high level of protection.<sup>14</sup> The main changes brought to the EU agricultural policy are twofold. The responsibility for decision-making in this area, which has always been exclusively granted to the EU, is now shared between both the EU and the MS.<sup>15</sup> MS are therefore allowed to create their own agricultural laws, applying for the first time the concept of subsidiarity, pursuant to Article 5 TEU post-Lisbon. Moreover, the Lisbon Treaty has also extended the ordinary legislative procedure to agriculture in Article 43 of the TFEU, thereby making, for the first time, the EP a co-legislator with the Council of the EU in the agricultural area.

These internal changes are likely to have a consequential impact on developing countries' export of agricultural food products to the EU, potentially allowing the EP and MS, pressured by consumers and farmers' opinions to reinforce the EU's protectionist agriculture policy. Given this, this article examines from a legal perspective, the main Lisbon Treaty changes over the CAP. In particular, the analysis will focus on the possible impact on developing countries, specifically those in the Caribbean region. This is an issue of which the Caribbean region and the EU need to be particularly aware as they recently signed a free trade agreement (FTA), the EU-CARIFORUM Economic Partnership Agreement, pursuant to the Cotonou Agreement.<sup>16</sup> Under this agreement, Caribbean countries are, for the first time, required to liberalise their tariffs with respect to all goods imported from the EU.

## THE EU BANANA IMPORT REGIME

The EU is not a big producer of bananas. The most important EU banana-producing regions are the Canary Islands, the French overseas departments of Guadeloupe and Martinique, the Azores and Madeira, which account for 16 per cent of the EU's total supply.<sup>17</sup> Cyprus, Greece and Portugal also produce bananas but in very small quantities.<sup>18</sup> The rest of the EU's supply is mainly imported from

the ACP countries and the Latin American countries. The EU is the biggest importer of bananas, followed by the United States. In 2010, the EU imported a total of 4,491,116 tonnes of bananas.<sup>19</sup>

ACP countries, as former EU colonies, are traditional banana suppliers to the EU. Bananas, along with sugar and rice, are traditional agricultural products of many ACP countries and play a major role in the economy, living standards and conditions of the population. ACP banana-exporting suppliers were granted preferential access to the EU market under the then Lomé Convention at the expense of Latin American banana producers which were only benefiting from the Most Favoured Nation (MFN) tariffs. The entry into force of the Common Market Organisation (CMO) for bananas in 1993 has maintained the privileged position of 12 traditional ACP banana-supplier countries within the EU market. These countries, mainly from the Caribbean region, were receiving duty-free access for fixed quantities of bananas under a tariff quota scheme.<sup>20</sup>

On the other hand, imports of bananas from third countries and non-traditional ACP suppliers were subject to a tariff quota of two million tonnes per year.<sup>21</sup> This quota was to be adjusted in accordance with the 'forecast supply balance on production and consumption in the [Union] and of imports and exports'.<sup>22</sup> Non-traditional ACP banana-suppliers were receiving duty-free access to the EU market within the established quota limit. Bananas imported above the agreed quantity were subject to a levy of ECU 750 per tonne.<sup>23</sup> Bananas imported from third-countries within the agreed quota limit were subject to a levy of ECU 100 per tonne and of ECU 850 per tonne above the quota.<sup>24</sup>

Given this division between former colonies and other developing countries, trade in bananas swiftly became a thorny issue. The EU's banana import regime led to a protracted dispute between the EU on one side, and Latin America countries and the USA on the other. This conflict became known as 'the banana war'. Since 1993, the EU's CMO for bananas has been found to be incompatible with GATT and WTO rules several times.<sup>25</sup> On April 2001, the EU reached an understanding on bananas with the USA and Ecuador under which the EU undertook to introduce a tariff-only system for imports of bananas before 1 January 2006.<sup>26</sup> However, issues remained with regard to the MFN tariff level for bananas.

The dispute over banana trade finally ended on 15<sup>th</sup> December 2009 with the conclusion of an agreement between the EU and the Latin America banana suppliers on the future EU trade regime for bananas.<sup>27</sup> Under this agreement, the EU has agreed to reduce its existing MFN tariff rate progressively on bananas of EUR 176 per tonne<sup>28</sup> to EUR 114 per tonne from January 2011 to January 2017.<sup>29</sup> The conflict between the EU and the USA was also settled with an agreement under which the EU reaffirmed its tariff reduction obligations and its commitment to maintain a MFN tariff-only regime for the importation of bananas.<sup>30</sup> The Latin American countries agreed that the EU commitment to cut tariffs, as stated above, constitutes the final results and thus no additional cuts would be sought during the Doha Round negotiations.<sup>31</sup> During this period, following the rulings of the WTO Dispute Settlement Body,<sup>32</sup> ACP countries were negotiating reciprocal free trade agreements in order to be in full conformity with the WTO regulatory framework.<sup>33</sup> Indeed, while the Cotonou Agreement temporarily safeguarded the non-WTO compatible Lomé trade provisions, a chapter on 'new trading arrangements' has also been incorporated under which 'the Parties agree to conclude new WTO compatible trading arrangements, progressively removing barriers to trade between them and enhancing cooperation in all areas relevant to trade'.<sup>34</sup> Therefore, after four phases of negotiations,<sup>35</sup> an Economic Partnership Agreement was signed with the Caribbean region on 15<sup>th</sup> October 2008 in Barbados, by the then European Commission Vice-President Siim Kallas, who believed that it '[would] renew the historic partnership' with the EU.<sup>36</sup>

## THE EU-CARIFORUM ECONOMIC PARTNERSHIP AGREEMENT

### The EU-Caribbean Relationship

With the EU-ACP special relationship dating back to colonial trade preferences, Caribbean countries are highly dependent on agricultural exports to the EU which is their second largest agricultural export destination, after the USA.<sup>37</sup> In 2006, the EU accounted for some 19 per cent of their total exports.<sup>38</sup> Exports of Caribbean countries to the EU are not diversified, and are mainly concentrated on traditional agricultural products including cane sugar, rice and bananas. Income from trade in goods with the EU is important for the Caribbean – it represented EUR 4.1 billion in 2007.<sup>39</sup> The Caribbean region is not a homogenous group, and comprises both developing countries and one least developed country, Haiti. The EU's biggest trading partner in the region is the Dominican Republic, its other major partners being the Bahamas, Jamaica and Trinidad and Tobago.<sup>40</sup>

Although the internal changes and new arrangements between the EU and Latin America reduce preferential margins for ACP countries, the EU maintains preferential banana imports from Caribbean countries under the EU-CARIFORUM<sup>41</sup> Economic Partnership Agreement (hereafter the 'EPA'). While the EPA focuses primarily on trade liberalisation for goods and services, it also covers trade-related matters such as sanitary and phytosanitary measures, food security, environment and social issues. In the area of agriculture, the agreement sets out a clear objective: an increase in the competitiveness of production, processing and trade in agricultural products, in both traditional and non-traditional sectors, between the Parties.<sup>42</sup> This must be achieved through the progressive removal of trade barriers<sup>43</sup> and other commitments undertaken by the EU and the Caribbean region.

Although it is certain that the granting of tariff-free access to imports from the EU implies a serious loss of revenue for Caribbean countries, it is noteworthy that the CARIFORUM was the first ACP region to sign an EPA. Errol Humphrey, Ambassador of Barbados and Vice-Dean of the CARIFORUM, gave eight reasons underpinning this decision.<sup>44</sup> Besides the fact that ACP countries had to conclude an EPA before the expiry of the Cotonou Agreement waiver, as Humphrey pointed out, a key issue affecting the Caribbean region was that following a careful review of the possible alternatives 'a development-oriented EPA was clearly the best option for all CARIFORUM member states'.<sup>45</sup>

In light of the new EU trade regime with ACP countries, Article 37(6) of the Cotonou Agreement offered ACP countries which refused to sign an EPA an alternative relationship with the EU 'equivalent to their existing situation and in conformity with WTO rules'.<sup>46</sup> The other alternative given by the EU was the Generalised System of Preferences (GSP).<sup>47</sup> However, the EU GSP scheme is less generous than the Cotonou Agreement, and consequently the EPAs, in terms of product coverage and tariffs reduction. Hence, given the limited options, Caribbean countries were left with no choice but to negotiate a reciprocal EPA. Opting for the EU GSP scheme would have adversely affected the Caribbean region, and reduced access for Caribbean commodities, which enjoyed preferential access to the EU. The need to secure their existing preferences was therefore the main reason for CARIFORUM signing an EPA.<sup>48</sup>

In addition, it must also be noted that the Caribbean is the only region which signed a 'full' EPA, covering not only trade liberalisation of goods but also free trade for services and investment. The signature of an 'interim' partnership, which is limited to industrial and agricultural goods only, would have been in conformity with the WTO legal requirements. The WTO rules on FTAs provide only for the elimination of customs duties on goods. The signature of a 'full' EPA was therefore not required by the WTO rules. However, while the President of Guyana called for the conclusion of a goods-only EPA,<sup>49</sup> the decision was made to sign a 'full' agreement and was justified by the Caribbean negotiators. They considered the EPA to be a partnership going beyond market access for goods, and included 'Development Cooperation, Trade in Goods, Trade in Services, and Trade related issues ([Sanitary and Phytosanitary] etc)'.<sup>50</sup> In their view, due to the issue of preference erosion and decline



in agricultural prices, there was a need for the region to 'diversify its export base,' and improve the region's access to the EU market for non-traditional sectors.<sup>51</sup> The Caribbean is the only 'net supplier of services' among ACP countries, with the service sector being an important contributor to most CARIFORUM countries.<sup>52</sup> Therefore ensuring privileged access to the EU services market was considered to be 'a prime requirement to drive increased growth of Caribbean economies'.<sup>53</sup> It is believed that the conclusion of an interim partnership 'would have entailed the adjustment cost of liberalization without garnering the gains from the inclusion of services, investment and development-boosting measures'.<sup>54</sup> The conclusion of such a partnership seemed therefore to be necessary for the Caribbean region. Ensuring privileged access for the Caribbean countries' non-traditional products to the EU market will improve their economic diversification, and allow them to be less dependent on agri-food exports which currently suffer from preference erosion.

The EPA ensures the perpetuity of the EU-Caribbean preferential trade relationship since it was concluded for an indefinite period of time.<sup>55</sup> The Caribbean countries are generally positive about the benefits of the EPA on their economic growth. For instance, Ramesh Dookooh, the President of the Guyana Manufacturing and Services Association pointed out that the agreed EPA is 'a very useful tool that allows manufacturers to expand their markets' but that the full potential of the agreement 'has yet to be seen'.<sup>56</sup>

## **The Treatment of Caribbean Bananas under the EPA**

### ***The general measures***

Since January 2008, bananas from the Caribbean region are given duty- and quota-free access to the EU market.<sup>57</sup> However, pursuant to Article 37(4) of the Cotonou Agreement, the EPA provides for the possibility of excluding products from trade liberalisation. The elimination of customs duties on EU exports does not apply to products indicated in Annex II of the agreement. This is in line with Article XXIV GATT 47 which requires liberalisation on only 'substantially all the trade' in goods.<sup>58</sup> The Caribbean countries were given the possibility of excluding about 20 per cent of EU imports from the scope of GATT liberalisation.<sup>59</sup> Agricultural products excluded from trade liberalisation are generally important local products, the dominant economic sectors which play a crucial role in the country's economy, living standards and rural development.<sup>60</sup> In the case of the Caribbean this includes bananas and also meat and dairy, as well as several other fruits and vegetables. This possibility would thus limit the impact of liberalisation on the Caribbean's economy.

With Caribbean countries' agricultural food products entering the EU market duty- and quota-free, the Caribbean region is ensured a permanent EU preferential market access for bananas that is compliant with WTO rules. However, there is no doubt that the permanence of these preferences is dependent on the EU not granting any tariff concessions for the benefit of other countries either through WTO negotiations or through specific bilateral agreements. In such a situation, competition in the EU banana market would increase, thereby marginalising the position of Caribbean banana suppliers on the EU banana market and hence undermining the value of the EPA.

The EPA provides further that the EU committed itself to preserve the traditional Cotonou trade preferences by maintaining 'significant preferential access within the multilateral trading system' for Caribbean countries' agricultural products.<sup>61</sup> In this aim, the EU has committed to consult with the Caribbean region before engaging in trade policy developments and arrangements with third countries, which could impact on the competitive positions of the Caribbean countries' traditional products in the EU market. This also includes consultations on bananas, rum, rice and sugar exports.<sup>62</sup>

### ***Bananas and Sanitary and Phytosanitary issues***

Sanitary and Phytosanitary (SPS) requirements imposed by the Parties can serve as barriers to agricultural product market access. The EU in particular imposes strict SPS and food safety standards, both on domestic and on imported products. While the EU acknowledges the necessity of maintaining and increasing the protection of plant, animal and human health, it promises under the EPA to facilitate the access of Caribbean countries' products by preventing and minimising unintended trade barriers as the result of SPS measures.<sup>63</sup> The EU has made a commitment to assist the Caribbean countries to comply with the EU SPS standards, by developing the capacity of CARIFORUM enterprises<sup>64</sup> and by sharing expertise. The EU has also promised to ensure a harmonisation of SPS measures within its market,<sup>65</sup> and to notify CARIFORUM on any SPS issues that may affect trade.<sup>66</sup> When such problems arise, the 'Competent Authorities' of the EU and the CARIFORUM must undertake consultations with each other in order to find a 'mutually agreed solution'.<sup>67</sup>

### **The EU-CARIFORUM EPA Institutions**

The commitments undertaken under the EPA are reinforced by four, joint consultative and decision-making institutions that have been set up in order to facilitate the implementation of the agreement. The Joint CARIFORUM-EU Council is the most important of these. It is composed of members of the Council of the EU, members of the European Commission and representatives of the governments of the Caribbean countries.<sup>68</sup> The Joint Council has been set up to supervise the implementation of the EPA and to monitor the fulfilment of its objectives. It is therefore necessary for the Joint Council to meet regularly, at least every two years. It is responsible for examining proposals and recommendations addressed by the EU and the CARIFORUM for the review of the EPA.<sup>69</sup> Final decisions with regards to all matters covered by the EPA rest with the Joint Council and must be observed by all the EPA participants.<sup>70</sup>

The Joint Council is assisted by a Joint Trade and Development Committee which is the second most important institution of the EPA. Its members are representatives of the EU and the CARIFORUM at the level of senior officials who can meet whenever needed.<sup>71</sup> The Committee must nevertheless meet at least once a year for an overall review of the implementation of the EPA.<sup>72</sup> The Committee performs the administrative tasks of the agreement. It is particularly responsible for monitoring and controlling the implementation of the agreement in the areas of trade and development, in addition to resolving any disputes that may arise.<sup>73</sup>

The EPA also provides for the establishment of a Parliamentary Committee to allow members of the EP and of the Caribbean states' parliaments to meet at regular intervals and exchange views.<sup>74</sup> The Joint Council must therefore communicate its decisions and recommendations to this Committee and provide it with additional information if requested.<sup>75</sup> The Parliamentary Committee can also make recommendations to both the Joint Council and Trade and Development Committee.<sup>76</sup> Finally, a Consultative Committee has been set up in order to 'promote dialogue and cooperation' with organisations of civil society, including the academic community and social and economic partners.<sup>77</sup> The Consultative Committee fulfils its activities on the basis of consultation by the Joint Council or on its own initiative. It can also make recommendations to both the Joint Council and Trade and Development Committee.<sup>78</sup>

In parallel with the new trade obligations between the EU and Caribbean countries, the EU MS signed the Lisbon Treaty on 13<sup>th</sup> December 2007, which has brought important changes to the EU's agricultural policy. Consequently, agricultural trade relations between the EU and Caribbean

countries could be further complicated with the CAP now being a shared competence policy area following the entry into force of the Lisbon Treaty on 1<sup>st</sup> December 2009.

### THE CAP: A SHARED RATHER THAN AN EXCLUSIVE COMPETENCE POLICY AREA

When the EU is given exclusive competence in particular areas, MS must give up their power entirely to the Union which is then given full authority to act. MS cannot then legislate or adopt any legally binding acts unless they are explicitly allowed to do so by the Union or when they have to implement EU acts.<sup>79</sup> MS are thus still limited in their capacity to act even when the EU has not acted in these areas. By virtue of the doctrine of pre-emption, which ‘denotes the *actual degree* to which national law will be set aside by [Union] legislation’,<sup>80</sup> there is in these areas, a ‘field pre-emption’ by the Union which excludes MS law from the fields occupied by EU law. All national laws will be considered invalid ‘even when such measures are not contrary to, or do not obstruct the objectives of, [Union] legislation in any way’.<sup>81</sup> ‘Field pre-emption’ along with ‘rule pre-emption’ and ‘obstacle pre-emption’ have been identified by Schutze as the three types of relationships between the EU and national law within a regulatory area.<sup>82</sup>

The EU CAP, as one of the most important EU policies, has been under supranational power since its creation. However, the Lisbon Treaty has reduced the level of control and now requires the EU to share this competence with its MS. Hence, while MS need the EU’s authorisation to act in areas within the exclusive competence of the EU, even when the Union has not legislated, Article 2(2) TFEU provides that MS may legislate and adopt legally binding acts in areas of shared competence when the EU has not exercised, or has ceased to exercise its competence.<sup>83</sup> This model of relationship between the EU and the MS refers to what Schutze has characterised as a ‘co-operative federalism under which actors are seen as ‘co-equals’.<sup>84</sup> Therefore, instead of having the existence of one authority, the legislative power is shared between the EU and the MS.<sup>85</sup> The MS are not precluded from endorsing their own legislation in fields of shared competence. The only condition for this is that such legislation must be consistent with any existing EU law.<sup>86</sup>

Despite the default legal condition, it is worth noting that in some fields of shared competence, MS are allowed to impose additional restrictive requirements. This is for instance provided in the area of consumer protection where MS ‘shall not [be] prevent[ed] from maintaining or introducing more stringent protective measures’ than established by the Union in order to ‘contribute to protecting the health, safety [...] of consumers’.<sup>87</sup> Such permission should be understood as applying in situations where EU measures, which are supposed to ‘supplement’ national action,<sup>88</sup> do not safeguard consumer interests that were formerly protected by the law of MS. In such a case, a MS ‘must apply as a minimum’ the EU measures but can, ‘if they consider it necessary’ to protect public health, maintain their domestic rules even when stricter than EU law.<sup>89</sup>

Given that MS now also have legal competences with regard to agriculture, they would be able to formulate and implement national legislation and policy in this area, in line with the conditions set out in Article 2(2) TFEU. This would have potential implications for the close interrelationship between farming and food safety standards, which could be reinforced with the implementation of new and stringent national food safety laws within the EU. Consequently, this would lead to less opportunity for market access for agricultural food products originating in developing countries.

### THE EUROPEAN PARLIAMENT: A CO-LEGISLATOR IN CAP MATTERS

Another important change brought by the Lisbon Treaty in the area of agriculture is the introduction of the ordinary legislative procedure (hereafter the ‘procedure’) which significantly strengthens the

role of the EP in this policy area. This procedure was previously referred to as the co-decision procedure which operated from 1993 as the exception in decision-making within the EU. It involves both the Council of the EU and the EP, as the principal legislative bodies of the EU, which must jointly adopt a regulation, directive or decision on a proposal from the Commission.<sup>90</sup> Once adopted, these acts constitute legislative acts and are legally enforceable throughout the EU.<sup>91</sup>

Prior to the entry into force of the Lisbon Treaty, the powers of the EP in the area of agriculture were limited. The previous Article 37(2) EC Treaty required only consultation of the EP on agricultural matters, and the Commission and Council had no obligation to follow the EP's opinions. The consultation procedure vastly limited the EP's decision-making authority. Aside from using its 'power to delay' by failing to deliver its opinion, the EP had no official legislative powers to influence EU agriculture legislative outcomes. While the Council had no obligations to follow the EP's opinions it was however required to receive it before adopting any legislation. Non-compliance with such a condition would render the measure void.<sup>92</sup>

The extension of the ordinary legislative procedure to the agricultural policy area is underpinned by the EU principle of democracy as confirmed by Article 2 TEU post-Lisbon. Democracy is one of the values which, as part of the European identity, the EU must respect. However, before the entry into force of the Lisbon Treaty, the EU was considered to be 'distant from its citizens' and thus 'insufficiently democratic,'<sup>93</sup> mainly because of the absence of democratic EU institutions' involvement in legislative matters. The Lisbon Treaty requires the Union to integrate and respect the principle of representative democracy.<sup>94</sup> The EP is composed of 'representatives of the Union's citizens' elected by direct universal suffrage since 1979,<sup>95</sup> tying the EU to the European public. Thus, while the national interests of the MS are represented by the Council of the EU, the EP is the only body which represents the citizens of the EU directly at Union level.<sup>96</sup> Consequently, any final agricultural laws will reflect the citizens' views.

The Lisbon Treaty has thus for the first time increased the powers of the EP in the agricultural area and provides that the EP is now a co-legislator with regards to measures relating to 'the common organisation of agricultural markets and the other provisions necessary for the pursuit of the objectives of the common agricultural policy'.<sup>97</sup> However, Article 43(3) TFEU excludes from the application of the procedure, measures on fixing prices, levies, aid and quantitative limitations in agriculture which continue to remain under the Council's responsibility. In accordance with the ordinary legislative procedure, as set out in Article 294 TFEU, the EP now plays an equal role with the Council in EU legislation on agricultural matters.<sup>98</sup> The EP now exercises legislative powers 'jointly' with the Council, which therefore means that the Commission and Council are now bound by the EP's opinions. The EP is now able to negotiate formally with the Council, and has the right to disagree with, and veto, any proposals. Such power could therefore lead to a lengthy legislative process, resulting in delay, for the adoption of proposed agricultural measures, which will not become law without the EP's agreement. There is no doubt that the full legislative role given to the EP would also give the European agriculture lobby enhanced political opportunity, thereby undermining contractual trade commitments contained in bilateral agreements between the EU and developing countries. Populist views with regard to the protection of domestic EU agriculture, and/or the price of food, will therefore have an increasingly greater impact on the EU's relations with developing countries in the area of agriculture. That said, it is highly improbable that ACP countries, being the main focus of this article, will be affected. These countries export their agricultural products to the EU market through the EPAs under which the EU has guaranteed preferential treatment for their products.

## CONCLUSION

The Lisbon Treaty has given the EP and EU MS important room for manoeuvre in EU agricultural policy making. However, in light of the provisions of the EU-CARIFORUM EPA, there is little doubt but that these internal changes will affect the EU's relations with Caribbean countries in banana trade. The EU and the Caribbean region are bound by a partnership agreement providing firm commitments on agriculture and trade related areas, which must be undertaken by each party. Under this agreement, bananas imported from the Caribbean region are given duty- and quota-free access to the EU market. With the FTA being the main element of the EU-CARIFORUM EPA, the current EU agricultural trade relations with Caribbean countries now comply with WTO rules and should therefore be protected from legal challenges through a WTO dispute.<sup>99</sup> This is further confirmed by the Geneva Agreement, and the Agreement signed between the EU and the USA, which ended the long-standing conflict over bananas. These agreements now meet the claims of the Latin America countries and the USA, and both parties have agreed to end the dispute. In addition to this, EU banana producers have received direct decoupled payments under the Single Payment Scheme<sup>100</sup> since 1 January 2007.<sup>101</sup> These payments are no longer linked to production and are classified within the WTO 'green box' of support measures, as having 'no, or at most minimal, trade-distorting effects or effects on production.'<sup>102</sup> In light of these elements and given that the EU complies with its commitments, the EU banana import regime should now be free from future challenges.

Given that any future legislation in agriculture cannot be adopted without the prior consent of the EP, the Caribbean region will have to cooperate closely with the EP through the Joint Parliamentary Committee, whose first meeting took place on 15-16 June 2011 in Brussels. It would then be for the EP to find a balance between EU citizens' interests and those of Caribbean countries. How well this will be achieved remains to be seen. However, there is a risk that such an effective discussion could be undermined by the institutional aspect of the Caribbean region. Unlike the EU, the Caribbean region does not have a joint elected parliament. It is for the parliaments of each CARIFORUM states to designate one representative to the Joint Parliamentary Committee. This could lead to longer discussions in order to take into account the challenges at both regional and national levels. For effective dialogue to take place, it would also be necessary for each Caribbean country to provide clear information about their economic development and political situation.

The EU-CARIFORUM EPA agreement further requires that any policy changes, particularly if they are likely to impact on Caribbean countries' export capacity, must be discussed and agreed on by all partners within the established joint institutions. It is therefore important for Caribbean countries to maintain a constant dialogue with the EU on important issues with regard to the banana industry in order to ensure genuine consideration of their interests. This will be of particular importance for Caribbean countries with regard to EU food safety standards, because developing countries exporting bananas as well as other fruit and vegetables, are subject to the EU strict pesticides residues level.<sup>103</sup>

It seems unlikely that the EP would impede this development of the EU post-colonial ties with the Caribbean region, particularly since it gave its assent to the EPA on 25 March 2009, and stressed that the agreement 'should be used to build a long-term relationship whereby trade support developments'.<sup>104</sup> The EU-CARIFORUM EPA is now in its sixth year of implementation. In November 2013, the EU-CARIFORUM Trade and Development Committee held its third annual meeting in Grenada in order to discuss progress and issues with regard to the implementation of the EPA. According to the EU trade official, Remco Vahl, this was an 'excellent opportunity to reaffirm the EU's continuing commitment to its longstanding partners in the Caribbean'.<sup>105</sup> He also pointed out that given the hopes and aspirations inherent in the EPA, it is important for the EU and the CARIFORUM to 'make the EPA work for people across the Caribbean region'.<sup>106</sup> At the time of

writing, discussion of the mandatory first-five yearly review of the EPA has still not been completed.<sup>107</sup> This review will give the Caribbean region the possibility to seek amendments to the provisions of the EPA if needed.<sup>108</sup>

Caribbean countries and any countries bound by a contractual trade agreement with the EU, such as the EPA, are thus protected from the possible effects of the Lisbon Treaty. An important cleavage has developed between the EU former colonies which have special preferential arrangements with the EU, and the balance of the world's developing countries which remain outside these schemes. This is for instance the case of developing countries which can only benefit from the EU GSP. Under this scheme, the EU unilaterally grants tariff preferences to developing countries' agri-food products without entering into contractual commitments. It therefore decides on the rules that guide their allocation and, as a consequence, the conditions contained in the GSP scheme cannot be negotiated by the beneficiaries. This diminishes the value of the preferences and keeps the beneficiary countries 'in a permanent state of insecurity as to the extent and the duration of the preferences'.<sup>109</sup> Bananas are classified as EU 'sensitive' products under the GSP scheme.<sup>110</sup> As a consequence, they benefit only from a partial tariff reduction of 3.5 percentage points below the normal MFN tariff rates.<sup>111</sup> Given this, it can therefore be assumed that the changes instigated by the Lisbon Treaty, associated with the CAP's promotion of a high level of protection for the environment and consumer's health, could be detrimental for any developing countries left outside such a formal agreement.

\*\*\*

### Correspondence Address

[v.constantlaforce@gmail.com]

<sup>1</sup> European Commission White Paper, 'Opening the Door to Development: Developing Country Access to EU Markets 1999-2003', Brussels, 23/05/2005.

<sup>2</sup> Article 38 EEC of the Treaty of Rome (now Article 32 of the Treaty on the Functioning of the European Union (TFEU)), OJ C 83 of 30.3.2010.

<sup>3</sup> See for instance Bartels, L., 'The Trade and Development Policy of the European policy' (2007) 18 *E.J.I.L.* 715.

<sup>4</sup> Kuyvenhoven, A., and Stolwijk, H., 'Developing countries and EU agricultural food policy: opportunities and threats,' in: A. Oskam, G. Meester. and H. Silvis (eds) *EU policy for agriculture, food and rural areas*, (Wageningen: Wageningen Academic Publishers, 2010), p. 118.

<sup>5</sup> Stout, J., Leetmaa, S. and Normile, M. A., *Evaluating EU Agricultural Policy Reform Using the EU WTO Model*, paper prepared for presentation at the Xth EAAE Congress 'Exploring Diversity in the European Agri -Food System', Zaragoza (Spain), 28-31 August 2002, p. 1.

<sup>6</sup> Young, E., Burfisher, M., Nelson, F. and Mitchell, L. 2002. 'Domestic Support and the WTO: Comparison of Support Among OECD Countries,' USDA, p. 1.

<sup>7</sup> Frandsen, S.E, Jensen, H.G and Vanzetti, D.M., 'Expanding 'Fortress Europe' Agricultural Trade and Welfare Implications of European Enlargement for Non-member Regions,' (2000) 23 *World Economy* 309, p. 309.

<sup>8</sup> Agreement amending for the second time the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States, of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000, as first amended in Luxembourg on 25 June 2005. OJ L 287, 4.11.2010, p. 3-49.

<sup>9</sup> Clegg, P., *Caribbean Banana Trade: From Colonialism to Globalization*, (Gordonville, VA, USA: Palgrave Macmillan, 2002), p. 104.

<sup>10</sup> Zartman, I, W. 'Europe and Africa: Decolonization or Dependency?', (1975-1976) 54 *Foreign Affairs* 325, p. 329-330.

<sup>11</sup> European Commission, 'Banana Accompanying Measures: Supporting Adjustment of the Main ACP Banana-Exporting Countries to New Trade Realities', Brussels, 17.3.2010, COM (2010) 101 final, p 2.

<sup>12</sup> Article 39(1) TFEU.

<sup>13</sup> Article 12 TFEU.

<sup>14</sup> Article 11 TFEU.

- <sup>15</sup> Article 4 TFEU.
- <sup>16</sup> Economic Partnership Agreement between the CARIFORUM States, of the one part, and the European Community and its Member States, of the other part, OJ L 289/I/3, 30.10.2008.
- <sup>17</sup> European Commission, 'Agricultural Products: Bananas', 2006. Available from: <http://trade.ec.europa.eu/doclib/html/133193.htm> (Accessed 03/05/2013).
- <sup>18</sup> Ibid.
- <sup>19</sup> European Commission, 'Bananas-Market Report 2010', Brussels, 2011.
- <sup>20</sup> Article 21, Council Regulation (EEC) 404/93 of 13 February 1993 on the common organization of the market in bananas, OJ L 47, 25.2.1993, p. 1-11.
- <sup>21</sup> Article 18, Reg 404/93.
- <sup>22</sup> Article 16 (2) and (3), Reg 404/93.
- <sup>23</sup> Article 18(2), Reg 404/93.
- <sup>24</sup> Article 18(1) and (2), Reg 404/93.
- <sup>25</sup> See the banana dispute: *EEC-Member States' Import Regimes for Bananas, Report of the Panel*, DS32/R, 3 June 1993.
- <sup>26</sup> Notification of Mutually Agreed Solution, *European Communities – Regime for the Importation, Sale and Distribution of Bananas*, WT/DS27/58, 2 July 2001.
- <sup>27</sup> WTO, General Council, 17-18 December 2009, 'Geneva Agreement on Trade in Bananas, communication from Brazil, Colombia, Costa Rica, Ecuador, European Union, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru and the Bolivarian Republic of Venezuela.' WT/L/784, 15 December 2009.
- <sup>28</sup> Article 1, Council Regulation (EC) No 1964/2005 on the tariff rates for bananas, OJ L 316, 2.12.2005.
- <sup>29</sup> Article 3 (a) of the Geneva Agreement on Trade in Bananas.
- <sup>30</sup> Agreement on trade in bananas between the European Union and the United States of America, OJ L 141, 9.6.2010.
- <sup>31</sup> Article 7 of the Geneva Agreement on Trade in Bananas.
- <sup>32</sup> *European Communities- Regime for the Importation, Sale and Distribution of bananas complaints by Ecuador, Guatemala, Honduras, Mexico and the United States- Report of the Appellate Body* (9 September 1997), WT/DS27/AB/R.
- <sup>33</sup> See Article 34, para. 4 of the Cotonou Agreement.
- <sup>34</sup> Ibid. at Articles 36 to 38.
- <sup>35</sup> European Commission, 'Plan and Schedule for CARIFORUM-EC Negotiations of an Economic Partnership Agreement', Brussels, 22 April 2004.
- <sup>36</sup> Speech by EU Commission Vice-President Siim Kallas, 'EU-CARIFORUM EPA signature', Barbados, 15 October 2008.
- <sup>37</sup> European Community – Caribbean region, 'Regional Strategy Paper and Regional Indicative Programme, 2008-2013', Strasbourg, 15 November 2008, p. 12.
- <sup>38</sup> Ibid.
- <sup>39</sup> Ibid.
- <sup>40</sup> Ibid.
- <sup>41</sup> Caribbean Forum of ACP States.
- <sup>42</sup> Article 37 of EU-CARIFORUM EPA.
- <sup>43</sup> Article 38 of EU-CARIFORUM EPA.
- <sup>44</sup> See Humphrey, E. Ambassador of Barbados & Vice-Dean of the CARIFORUM College of EPA Negotiators, 'CARIFORUM EPA Negotiations: Initial Reflections on the Outcome', *Presentation to a DG Trade-organised workshop on the CARIFORUM-EC EPA*, Brussels, 2008.
- <sup>45</sup> Ibid.
- <sup>46</sup> Article 37(6) of 2000/483/EC: Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 - protocols-Final Act, Declarations, OJ L 317, 15.12.2000.
- <sup>47</sup> European Commission, 'Economic Partnership Agreements', Brussels, 23 October 2007, COM (2007) 635 final.
- <sup>48</sup> CRNM Note on CARIFORUM Economic Partnership Agreement, 7-8 April 2008, 'EPAs: The Way Forward for the ACP', COMSEC-sponsored High Level Technical Meeting, Cape Town.
- <sup>49</sup> 'Guyana wants goods only from EPA', nationnews.com, Barbados' leading newspaper, 9.7.2008 [online] Available from: <http://barpublish.bits.baseview.com/309387000746131.php> (Accessed 03/05/2013).
- <sup>50</sup> Op. cit. footnote no 45.
- <sup>51</sup> CRNM Note on CARIFORUM Economic Partnership Agreement, 2 April 2008b, 'What Europe is Offering Africa: the Pros and Cons of EPAs', London.
- <sup>52</sup> Caribbean Policy Research Institute, 2009, 'The Long-Term Impact of EPA in the Caribbean: Jamaica and St. Lucia', A working Paper, CaPRI, p. 11.
- <sup>53</sup> Op. cit. footnote no 52.
- <sup>54</sup> Bernard, R.L., 2008. 'Globalization: Everything but Alms - the EPA and Economic Development', the GraceKennedy Foundation, p. 22.
- <sup>55</sup> Op. cit. footnote no 15 at Article 244(1).
- <sup>56</sup> Ramesh Dookooh, 2010, 'Our EPA was signed in 2008, but its full potential has yet to be seen', in *Economic Partnership Agreements (EPAs): African, Caribbean and Pacific voices speak up for trade and development*, European Commission, 2011.



- <sup>57</sup> Article 3 (1), Council Regulation (EC) No 1528/2007 of 20 December 2007 applying the arrangements for products originating in certain states which are part of the African, Caribbean and Pacific (ACP) Group of States provided for in agreements establishing, or leading to the establishment of, Economic Partnership Agreements, OJ L 348/1 31.12.2007.
- <sup>58</sup> GATT Article XXIV (8) (b).
- <sup>59</sup> Meyn, M. 'Economic Partnership Agreements: A 'Historic Step' Towards a 'Partnership of Equals'?' (2008) 26 *Development Policy Review* 515, p. 524.
- <sup>60</sup> See Editor. 'EU and ACP states reach interim agreement on trade in goods', (2008) *EU Focus* 226.
- <sup>61</sup> Article 42 (1), EU-CARIFORUM EPA.
- <sup>62</sup> Article 42 (1) and 200, EU-CARIFORUM EPA.
- <sup>63</sup> Article 53 (a) (b), EU-CARIFORUM EPA.
- <sup>64</sup> Article 53 (d) and Article 59 (2) (c), EU-CARIFORUM EPA.
- <sup>65</sup> Article 56 (2), EU-CARIFORUM EPA.
- <sup>66</sup> Article 58 (1), EU-CARIFORUM EPA.
- <sup>67</sup> Article 58 (2), EU-CARIFORUM EPA.
- <sup>68</sup> Article 228, EU-CARIFORUM EPA.
- <sup>69</sup> Article 227 (3), EU-CARIFORUM EPA.
- <sup>70</sup> Article 229 (1) and (2), EU-CARIFORUM EPA.
- <sup>71</sup> Article 230(4)(b), EU-CARIFORUM EPA.
- <sup>72</sup> Article 230 (5), EU-CARIFORUM EPA.
- <sup>73</sup> The functions of the Trade and Development Committee are set up in Article 230 (3), EU-CARIFORUM EPA.
- <sup>74</sup> Article 231 (1), EU-CARIFORUM EPA.
- <sup>75</sup> Article 231 (5) and (6), EU-CARIFORUM EPA.
- <sup>76</sup> Article 231 (7), EU-CARIFORUM EPA.
- <sup>77</sup> Article 232 (1), EU-CARIFORUM EPA.
- <sup>78</sup> Article 232 (3) and (5), EU-CARIFORUM EPA.
- <sup>79</sup> Article 2 (1) TFEU.
- <sup>80</sup> Schutze, R. 'Supremacy without pre-emption? The very slowly emergent doctrine of Community pre-emption' (2006) 43 *CML Rev.*, 1023, p. 1033.
- <sup>81</sup> Cross, E.D. 'Pre-emption of Member State Law in the European Economic Community: A Framework for Analysis', (1992) 29 *CML Rev.* 447, p. 459.
- <sup>82</sup> Op. cit. footnote no. 81, p. 1038.
- <sup>83</sup> Article 2(2) TFEU.
- <sup>84</sup> Ibid.
- <sup>85</sup> Schutze, R. 'Cooperative federalism constitutionalised: the emergence of complementary competences in the EC legal order', (2006) 31 *E.L. Rev.* 167, p. 167.
- <sup>86</sup> See Case 60/86, *Commission v United Kingdom*, [1988] ECR 3921. para. 12.
- <sup>87</sup> Article 169(4) TFEU.
- <sup>88</sup> Article 169(2) (b) TFEU.
- <sup>89</sup> Case C-11/92, *R v Secretary of State for Health*, [1993] ECR I-3545, para. 20.
- <sup>90</sup> Article 289(1) TFEU.
- <sup>91</sup> Article 289(3) TFEU.
- <sup>92</sup> See Case 138/79 *Roquette Frères v Council* [1980] ECR 3333, para. 33.
- <sup>93</sup> Snell, J. "'European constitutional settlement", an ever closer union, and the Treaty of Lisbon: democracy or relevance?' (2006) 33 *E.L. Rev.* 619, p. 619.
- <sup>94</sup> Article 10(1) of the Treaty on European Union (TEU), OJ C 83 of 30.3.2010.
- <sup>95</sup> Article 14(2) TEU.
- <sup>96</sup> Article 10(2) TEU.
- <sup>97</sup> Article 43 TFEU (ex Article 37 EC).
- <sup>98</sup> Editor. 'Oh brave new world! Lisbon enters into force', (2010) *EU Focus*.
- <sup>99</sup> WTO rules on free trade areas are provided by GATT Article XXIV.
- <sup>100</sup> Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers and amending Regulations (EEC) No 2019/93, (EC) No 1452/2001, (EC) No 1453/2001, (EC) No 1454/2001, (EC) No 1868/94, (EC) No 1251/1999, (EC) No 1254/1999. OJ L 270, 21.10.2003.
- <sup>101</sup> Council Regulation (EC) No 2013/2006 of 19 December 2006 amending regulations (EEC) No 404/93, (EC) No 1782/2003 and (EC) No 247/2006 as regards the banana sector, OJ L 384, 29.12.2006.
- <sup>102</sup> Annex 2 of the WTO Agreement on Agriculture.
- <sup>103</sup> See Wilson, J. S. and Otsuki, T. 'To spray or not to spray: pesticides, banana exports, and food safety', (2004) 29 *Food Policy* 131.
- <sup>104</sup> EC-CARIFORUM States Economic Partnership Agreement, European Parliament resolution of 25 March 2009 on the Economic Partnership Agreement between the CARIFORUM States, of the one part, and the European Community and its Member States, of the other part, OJ C 117E, 6.5.2010.



---

<sup>105</sup> Caricom, 'CARIFORUM and EU reaffirm commitment to trade and development partnership', press release 266-1/2013, 27 November 2013.

<sup>106</sup> Ibid.

<sup>107</sup> EU-CARIFORUM EPA, 'Joint Declaration on the signing of the Economic Partnership Agreement'.

<sup>108</sup> Ibid.

<sup>109</sup> Fritz, T. 2000. 'Market Access Problems for Developing Countries in the Agricultural Sector', Forum Environment and Development, p. 14.

<sup>110</sup> See Annex II, Reg 732/2008 of 22 July 2008 applying a scheme of generalized system of preferences for the period from 1 January 2009 to 31 December 2011 and amending Regulations (EC) No 1933/2006 and Commission Regulation (EC) No 110/2006 and (EC) No 964/2007. OJ L 211.

<sup>111</sup> Article 6(2), Reg 732/2008.

## Book Review

Niels Smeets, *Katholieke Universiteit Leuven*

---

### **RUSSIAN ENERGY IN A CHANGING WORLD: WHAT IS THE OUTLOOK FOR THE HYDROCARBONS SUPERPOWER?**

*Edited by Jakub M Godzimirski*

This volume gathers nine contributions that revolve around the complex interplay between Russia's energy policy and the changing international energy environment. The dramatic consequences of the 2008 economic crisis, i.e. the transformation of Russian perceptions of the energy sector as the catalyst of economic growth into an obstacle on the path to modernization, forms the back-bone of the volume. A major strength of the collection is that Jakub Godzimirski has brought together a multidisciplinary scholarship, each drawing from their respective backgrounds in International Relations, Business, Economics and Russian Studies. This allows for a wide range of perspectives and approaches in examining the impact of collapsed world energy prices and the faltering demand for Russian energy in the wake of the global crisis. The volume is recommended to anyone interested in International Political Economy in general, and Energy Studies in particular. The relationship between the economic foundation of energy reserves and production forecasts is connected to often competing political goals such as tight state control over the energy sector and diversification of energy exports towards Asian markets. Beyond that, the book also provides ideas and discusses concepts of interest for area specialists in the field of Post-Soviet Studies. The analyses dig deeper than the surface of formal politics, unmasking the features of informal politics among Russia's energy elite.

The first three chapters aim to draw a broader picture of the post-crisis situation in the Russian energy sector, focusing on three key points: who, what, and how. In Chapter One, Godzimirski identifies the key actors and their ideas that shape Russian energy policy. He argues that the neo-patrimonial bonds between the political and business elites are still in place, regardless of Dmitry Medvedev's announcement on 30 March 2011 that representatives of the state were to be removed from the boards of state-owned companies. In Chapter Two, Valeryi Kryukov and Arild Moe offer a detailed account of the resource base so as to assess Russia's capacity to meet energy demand in the coming decades. They differentiate between (proven) reserves and (estimated) resources, and systematically discuss a range of aspects in relation to the future availability of exploitable energy resources, from the number of new reserve discoveries, to current production, as well as the legal framework of taxation. The chapter draws a gloomy picture of a decreasing number of discoveries, a falling recovery rate, and uncertainties about the volumes and qualities of reserves ready to be developed. Establishing the 'how', Chapter Three by Tatiana Mitrova identifies three main challenges of the 2008 economic crisis to Russia's energy sector, and discusses the government's policies to counter them. They encompass diversification of export markets to the East, diversification of the product structure of exports, and diversification of export routes to reduce transit risks and costs while combatting the loss of external funding and lower demand for Russian products and services.

Chapters Four to Six further elaborate on the impact of the global financial crisis on Russia's energy sector with regard to the modernization of the economy, foreign policy and diversification

strategies. In Chapter Four, Derek Averre assesses the role of energy in Russia's modernization programme, testing the Russian assumption that energy resources will be crucial to develop the sector, and evaluates to what extent this creates a platform for the modernization of the entire economy. The author makes the case for reducing reliance on hydrocarbons rents to sustain stability as a substantive part of the process of modernization. In Chapter Five, Irina Busygina and Mikhail Filippov examine the link between the resource curse and its relation to foreign policy. The authors offer a theory-based explanation of why cooperation between Russia and the EU has remained so severely limited in many areas of mutual interest. The authors attempt to explain the paradoxical observation that while EU-Russia mutual trade dependence increased before the crisis, political relations deteriorated. They argue that the Russian elite at least temporarily managed to maintain openness to the West by effectively discrediting all Western voices through "virtual conflicts". Chapter Six provides an analysis of Russia's acute need for an export diversification strategy to counteract dependency on the EU market. Pavel Baev discusses Russia's pipeline strategies towards Europe and the Asia-Pacific, arguing that whereas the former strategy focuses on bringing Turkey in, striking transit deals with the Balkans to undermine EU competitive projects and locking out Ukraine so as to reduce transit risks, the latter strategy tries to keep China friendly, Central Asia stable and the USA attentive.

The final chapters, Seven to Eight, offer an economic analysis on overcoming the crisis and drawing scenarios for the future. In Chapter Seven, Lars Lunden and Daniel Fjærtøft investigate whether increased domestic gas prices will lead to increased Russian export. The authors identify several micro economic conditions which must be met, concluding that 'unless domestic price hikes can be accompanied by reforms in other areas, the additional volumes of gas available for export will be limited' (p.131). Chapter Eight draws scenarios of Russia's future gas production. Eini Laaksonen, Hanna Mäkinen and Kari Liuhto discuss the larger picture of Russia's challenges within the global gas market, highlighting not only rising EU import dependence, but also addressing Japan's and China's increasing energy hunger and the impact of the US shale gas revolution.

The greatest strength of the volume is precisely that it brings together an impressive amount of different perspectives that complement and reinforce each other's findings. The legal framework of the energy sector, major policy initiatives such as Russia's Energy Strategy until 2030, diversification of the foreign and domestic discourses of the Russian energy elite, and economic perspectives on energy pricing are extensively covered. These perspectives are empirically well documented with tables and figures that illustrate the political and economic environment in which Russia's energy elite operates, and highlight the challenges ahead.

Furthermore, the focus on a producer country such as Russia breaks with the current bias in the literature on energy security operations towards consuming countries' security of supply. The energy skirmishes between Russia and Ukraine caused a great deal of attention about security of supply, resulting in equating energy security with security of supply. Godzimirski in contrast managed to gather not only Russian perspectives regarding the security of supply, but also delivers complex analyses of producer countries' strategies in securing stable demand for their energy resources. Another added value of the volume is the identification of multiple linkages between Russia's domestic energy policies and the EU's security of supply. Investment and production capacity issues (Chapter Two), diversification policies towards the Asia-Pacific (Chapter Six), and regulated domestic gas prices at low levels (Chapter Seven) all negatively influence the EU's future energy imports. The latter highlights the need for domestic price increases and price reform. In theory, these reforms would stimulate Russia's energy savings, which leaves more room for export to the EU and in turn incentivise upstream investments that would stimulate export production capacity to Europe. However, this theoretical effect might be much smaller than expected because of rising domestic energy demand (income effect) and the observation that Russians adapt their

energy consumer behaviour in response to price increases (price inelastic demand) only to a small degree (Chapter Seven).

The argument that low domestic energy prices are used to cushion social tensions is mentioned several times throughout the book, yet lacks a more detailed analysis. It might have been interesting to include a separate chapter on this social acceptability aspect of energy security. This would shed new light on the trade-off the Russian government is facing: increasing domestic energy prices for the sake of increased energy efficiency and savings comes at the cost of fueling social discontent. As concerns ecologic acceptability, attention is mainly focused on energy efficiency, rather than on climate change. Godzimirski identifies the absence of linkage between energy and climate change. This observation certainly challenges the reader to look for explanations in the volume, nevertheless, the question is not explicitly answered. In sum, despite small shortcomings in the social and ecologic dimensions of Russia's energy security, this volume is doubtless of added value in the fields of International Political Economy, Russian Studies and Energy Studies.

\*\*\*



## BIBLIOGRAPHIC INFORMATION

Russian Energy in a Changing World: What is the Outlook for the Hydrocarbons Superpower?

Edited by Jakub M Godzimirski

Ashgate 2013

ISBN: 9781409470281 (hardback), 65.00 GBP, 218 pages

Other formats: ebook PDF (9781409470298), ebook ePUB (9781409470304)