



## HOUSE OF REPRESENTATIVES II

### US-EU Relations

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#### Introduction

There is no denying that Europe and the United States have always had a unique relationship, from high tensions during the American Revolution to close US-European alliances during the Cold War. The president of the European Commission, Jose Manuel Barroso, notes that “[t]he relationship between the United States and Europe constitutes the world’s strongest, most comprehensive and strategically most important partnership.” While economically, the two entities remain closely entwined, disagreements over the war in Iraq and the direction of US foreign policy have recently led to disagreement. This tension has a great deal to do with the military actions pursued under the Bush Administration. Specifically with regard to the War on Terror, President Bush showed willingness to use military force, which met widespread disapproval among most members of the European Union (EU) as these countries typically follow a foreign policy of maintaining a less **interventionist** approach.

While differences in foreign policy approached regarding the War on Terror have caused some heightened tension in US-EU relations, both the US and EU feel obliged to maintain their close relationship. The main reason for this is because transatlantic cooperation plays a critical role in controlling terrorism, encouraging world trade, as well as improving global security. Overall, cooperation between these two powerful global players has maintained its frequency and stability. However, the evolving nature of both powers—especially the different strategies they use to pursue domestic and international stability—have resulted in disagreements that may test the limits of the alliance.

It is imperative that you, as policymakers, work together to find a way for these two superpowers to work together. The security and prosperity of the global community, in large part, depends on your cooperation. Not only are your US constituents depending on our success, but international stability potentially hangs in the balance.

#### Explanation of the Problem

Modern Europe and the idea of a European Community began shortly after World War II, when a tattered Europe pooled its resources in order to resume its position on the center stage in world affairs. On April 18, 1951, France, Germany, Italy, Belgium, Luxembourg, and the Netherlands signed the **Treaty of Paris**. This document went into effect

**Interventionist**—a government’s policy of involving themselves in the affairs of another state.

**Treaty of Paris**—treaty between France, West Germany, Italy, Belgium, Luxembourg, and the Netherlands that was foundational in bringing Europe together peacefully after World War II.

in 1954 and established the European Coal and Steel Community. Three years later, the same countries signed the Treaty of Rome, which established the European Community as an entity. It also established the European Economic Community and the European Atomic Energy Community to work alongside the European Coal and Steel Community. While other groups of countries set up alternative organizations, the European Community remained the most stable and popular organization. In 1973, it underwent its first major enlargement with the addition of Denmark, Ireland, and the United Kingdom. As the European Community grew larger, eventually reaching 27 member states, it evolved into a single entity. As the community grew in size and prominence, it claimed further economic and political integration throughout the continent.

### *Structural Differences*

In 1979, the European Community made the first steps toward a single currency, with the setup of the European Monetary System. In 1991, the Maastricht Treaty was passed, amending the Treaty of Rome from 1957 and changing the European Community into what we know today as the European Union. European integration, both political and economical, continued in 1995 when border controls between member states were eliminated. Throughout the 1990s, the addition of new member states from Eastern Europe became the priority of the EU. After all the additions of new member states, the size of the EU alone led to the establishment of a more indirect form of democratic rule, one that relies on a **top-down governing system**. The members of the European Commission, the supranational institution that is responsible for making major policy decisions is comprised of members that are not directly elected, but rather selected by each national government. As such, the setup of the political structure alone reveals certain inherent differences between European Union and the US.

**Top-down governing system**—an authoritarian governing system where most power is concentrated at the highest level.

### *Ideological Differences*

Aside from the apparent differences in structure, the EU and the US differ in policy strategy as well. Their ideological differences in domestic as well as international crises have clashed in recent years. Michael Emerson of the Center for European Policy Studies in Brussels created a list of ten values that apply to all of the EU member countries. According to Emerson, the US only shares six of these ten values. The four to which the US does not agree are: (1) the promotion of **multilateralism** in international affairs; (2) the avoidance of force or threat of force without just cause; (3) the support of sustainable development; and, (4) the maintenance of neighbourly relations with countries with the same policies. Europe, heavily influenced by the traumas of World War I and II, has adopted a multilateral and diplomatic method of ap-

**Multilateralism**—a term in international relations describing multiple countries working together on an issue.

proaching crises. The US, on the other hand, has historically been more **unilateral** in its approach to international events.

## Recent Developments

### *Iraq*

The War in Iraq is the major example that illustrates the difference in the US approach to foreign policy, as compared to the EU. The EU pursued and requested that the US maintain an indirect method of dealing with the threat of terrorism, through diplomacy and sanctions. The US, however, chose a more active way of combat, essentially disregarding the opinions of the EU states. While Europe has not purposefully tried to obstruct American action, European leadership has denied the US additional financial and military support for the War in Iraq. European member nations even pushed for **NATO** troops and additional funding to be denied to the US. While the conditions on the ground in Iraq have significantly improved since the US troop surge in 2007, the relationship between the US and foreign countries, particularly those in the EU have remained tense.

### *The Rise and Fall of the Euro*

In 1973, the Organization of Petroleum Exporting countries (OPEC) tied the price of oil to the US dollar, effectively making it the international reserve currency. However, the euro now rivals the dollar as another **reserve currency**. The euro was first introduced as an accounting currency in 1999, and then launched as physical banknotes on January 1, 2002. When the physical euro was introduced, it started off with the value of 1 euro to 1.18 dollars, but it fell sharply, such that the dollar was consistently worth more than the euro for a significant period of time. It became equivalent to the US dollar in value on July 15, 2002, and since then, has enjoyed a net appreciation in value against the dollar. On July 15, 2008, the euro rose to an all-time high of being valued at \$1.5990 US. However, with recent economic downturns in the US and worldwide, the euro has been falling in the past months. In early November, the euro reached a two-year low, being valued at just above \$1.25 US.

As the dollar has fallen in value, however, many countries and institutions have increasingly begun to use the euro as another reserve currency. As of June 2003, the euro accounted for as much as 35% of global trade and reserve holdings. *The Globalist*, an online magazine that studies international issues, has stated that the growing strength of the euro as a reserve currency relieves some of the burden on the dollar. Ultimately, this makes global trade and financial markets more stable.

On a trade level, the global reach of EU regulations has overturned the previous pattern of US domination in this role. That is, com-

**Unilateral**—a term in international relations describing one-sided action; contrasts with multilateralism .

**NATO**—acronym for the North Atlantic Treaty Organization; a military alliance based on collective defense.

**Reserve currency**—currency held in significant quantities by many governments and institutions as part of their foreign exchange reserves; often used for pricing global commodities like oil and gold.

panies all over the world now produce goods that must conform to EU norms, rather than US product specifications. Although the US economy is larger, the EU has stricter and more frequently updated regulations—nearly 80,000 pages worth of regulations since 1957. These stricter rules are forcing major strategy and product changes on the part of some very large US companies, such as McDonald's, United Technologies, Microsoft, and General Electric. These companies represent a large portion of the global market, showing the increasing ability of the EU to accomplish what until now only the US could do: turn its own internal standards into **de facto** industrial standards for the rest of the world.

**De facto**—a Latin expression that means "concerning the fact"; a *de facto* standard exists due to practice, but is not ordained by law.

### *International Policy*

As far as tactics in international relations are concerned, in 2006 Jose Barroso said Europe and the United States share a commitment to promoting freedom and democracy all over the world. This reflects a major theme of the Bush presidency and a key argument President Bush used in defending his invasion of Iraq. Barroso stated, "[t]hat's one of the fields where I see that the United States and European Union can do, and should do, even more together." Yet, European leaders both publicly and privately expressed concerns about reports of alleged mistreatment and prolonged detention of suspected terrorists being held at a US military prison in Guantanamo Bay in Cuba; many have called for its closing. Hungarian President Laszlo Solyom welcomed former President Bush and made what many saw as a veiled reference to Guantanamo. Solyom said that while their two countries have a duty to fight terrorism, the fight "can be successful only if every step and measure taken are in line with international law."

### *China*

Another issue that sets the two powers apart is regarding China. Earlier in 2005, the EU, especially France and Germany, two of the larger powers in the EU, wanted to lift the weapons embargo on China. The US, however, opposed this move, and both the Senate and the House of Representatives passed resolutions urging the EU to maintain its weapons embargo because China was modernizing its defense systems. China now has the third largest military budget after the US and Russia. The embargo was first put in place after the Tiananmen Square demonstrations and military reaction in 1989. Due to US opposition and internal turmoil in the EU, the embargo lift that was slated to take place in late June 2008, did not move forward.

### *Climate Change*

A huge point of contention between the EU and the US is the topic of energy security and climate change. Leaders in the EU have

made curbing global climate change an integral objective of EU energy policy. In March 2007, the EU established binding targets for the use of renewable energy and biofuels, and committed to cutting greenhouse gas emissions by at least 20% compared to 1990 levels by 2020. European Union officials are currently seeking US support for an international treaty regulating greenhouse gas emissions after 2012, when the UN **Kyoto Protocol** is set to expire. Such a treaty would also address an international market-based carbon emissions credit trading system. The US, which has not signed the Kyoto Protocol, is reluctant to commit to global regulation. Instead, the US advocates transatlantic cooperation to promote alternative fuels.

Overall, European officials perceive the US to be reluctant in pursuing binding international emissions targets and tradable carbon permits or credits. US officials argue that from 2000-2004, carbon dioxide emissions increased at a faster rate in the EU than they did in the US. They cite this statistic as evidence for the US approach, which is based on fostering technological innovation as opposed to binding regulation, as being more effective in curbing the effects global warming.

At an April 2007 summit, US and European leaders sought to downplay differences over carbon emissions targets. However, analysts note that past efforts, such as a 2006 pledge to create an annual strategic review of US-EU energy cooperation, yielded little tangible progress in either reconciling the contrasting views or in actually reducing emissions.

**Kyoto Protocol**—an international treaty produced in 1992 that intends to achieve stabilization of atmospheric greenhouse gas levels at a safe level.

## Congressional Action

### *H.R. 57 and S.R. 91*

In early 2005, the 109<sup>th</sup> Congress passed two resolutions, one in the House and one in the Senate, to urge the European Union to maintain an arms export embargo against the People's Republic of China. While these two resolutions were introduced by Republicans, both had bipartisan support. The resolution was passed in response to a joint statement released by the EU and the People's Republic of China on December 8, 2004, in which the two powers laid out their goals regarding the arms Embargo. They said that because they recognized each other as "major strategic partners in the area of disarmament and non-proliferation," the EU would confirm its "political will to continue to work towards lifting the EU arms embargo against China." The US does not support such a lifting of the ban. Furthermore, the resolution passed by the US Congress addressed the increase in arm sales by member states of the EU to China. Specifically, Congress declared that such actions are inherently inconsistent with the mutual security interests at the heart of US laws for transatlantic defense cooperation between the US and the EU.

*H.R. 2420 International Climate Cooperation Re-Engagement Act*

In 2007, in response to long-standing criticism for not taking part in the global effort to reduce carbon emissions, particularly for not ratifying the Kyoto Treaty, Congress passed H.R. 2420 to clarify its stance on global warming. First, the act formally recognized the phenomena of climate change, stating that “[t]here is a global scientific consensus, as established by the Intergovernmental Panel on Climate Change (IPCC) and confirmed by the National Academy of Sciences, that the continued build-up of **anthropogenic** greenhouse gases in the atmosphere has been, and is now warming the earth and threatens the stability of the global climate.” Though the bill’s actions do not completely contravene President Bush’s initial assessment that the Kyoto Protocol was “fatally flawed” from his Administration’s perspective, the specific tasks of the plan do illustrate that the US is pursuing multilateral cooperation in reducing greenhouse emissions.

**Anthropogenic**—  
*created by humans.*

The bill specifies a list of seven specific tasks that the US will engage in to help reduce carbon waste. Interestingly, one commitment is “requiring binding mitigation commitments from all major emitting countries based on their level of development...[and their]... mechanisms to harness market-based solutions, building upon the joint implementation, clean development mechanism, and international emissions trading developed under the Protocol.” This sounds akin to tradable carbon permits or credits that many European officials staunchly advocate. The bill also states that the US seeks “international consensus on long-term objectives including a target range for stabilizing greenhouse gas concentrations.”

*H.R. 338*

House Resolution 338 seeks to increase cooperation between the US and the European Union to strengthen the transatlantic trading market. Because US-EU trade represents roughly 40% of the world’s total commerce, Congress passed this resolution to reduce regulations and trade restrictions between the two powers. This legislation is made in response to a new initiative made by Germany’s Chancellor, Angela Merkel, who assumed the EU Presidency in January 2007. Soon after her presidency began, Merkel proposed **liberalizing** transatlantic trade and reducing non-tariff and regulatory barriers to trade. Building on the Merkel initiative, the 2007 US-EU Summit adopted a *Framework for Advancing Transatlantic Economic Integration*, which instituted a number of reforms to facilitate free trade between the US and the EU. One critical component is the creation of the Transatlantic Economic Council (TEC) to advance the process. The goal of this body is to accelerate ongoing efforts to reduce regulatory barriers by monitoring progress and identifying areas where regulations could be reduced even further.

**Liberalizing**—*a policy of allowing more free-trade between countries; reducing government barriers to international trade.*

H.R. 338 is one major step towards making Merkel’s vision a

reality on this side of the Atlantic. The resolution called for the US and the EU to conduct a jointly-funded, cooperatively-led study of existing obstacles to transatlantic trade. It specifies that the study should include sector-by-sector estimates of the costs of existing barriers to trade, and the costs and benefits of removing the barriers. It encourages business and labor communities in both the US and the EU to work with Congress and European Parliament to advance the agenda of reducing regulatory barriers.

## Focus of Debate

### *Conservative View*

Conservatives believe that there is a strong ideological gap between the US and the EU. On the one hand, Europe seeks international multilateral cooperation to solve international crises, while, on the other hand, they find that the US is justified in proceeding with its unilateral, direct combat methods to secure peace and stability. They also find that US involvement in the development of Europe's defense and protection, as well as its political identity and shape, is desirable for both. They find that Euro-American cooperation is diplomatically beneficial for countries on both sides of the Atlantic, however they are not very supportive of Europe's interference in US domestic issues; therefore, conservatives are hesitant in participating any further in Europe's own domestic matters.

### *Liberal View*

Liberals are more supportive of a greater and more in-depth cooperation between the US and the EU. They are far more concerned than conservatives are about improving relations with the EU. Liberals see Europe's multilateral strategy as more appropriate in international issues; liberals hope to rely America's direct threat methods only in times of absolute need. On the issue of global anti-American sentiments, liberals believe that such an attitude that has been globally created can only be reversed through cooperation with US allies and diplomatic routes. To this end, they are interested in great diplomatic negotiation on global issues. They especially support further **collaboration** on issues such as energy sustainability, trade, and multilateralism in foreign policy.

**Collaboration**—A group effort reached through cooperation.

### *Presidential View*

President Obama and his administration are in support of repairing US-EU relations to the fullest extent. The Obama Administration hopes to restore events back to an era—dating back to Presidents Truman, Eisenhower, Kennedy—when a US president could rally European support because he and America were respected and admired abroad.

Specifically, President Obama's administration is pursuing a policy of rebuilding NATO relations, especially as it relates to garnering European support for NATO's current mission in Afghanistan. In a renewed US-Europe partnership, Barack Obama and Joe Biden will expect allies to commit more resources to this common mission and to remove some of the limits on what their troops in country can do. They have called for deployment of at least two additional brigades of US troops to Afghanistan and would expect that to be met by enhanced contributions from our NATO allies.

With regard to climate change, under Obama, the US will implement an economy-wide **cap-and-trade program** to reduce greenhouse gas emissions to the level recommended by top scientists to avoid **calamitous** impacts; invest \$150 billion over the next ten years to develop and deploy climate friendly energy supplies; improve energy efficiency to reduce the energy intensity of the US economy by 50% by 2030; reduce our dependence on foreign oil and reduce oil consumption overall by at least 35% by 2030. President Obama and Vice President Biden aim to make the United States a leader in the global effort to combat climate change by galvanizing new international partnerships, particularly with the EU. Europe will find an America that leads on the environment rather than one that avoids the issue.

While these are only a couple of the important issues that President Obama hopes to address with the help of the EU, there are many more that will require international support, particularly from EU member states. And even though it is still very early in the Obama Presidency, he has made it clear that forging a strong, mutually beneficial relationship with the EU is high on his political agenda.

## Interest Group Perspectives

### *Heritage Foundation*

The Heritage Foundation is a conservative think tank that researches and proposes public policy solutions. They believe that the EU and the stated goal of European integration and unification is profoundly anti-American, and has a general spirit that is contrary to American values. Representatives from the Heritage Foundation believe that the EU's method of government, a surrender of sovereignty of the state to a larger whole, is antithetical to the US's idea of an independent state. The Heritage Foundation views the EU as an authoritarian body, in opposition to democratic ideals which allows national parliaments to decide for themselves how to best govern.

The Heritage Foundation believes in three policy initiatives for the United States in dealing with the EU: (1) setting up global free trade alliances for states; (2) allowing for individual nations to negotiate rela-

**Cap-and-Trade Program**—an approach to controlling carbon emissions whereby a central authority determines limits (caps) on a nation's allowed pollutant emissions and divides the total among companies; caps can them be traded amongst companies, as companies who need to pollute more buy from companies who can afford to pollute less.

**Calamitous**—meaning disastrous.

tions with the US rather than through the organ of the EU; and, (3) working with the EU on NATO reforms as a form of international defense.

### *Cato Institute*

The Cato Institute, a libertarian think tank, sees problems with the complicated nature of the politics in the European Union. In addition to having a constitution with a length and difficulty that is beyond the scope of the average lay reader, the Cato Institute believes the EU Constitution's section on individual rights is not broad enough. In essence, the stance on individual rights seems less like a list of guarantees and more like a list of services.

Furthermore, the **Cato Institute** does not believe in the idea of common "European-ness" that is critical to a united Europe. As such, Cato believes that the US should interact with European countries not as a collective, but as individual states. This would also prevent the US from being inadvertently tied to initiatives affecting countries it does not directly deal with.

**Cato Institute**—a libertarian think tank.

## **Possible Solutions**

Especially after tensions between the two countries over the war in Iraq and the continuing global strategies against terror, it is very important that the US should reevaluate its militaristic methods and pursue collaborative, diplomatic efforts to resolve issues, with the help of Europe's long experience in diplomacy.

A helpful gateway between the two powers might be the creation of a representative body where issues of great importance and cooperation may be discussed. The representation of the US in the EU, and vice versa should be reexamined to allow for greater coordination and productive discussions. Whether it is resolving problems of energy, diplomacy, or trade, Congress must consider how to handle the US-EU relationship as it continues to address the endless list of current issues, both foreign and domestic.

## **Questions for Policymakers**

The basic questions that a bill should address is the extent of US involvement in reshaping Europe's structure, defense and political nature, as well as the route that transatlantic relations should take. Should EU and US have greater collaboration in matters of international interest? And, if so, how can this be achieved without influencing involvement in domestic issues? Does NATO suffice in dealing with these issues, or should there be a direct body of discussion between the two powers? Should the US pressure the EU on matters such as China, Iran

or international trade, or should it adjust to a more multilateral international environment?

Beyond the substantive parts of the legislation, do not forget to consider the implications of your actions. Will your new program cost money? Where will this funding coming from? Which **branch** of the government will have oversight of the program? As you can imagine, coming up with the idea might prove to be easier than coming up with a plan for the implementation of your legislative action.

**Branch**—one of the three main divisions of the US government: legislative, executive, and/or judicial.

## Conclusion

As Dr. Benita Ferrero-Waldner, EU Commissioner for external relations and European Neighbourhood policy once stated, “on a global level we are both major powers, and as such we have global responsibilities. Exercising that power and responsibility effectively inevitably means working together.” The US and Europe must both realize that in the international community they are both significant players, with great international responsibilities towards ensuring peace, stability and prosperity. Only with their cooperation can long term, successful results be achieved, and it is to the advantage of the Congress and our committee to assist in ensuring a brighter, stronger, and safer future.

## Guide to Further Research

The topic of US-EU relations goes far beyond the scope of this briefing. To fully understand how the two entities function in modern global politics, it is critical that you conduct your own research. Here are some resources to help you begin your search.

- <http://www.cer.org.uk>  
Centre for European Reform: This website can give you articles that are related to specific or general issues about EU-US relations. Take a look at them and pay attention to issues that create tensions between the two, or issues that have been resolved, and how.
- [http://ec.europa.eu/external\\_relations/us/index\\_en.htm](http://ec.europa.eu/external_relations/us/index_en.htm)  
Europa Website: This website will be really helpful for you, so I suggest you explore it to the fullest. Look at pages that concern not only the relations with the US, but also the structure of the EU, domestic issues of defense policy and its political identity, which is still not fully developed. This way you will understand to a greater extent the differences in structure and ideology of the two powers, while trying to find ways for them to cooperate. Focus on the section of external relations, and especially about

the United States.

- <http://www.heritage.org/research/europe/>  
Heritage Foundation Website: This is a conservative think tank that can help you understand and formulate conservative views and come up with plans that can help improve US-EU relations, while respecting and upholding conservative views.
- <http://foreignaffairs.house.gov/110/wexler050307.htm>  
House of Representatives Website: Research passed bills and resolutions in the Committee for Foreign Affairs, and also go to the Subcommittee on Europe, and look at the hearings and press releases, which deal with specific issues, such as Turkey's entrance in the EU, missile plans as defense for the EU, visa programs, and trade issues.
- <http://washingtontimes.com/upi-breaking/20050331-104146-2486r.htm>  
The Washington Times: Find articles that discuss conflicts between the US-EU, especially concerning tactics, after Iraq and now with Iran and Russia.
- <http://www.state.gov/p/eur/rls/rm/2002/14755.htm>  
US Department of State: This is the official opinion and strategy of the US administration. Bearing in mind that the President has the final say in whatever bill you will come up with, it is really important to know the opinions of the Administration.

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