EU Leadership in an Emerging New World Order

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Introduction

Since the 1990s, the European Union (EU) presents itself as a leading actor in international trade and climate change negotiations. According to the homepage of the Trade General Directorate (Commission 2005), the Union is ‘one of the key players in the World Trade Organization … and is one of the driving forces behind the current round of multilateral trade negotiations’. In the current post-Kyoto climate negotiations, it is portrayed as ‘leading global action to 2020 and beyond’ (Commission 2009) and as having ‘been at the forefront of efforts to combat climate change’ (Commission 2008). The description of the EU as a key actor with leadership capabilities has been widely echoed by scholars (Bretherton and Vogler 2006; Oberthur 2007; Vanden Brande 2008).

In the emerging, new, complex world order exemplified by the Doha Round trade negotiations and the post-Kyoto negotiations in Copenhagen, traditional great power roles are obviously challenged. In multilateral negotiations concerning issues of global interdependence, the role of military might is minimal. While some observers argue that legitimacy and other soft power resources play an increasingly important role, others point to the continued relevance of structural power, although of a non-military kind. At the same time, ‘new’ actors like China and India are appearing as essential players, displaying role characteristics that have little connection to the great power characteristics of the Cold War, or even the post-Cold war era of the 1990s.

In this fluent and changing environment, the EU’s leadership aspiration has been challenged. This has been most apparent in the climate change arena where the EU is claimed to have ‘discarded the leader’s yellow jersey’ and to have lost its credibility in climate change policy, primarily because of its alleged problems in forging an internally coherent, ambitious way forward in the on-going negotiations (Kilian and Elgström 2010). In trade, the Union’s leader-
ship potential is diminished by perceived incoherence across issue areas and by a perceived lack of legitimacy (Elgström 2007).

The aim of this chapter is to problematize and evaluate the current status of EU leadership in these two issue areas, which may be considered quintessential examples of issues of global interdependence, thus typifying the emerging new world order. Drawing on recent research into internal and external perceptions of the EU in trade and climate change (Elgström 2007; Kilian and Elgström 2010), but also on documents and a review of recent scholarly analyses and newspaper reports, I critically assess the present leadership role of the EU in trade and climate change negotiations. I start by discussing leadership as a theoretical construct, differentiating between qualities and types of leadership. Next, a brief outline is made of outsiders’ perceptions of the EU’s leadership qualities as they were expressed in the 1990s and early 2000s. In this context I also analyse what type of leadership – structural, instrumental or directional – the EU is perceived to perform. In the main empirical section, the impact of recent events and developments in the two issue areas are analysed. I end by comparing developments in the two issue areas and by discussing implications for the future of EU leadership.

Leadership qualities and types of leadership

There is a relatively consistent agreement among academic observers that leadership in multilateral negotiations is of pivotal importance (Gupta and Ringius 2001; Sannerstedt 2005). Empirical studies stress the significance of leadership for reaching agreement (e.g. Zartman 1994). Sannerstedt (2005: 108) emphasizes that leaders are needed in order to avoid deadlocks and to push the negotiation process to a solution. Moreover, the delegation of powers to leaders may be viewed as a functional answer to collective action problems in multilateral negotiations (Nabers 2008). Underdal (1994: 178) defines leadership as ‘an asymmetrical relationship of influence, where one actor guides or directs the behavior of others towards a certain goal over a certain period of time’. Leadership in core is a ‘relationship between (a) leader and followers’ (ibid., p. 181). Nabers (2008) highlights one important point that is not explicit in the given definition, which is that leadership is competitive: ‘Leadership is always contested by challenges from those who are left out of … a “hegemonic project”, and sometimes from those who find themselves in a subordinate position to the leader’ (Nabers 2008: 9).

Previous research has demonstrated that a number of specific qualities are required to ensure and sustain leadership status. Elgström (2007; cf. Gupta and Grubb 2000) thus draws our attention to coherence and credibility as essential ingredients of effective leadership. Nuttall (2005) makes a distinction between
three types of coherence: horizontal, institutional and vertical. Horizontal coherence means that policies with external implications in different issue areas should be consistent with each other. Institutional coherence refers to consistency of external policies emanating from the various EU institutions. Vertical coherence addresses consistency among member states and between member states and EU policies. Credibility in this context mainly refers to the assumption that in order to be a successful leader, the EU’s external ambitions as a policy entrepreneur have to be matched by ‘domestic’ policies that demonstrate that the Union does what it preaches. The EU has to set good examples but also to actually implement its own policy ideas.

As to types of leadership, we follow a typology provided by Gupta and Grubb (2000: 18-23), differentiating between structural, instrumental and directional leadership. Structural leadership builds upon a state’s material or political resources. The instrumental mode of leadership is related to the exercise of political skill in negotiations and to creativity in accommodating the needs of different parties regarding the institutional design of a regime. Directional leadership emphasizes ‘leading by example’. Internally developed solutions are portrayed as potential standards of behaviour that may serve as a model to be disseminated internationally.

The EU as a leader: external perceptions

Climate change negotiations

There was a unanimous agreement among the third state representatives that form the basis for this overview (see Kilian and Elgström 2010) that the EU was still at the time of COP 14 (2008) a leader in climate change, regardless of whether the interviewee represented a developing or a developed country. Even the ‘heavyweights’ on the international scene, the US, Japan and China, all affirmed the Union’s leading role. What adds to this evaluation is that EU leadership was also assessed as horizontally and institutionally coherent. Generally, the EU was seen as a legitimate and credible actor in the negotiations. Yet, the picture is more complex as there were deviations in perceptions about the EU’s credibility. There was a concern on the side of some developing state representatives that the Union’s rhetoric is not always followed by serious action. Still, no other state than China regarded the EU to have lost standing in global climate change politics. The leadership of the Union was claimed to have been strong and consistent.

Regarding the type of leadership demonstrated by the EU, all three types in our theoretical framework are reflected in outsiders’ evaluations. However, directional leadership is clearly the most prominent mode, according to the in-
terviews. While relying on its structural weight, the EU needs to be a credible example to be a successful policy entrepreneur.

**Trade negotiations**

The outsiders in my 2005 interviews (see Elgström 2007) all agreed in their description of the EU as a great power in trade. The Union is ‘crucial and pivotal’ and a ‘key player’. This power position is shared with the US: any proposed agreement has to have the support of these two actors to stand a chance of success. There was also a consensus on the main reason why the EU is a great trade power. The respondents emphasized the size and the presence of the EU: it speaks for 27 member states and its volume of trade and its total GNP automatically makes it a major actor.

The picture we got regarding EU leadership was more ambiguous. The sheer size and economic importance of the EU create expectations of leadership. There is thus a perceived linkage between structural power and leadership. There was also widespread agreement that the EU wants and tries to be a leader. However, it is according to my interviewees only successful to a limited extent, sometime and in some areas. Often EU leadership attempts were dismissed as not being credible. The most serious obstacle to EU leadership is a perception of incoherence. While the EU portrays itself as a champion of free trade, it is in some areas – *nota bene* agriculture - perceived to be a highly protectionist actor. Several respondents characterized the EU as a ‘leader with double-standards’ that proclaims noble goals but at the same time pursues mercantilist policies.

**The EU as a leader in the emerging new world order**

**Recent developments in climate change negotiations**

Much has happened since the COP 14 Poznan conference in 2008. The COP15 meeting in Copenhagen in December 2009, where expectations were high for a decisive breakthrough in climate change negotiations, ended in what is generally described as a fiasco. How do the results describing the situation in 2008 and before fare when compared with EU performance in Copenhagen? While no deep, systematic research on this topic has been carried out, some conclusions are still possible to draw, based primarily on a review of recent scholarly analyses and newspaper reports.

The Copenhagen climate summit has generally been seen as a set-back for the EU (Spencer et al. 2010), or even as a negotiation failure (European
The EU was sidelined in the final hours of the negotiation when it was presented with a text agreed upon by the US and the newly emerging BASIC bloc of Brazil, South Africa, India and China: ‘there was a recognition that the EU had been upstaged at best and humiliated at worst’ (Curtin 2010). The EU’s leadership ambition had been stunned and its ‘top-down targets and timetable’ approach seems to have been replaced by a ‘bottom-up unilateral pledge-and-review’ approach, advocated by the US and China, who arrived to Copenhagen with largely shared preferences (Egenhofer and Georgiev 2009). What went wrong?

There are three main arguments, all related to the conceptual framework above, as to why the EU did not play a leadership role at COP 15. First, the Union has been portrayed as an incoherent, internally divided actor without a strong spokesperson (Curtin 2010). During her confirmation hearings as new Commissioner for climate action, Connie Hedegaard claimed that during ‘the last hours in Copenhagen, China, India, the US, Russia, Japan each spoke with one voice while Europe spoke with many different voices… we are almost unable to negotiate’ (quoted in Curtin 2010). This implies that there was a lack of institutional coherence, especially in comparison with other actors, that weakened the chance for a decisive role in the hectic final negotiations.

Second, it has been argued that the EU’s pledges before the summit were not credible. While the EU has traditionally been perceived to exert influence by leading by example, with promises of strong reduction targets, it was – some observers claim – coming to Copenhagen with ‘a reduction target that conflicted with its claim to leadership’ (Spencer et al. 2010). In this interpretation, the EU’s pledges were weaker and less ambitious than those of other Western countries, in fact requiring little need for further domestic abatement. This approach arguably alienated other countries and prevented directional leadership (ibid.). Third, the EU is a ‘relatively minor power in terms of global emissions’ (Curtin 2010), while the US, China and other emerging economies are the countries ‘that really matter in any lasting climate solution. There is nothing the EU can do about this’ (Eigenhofer and Georgiev 2010). This could, in our theoretical language, be interpreted as a decline in the EU’s structural leadership capacity, eroding the Union’s ability to play a leading role.

What do these reflections imply for the future of an EU leadership role? There seems, in the post-Copenhagen situation, to exist a global leadership vacuum. China and the US could construct an accord of their own liking in Copenhagen, but their actions could hardly be called visionary leadership. The EU does not seem to have abandoned its leadership ambitions, despite its debacle at COP 15. In a letter to member state governments, Commission President Barroso argues for new EU initiatives to demonstrate that it has not given up its aspirations (Sydsvenska Dagbladet 2010). While it seems difficult to change the declining structural power of the EU, the Union is still in the position to...
present unilateral pledges that could restore its directional leadership (for example through a promise of a 35% reduction target; cf. Spencer et al. 2010). Furthermore, the Lisbon Treaty gives the EU a chance – but far from a guarantee – to increase its institutional coherence at future meetings, for example by letting the new ‘Foreign Minister’ or the new President of the Council take on the responsibility as Union chief negotiator. In brief, the EU’s climate leadership is closely linked to its cohesiveness and credibility. Once outsiders start to question the unity and sincerity of the EU, its credibility and legitimacy start to crumble. Being a leader implies keeping constant watch on potential internal dissent and on threats to its image as an actor that lives up to its international proclamations.

Leadership is, as we explained in the theory section, a competitive business. Self-proclaimed leaders are thus often challenged by other actors, which have their visions and aspirations. In climate change politics, the EU was for many years considered an unchallenged leader, mostly because the US’ decision not to ratify the Kyoto protocol. After the inauguration of the Obama administration the situation has arguably changed. Many observers expect the US now to resume its former leadership role (Paterson 2009). At the same time, the emergence of China and the other BASIC countries as major players at COP 15 has significantly complicated the picture. Some commentators thus saw the Copenhagen summit as the dawn of a new multi-polar world order, where large developing countries and the US are key actors in the forging of any new agreement. In Copenhagen, the US and China colluded to construct an accord that corresponded to their respective national interests, leaving the EU outside. This act of cooperation does not, however, amount to leadership if this concept implies having a (joint) vision of how to solve global problems. In this situation, the EU’s role becomes more diffuse and more difficult to predict. It still considers itself the most progressive climate actor but acknowledges the relevance of the US and China in the global climate regime. Outsiders tend to take the same position: the EU is still very much a potential leader, but it is assumed that the US will take on an at least equally prominent position. They also realize the increasing importance of the emerging economic powers. If this situation will lead to cooperation or competition is, however, open to dispute. There is, in the words of an EU parliamentarian, a risk that ‘the climate talks will turn out as Doha trade talks, the final agreement delayed year after year’ (European Parliament 2010). If no party assumes leadership or is given leeway to lead, this may well be the case.
Recent developments in trade negotiations

During the last decade, the major Western powers have been challenged by the emerging economies as decisive players in trade negotiations. Countries like India, Brazil and China have in the Doha Round managed to act as veto powers, preventing the US and the EU from implementing their respective agendas. For example, the EU’s plan to include a plethora of regulatory issues into the agenda was refused by the WTO majority, led by the countries mentioned above. In the current situation, power relations in trade negotiations are diffuse and volatile. Structural indicators, such as countries’ relative economic strength (GDP) and shares of world trade, are changing, creating unpredictability and potentially leading to changed preconditions for structural leadership. Trade is also a key issue for the future of multilateralism as bilateral or minilateral solutions compete with a global approach. While an adherence to multilateral principles may still create legitimacy among smaller states, there are growing tendencies that also the EU is following the lead of the US by becoming increasingly committed to bilateral agreements.

What roles the US, the EU and China are to play in future trade negotiations are uncertain. There is a strong resistance to further US concessions and to any quick deal in general, in the US Congress and among industry- and agriculture lobbyists. The argument is that the US is paying too much (in the form of, for example, decreased agricultural support) and receiving too little (in the form of market openings in growth economies). The Obama administration has not made trade a priority issue and seems to be reluctant to spend political capital in the Congress on trade matters. In the negotiations, the US has raised demands on the emerging economies that many outsiders have considered unreasonable, thereby undermining its credibility.

After its WTO membership in 2001, China for a long time believed it had very little to gain and much to lose by taking on a leadership role. China thus kept a very low profile in the Doha Round. However, China has since 2008 taken a more active part in the negotiations and is now part of the ‘inner negotiation circle’. This more active stance will be difficult to abandon, given its position as the third trade nation in the world. At the same time, there are few signs that China is willing to make any major unilateral concessions to facilitate future progress in the Doha Round. It seems as if China may use its structural power to prevent any agreement that may be considered negative for its interests while it is less willing to engage in directional leadership.

The constructiveness of the EU is still constrained by its agricultural interests, delimiting its chance to emerge as a directional leader. As long as the member states are not willing to offer more far-reaching reductions in agricultural duties, the chance for the EU to lead the negotiations forward is small. Further-
more, the willingness of other actors to follow the EU’s lead in adding regulatory issues (rules on investment, competition etcetera) to the WTO agenda does not seem to have increased. The EU is still, however, one of the leading commercial actors and therefore enjoys considerable structural leadership potential. One way of using this potential would be to seek closer co-operation with the US in order to clarify the possibility of joint constructive action.

Concluding discussion: The cases compared

One first conclusion is that the two cases we have visited have been somewhat different in terms of EU leadership. While the Union has for almost two decades (but not before that) been perceived as an undisputed leader in climate change negotiations, its leadership claims in trade negotiations have continuously been severely challenged. Furthermore, while its leadership in climate has been primarily directional in its character, the limited leadership that the EU has exerted in trade has mainly been structurally based, because the size of its market. Perceptions of incoherence have led to the EU’s credibility being questioned, leaving little room for directional leadership.

Secondly, it has been demonstrated that the changes in the nature of usable power resources and the advent of new great powers in the two areas – what we have referred to as ‘an emerging new world order’ – constitute a challenge for the EU in both cases. This has, however, been much more evident in the case of climate change where the Union’s leadership capacity has been openly questioned. One main reason seems to be that the EU has not been able to exercise coherent and uniform directional leadership in the process leading up to the Copenhagen summit. In the case of trade, the change is less visible in the last few years, but is still clearly detectable if one compares the role of the EU today with its importance in WTO negotiations ten years ago.

Thirdly, the preconditions for structural leadership have changed in both cases as the balance of structural power is slowly transforming. New actors (China, India, Brazil) are becoming increasingly important in terms of trade and market shares. The same countries are likewise becoming increasingly important in terms of their share of global emissions of hothouse gases, linked to their economic growth. However, this increase in structural leadership potential has not yet been translated into actual leadership (in terms of guiding other actors towards a common goal). Instead, China has acted more as a veto player, preventing outcomes that it does not like.

The dynamics and tensions created by the developments described above, mirroring the altered power relations of a new world order, confront the EU with a number of strategic challenges. If the EU wants to retain a leadership role, how should it proceed? First, it is more important than ever to present a
coherent and unified policy position in upcoming negotiations. A weak, status quo-oriented bargaining position resulting from internal division will not allow for a continued leading role. Second, as the EU cannot do much to influence its structural power, especially in the short run, it has to rely on either directional or instrumental leadership, or on a combination of the two. It is still possible for the EU to act as an example, either unilaterally or together with selected allies, in both trade and climate change. This could be done by setting ambitious goals or giving unilateral concessions. The risk is high, however, that domestic resistance in key member states will create formidable obstacles to such initiatives. Remains a strategy of instrumental leadership where the EU could seek temporary or more permanent coalitions and where it could act as a process manager, trying to incrementally move the process forward by using its skills and its ideational legitimacy. Probing the possibility of a more or less encompassing transatlantic alliance in key areas would be one potential avenue for success.
References


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