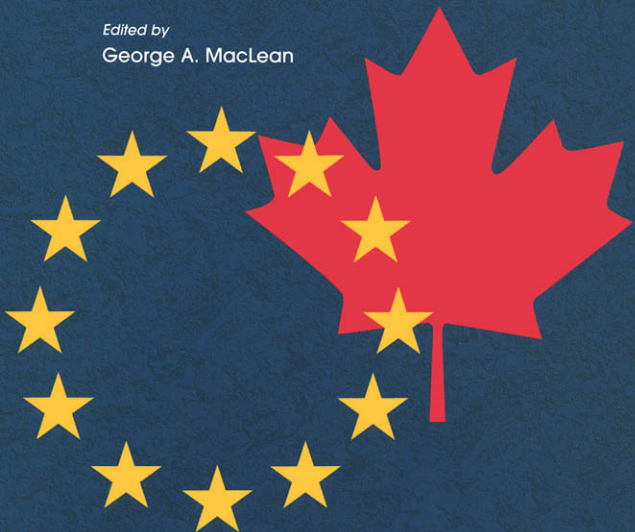


Between Actor and Presence

The European Union and the Future
for the Transatlantic Relationship

Edited by

George A. MacLean



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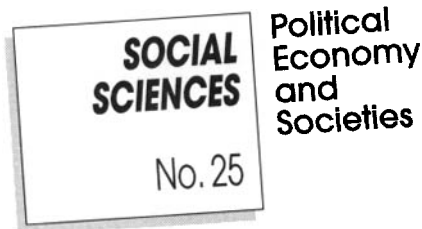
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Table of Contents

Preface	IX
Chapter 1	
Introduction	
<i>George A. MacLean</i>	1
Chapter 2	
The EU and the Variables of Enlargement	
<i>David Long</i>	11
Chapter 3	
The Perils of Treaty Amendment in the European Union: The 1996-97 IGC and EU Enlargement	
<i>Hans J. Michelmann</i>	43
Chapter 4	
A Presence at the Creation: EU Expansion and Security-Building in Central and Eastern Europe	
<i>Charles Pentland</i>	79
Chapter 5	
Canada and Europe: The Implications of the Common Foreign and Security Policy of the European Union	
<i>Paul Buteux</i>	101
Chapter 6	
Hurry Up and Wait?: Intergovernmentalism and an Integrated European Defence Market	
<i>Alistair D. Edgar</i>	123

Chapter 7

Not Much of a Presence: Europe, the European Union,
and Ballistic Missile Defence

James Fergusson 149

Chapter 8

European Security and Defence and NATO:
Moving from Influence to Activity

Alexander Moens 169

Chapter 9

Transatlantic Free Trade: Myth or Reality?

Evan H. Potter 193

Chapter 10

Conclusion: The Decline of the Atlanticist Tradition in Canadian
Foreign Policy

Kim Richard Nossal 223

List of Abbreviations 235

Contributors 239

Index 241

Preface

As the European Union becomes more integrated and continues its process of enlargement, questions concerning the nature of the "transatlantic" relationship are raised. Historically an integral part of Canadian foreign affairs, the European community currently poses a question for future Canadian relations: either as an actor or as a presence. Accounting for this changing relationship was the heart of the challenge faced by the contributors in this volume, all of whom addressed a particular aspect of Canadian-European relations.

This book situates Canadian interests within the larger context of political change taking place in Europe, covering several seminal aspects of European political integration. Political relations, the process of integration and enlargement, military and defence links, and trade ties are all explored, leading to the conclusion that Canada—largely due to its focus on continental relations—now stands at the margins of European interests. In short, this book contextualizes the historical transatlantic relationship; explores in detail the process of integration and enlargement; addresses the implications of a Common Foreign and Security Policy for both European and Canadian interests; analyzes previously unaddressed concerns about defence industries, European defence and NATO, and ballistic missile defence; and clarifies the "myth" of transatlantic free trade.

This volume is the result of a nine-month project involving 10 analysts from across Canada, prompted by the 1996 launch of the Intergovernmental Conference of the European Union. As the title suggests, the book takes a unique perspective in its presentation of the European Union: "between actor and presence." In broad terms, this perspective seeks to delineate between how we might consider the EU as "actor" (a purposeful *process or mechanism* capable of exerting influence in the performance of its activities) or as a "presence" (a *representation or condition* of political influence). Each of the contributing articles applies this approach, resulting in a distinctive impression of

the development of European integration, as well as its broad implications for Canadian interests and policy.

There are a number of individuals to whom special thanks must be extended. At the University of Ottawa Press, Elizabeth Thébaud, Martine Beauchesne, Marie-Claire Borgo, Wladimir Nguyen, Lucie Turcotte, Marge Dunham-Landry, Veronica Schami, and—in particular—Vicki Bennett were instrumental in getting the book published. At the University of Manitoba, Pat Kruchak, Kari Jobin, and Barbara Lam were of great assistance in the organization of the contributors' conference; Pat also deserves thanks for her help in the preparation of the manuscript. I would also like to thank Steve Wolinetz, the Canadian Political Science Association, and the European Community Studies Association for their support for our roundtable discussion in June 1997 in St. John's, Newfoundland. The Canadian Centre for Foreign Policy Development; the European Division of the Department of Foreign Affairs and International Trade, Canada; and the European Commission in Canada helped fund segments of this project. This book has been published with the help of a grant from the Humanities and Social Sciences Federation of Canada, using funds provided by the Social Sciences and Humanities Research Council of Canada.

George A. MacLean
Winnipeg, Manitoba
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1

Introduction

GEORGE A. MACLEAN

Relations with Europe embody one of the central pillars of Canada's traditional foreign policy agenda. That much, it appears, is agreed upon by analysts and observers of Canadian external affairs. Yet is there adequate attention paid to this transatlantic relationship? How does this association compare with the burgeoning and much acclaimed connection with the Asia-Pacific Rim? Team Canada missions to Japan, which comprises just under five percent of our total international trade, receive far more attention than any trade delegation to the European Union (EU). And how might we place it within the context of Canada's deep alliance with the United States? Despite the immediate strategic and economic concerns regarding close relations with the United States, and the anticipation of growing opportunities in the Asia-Pacific Rim, the transatlantic link represents a long tradition of cooperation and shared interests based on historical determinants. Although the transatlantic relationship has changed markedly, it remains an integral part of Canadian foreign, security, and economic policy—a part that bears continued scholarly examination.

Surveying Canadian-European Relations

In broad terms, this volume examines the multi-faceted and nuanced relationship that exists between the European Union and Canada. While this is not a Canadian foreign policy text in the traditional sense, the purpose here is to situate Canadian interests within the larger context of political change and integration taking place in Europe. In so doing, the book concentrates on several interrelated aspects of Canadian-European relations, and accounts for the forces of change in Europe and their bearing for Canadian interests.

Although relationships such as that between Europe and Canada are often based on the continuity of relations (such as inte-

grated security concerns and a shared mode of foreign policy making), analysts and observers of Canadian foreign relations also must be mindful of the changes affecting such relationships. And the greatest challenge to Canadian relations with its transatlantic partner is the process of economic and political integration and expansion in Europe. Though European integration is predicated on a long history of growing incremental developments, dating to the creation of the European Coal and Steel Community (ECSC) in 1951, the current dialogue concerning integration in Europe stands to fundamentally alter the substance and practice of European foreign relations. No longer an "economic giant, but a political dwarf," the nature of political authority has altered in Europe, implicating the form of decision making by political leaders, as well as broader relations with non-European partners.

There can be no doubt that the relationship between Canada and the European Union is a tremendously nuanced one. To try to account for every aspect of this changing relationship would be impossible in a single volume, unless only brief attention were paid to the main elements of the relationship—political, economic, cultural, and military. The point of this book, then, is to account for some particular significant features of the changing relationship. Contained here are chapters that offer a structural overview of the process of change in the European Union, with implications for Canadians. This is an immensely important part of the transatlantic relationship: understanding the nature and process of change in the European Union, most notably deepening integration and enlargement. In addition, the book identifies some of the major issues to emerge from recent developments in Europe (particularly relating to security and policy affairs) that have broad consequences for the transatlantic relationship. Also, the book recognizes some specific factors that will continue to have relevance for the transatlantic relationship: namely, issues pertaining to European Security and Defence Policy, Common Foreign and Security Policy, ballistic missile defence, defence industries, and trade.

Change in Europe and Implications for Canada

While the primary focus of this book concerns the nature of evolving Canadian-European relations, not all contributions detail the specific "Canadian" dimension. Rather, some of the contributions cover the

issues pertaining to European integration as a process. Hence the twofold intention of the book: the analysis of European integration, and its effects on Canadian foreign and domestic policy.

A number of developments have direct effects on the transatlantic relationship: the removal of market barriers with the creation of the single market program; proposals for an integrated foreign and security policy; a new European security and defence identity; continuing debates surrounding monetary union; and a shifting balance of trade and decreasing trade interdependence. In short, all of these represent significant tests for the transatlantic relationship. It is essential, then, that observers of transatlantic political, economic, and military relations be aware of the implications of this changing relationship and the manner in which it stands to affect Canadian interests.

Between Actor and Presence

This book takes a unique perspective in its presentation of the EU and the role it plays in the transatlantic relationship. As its title suggests, the book positions the EU "between actor and presence." This viewpoint seeks to depict the EU as either an "actor," representing a *purposeful* process or mechanism capable of exerting influence in the performance of its activities, or as a "presence"—a *representation* or condition of political influence. In short, how do we conceptualize of the EU's role in the Canadian interest? Do developments and change in Europe have a willful and calculated effect on Canadian affairs or are they merely abstractions? To try to answer this question, each of the chapters, in their own course, sheds some light on this actor-presence balance, resulting in a distinctive impression of the development of European integration, as well as its implications for Canadian interests and policy.

European Integration and Canada's Interests

Regional economic and political zones provide a vital dynamic in contemporary international relations, and their broader influence has been given more attention since the end of the Cold War. As more states seek to immerse themselves under the umbrella of such

zones, their goals and mandates must be fully understood by their allies and partners in order to sustain mutually beneficial relations. Unlike other political and trade areas created by arrangements such as the North American Free Trade Agreement (NAFTA) or the Asia-Pacific Economic Cooperation (APEC) body, the European Union is poised to become the first fully integrated economic and political union, allowing for the free movement of people and capital as well as goods and services.

After the United States, Europe remains Canada's second most important partner. Despite a continued Canadian commitment to NATO, the tradition of Canadian "Atlanticism" is somewhat challenged by the relative lack of attention paid to matters pertaining to politico-security and economic cooperation within the context of the EU. Importantly, Canada is faced with politico-security, and commercial and trade ramifications that will accompany further integration in Europe. Furthermore, Canada has not established a recognizable new "Europe" policy. This is something it can do only with the careful consideration of where Europe intends to head as it enters the 21st century.

After the end of the Maastricht negotiations in 1992, a number of important events altered the focus of attention in European affairs. The drive for membership by Eastern European countries created a hierarchy of states for consideration for membership with a new round of EU enlargement. Some countries, including Poland, Hungary, the Czech Republic, and, to a lesser degree, Slovakia, saw rates of growth and political and economic development that positioned them as more attractive candidates for EU membership. Other countries could not be considered in the same favourable light. Nonetheless, the enlargement issue raised a wide range of affairs that extended beyond the EU itself, including matters surrounding the Common Foreign and Security Policy (CFSP), the Western European Union (WEU), and NATO.

The process governing this new initiative toward greater integration and expansion was the Intergovernmental Conference (IGC), which began in Italy in March 1996. The IGC had a wide-ranging agenda of issues with implications for member states as well as for their political allies. Fundamentally, this process initiated a program of further integration of security, economic, and political concerns, and constituted a signal event in the development of the EU. Indeed,

given the cacophony in Europe regarding the Maastricht Treaty after 1992, the IGC integration/expansion process stood as both a test of the forces for integration in Europe as well as an opportunity to revise those components of the Maastricht Treaty that were considered, in retrospect, problematic for the successful unification of European political, defence, and economic affairs.

Importantly, the IGC and the resulting Amsterdam Treaty of 1997 will set the tenor for future developments regarding these political objectives and provide the framework through which member states will seek deeper policy integration with one another. In short, the Amsterdam Treaty, in concert with the substance of its ensuing deliberations, will form the basis for interaction among European states and will directly affect Canada's political, economic, and security relations with its European partners.

The future of European integration will affect the strategies and policies that Canada and Europe pursue on both a bilateral and individual basis. Furthermore, perceptions regarding the substance of European integration affect a broad range of international and transatlantic issues. Among the more salient are enlargement, regional security arrangements, defence, trade and commerce, industrial issues, and the future for Canadian Atlanticism (most notably here Canada's continued relations with a larger European bloc). In brief, it would be hard to sustain the argument that Canada's future foreign policy will not be significantly affected by the European position regarding deepening integration.

Given the rich history of relations between Canada and Europe, it is rather surprising that there has been a relative dearth of attention in the Canadian academic and policy community to the various issues of politics, defence, and economics as they pertain to integration in Europe. This volume seeks to fill a crucial gap in our understanding of the importance of Europe for Canada's foreign policy.

Outline of the Book

In Chapter 2, David Long focuses on the activities taking place in Europe. In his examination of EU enlargement, Long identifies the enlargement process as one of the most crucial aspects of European

affairs and examines the motivations of member states in accepting or seeking enlargement. He categorizes the effects of enlargement on the EU and argues that the unique context of the Fifth Enlargement will make for serious difficulties and delays in the process well into this decade. Long considers the technical requirements of enlargement negotiation before examining the prospective implications of enlargement—specifically, issues related to policies, decision-making procedures, and budgetary matters that have to be dealt with in order for enlargement to take place. Long compares the current enlargement process with the manner in which the EU has expanded in the past and poses some findings concerning four variables: the size of the applicant countries, the number of applicant countries to be admitted, their geographic location, and their relative wealth.

In Chapter 3, Hans Michelmann examines the EU's 1996-97 Intergovernmental Conference (IGC), setting the stage for the discussions elsewhere in the book. The chapter sheds light on the 1996-97 IGC as an example of treaty amendment in the European Community/European Union and thus demonstrates that the EU is engaged in its most important decision-making process. His chapter addresses one of the central questions raised in this volume: to what extent can the EU be considered a self-conscious actor, and to what extent is it still groping its way in that direction?

Michelmann charts some of the history of previous intergovernmental committee meetings and their implications for Europe as a political actor. Specifically, he details the asymmetrical practices in the application of rules and common policies since the inception of the European Community, and provides an overview of what became known during the Maastricht round as "variable geometry." He discusses the Treaty on European Union's provisions for significant *constitutional* asymmetry, as well as a temporary "multi-speed Europe" that provides for serial accession of member states to the European Monetary Union (EMU) as they meet requisite qualifications. He provides an overview of the EC/EU experience with such asymmetrical practices in an attempt to shed light on the implications of these practices for the functioning of the EU and for EU enlargement.

Next, in Chapter 4, Charles Pentland analyzes some of the implications of enlargement for Central and Eastern Europe. He explores the implications for European security, broadly defined, of the eastward enlargement of the European Union. Using a theoretic-

cal framework relating free markets, democratic politics, and regional stability, Pentland looks at the security of three groups of European states: first, the current members of the EU; second, the three or four states most likely to be admitted in the first round of enlargement; and third, the rest—in fact, a differentiated group consisting of the six or seven current applicants unlikely to be admitted in the first round; eight aspiring or potential applicants in Central and Eastern Europe and the Balkans; and, of course, Russia. Pentland argues that European integration has always been about security concerns (yet that some have been kept from the EU for economic reasons) and that the conditions for membership are based on “political conditionality.”

In Chapter 5, Paul Buteux assesses the implications of the Common Foreign and Security Policy (CFSP). Here Buteux provides an overview of the CFSP, as well as an evaluation of its effectiveness. He argues that the debate surrounding the CFSP is not unlike the more general debate relating to integration in broader terms: that the EU has always had common external policies, though the changing political and strategic landscape with the end of the Cold War has altered the focus and strategic rationale of the CFSP to a degree. Buteux concludes that, far from being wary of a new integrated foreign and security policy in Europe, Canada should see its interests and preferred policies reflected in a new CFSP. Instead, he notes, Canada ought to be concerned about the structural and strategic emphasis of the CFSP, rather than the substantive nature of the policies themselves.

Alistair D. Edgar, in Chapter 6, outlines and examines the still-changing shape of Europe's Defence Industrial and Technology Base (DITB), and places the issue of an integrated defence industrial base within the larger matter of the deliberations over a CFSP. Edgar suggests that within the broader framework of European integration, DITB issues leave “first tier” states (Great Britain, France, and Germany) between actor and presence with regard to their ability to “play a politically meaningful role in shaping decisions and events.” Tracing the history of an integrated defence market in Europe, he highlights obstacles that have curtailed successful integration in this sector in the past. Edgar concludes that the implications for Canada are particularly critical, especially if an integrated European defence industrial base takes on the role of an actor rather than a mere presence.

In Chapter 7, James Fergusson continues the analysis of defence issues as they relate to the European Union, this time with regard to ballistic missile defence. Fergusson notes that defence in Europe remains largely a national prerogative, and the institutional framework that would be necessary for ballistic missile defence in Europe is focused within NATO, and, to a lesser degree, the Western European Union (WEU). He discusses the transformation of a strategic rationale in Europe with the disappearance of an identifiable common threat, yet with more immediate missile threats than those faced by its North American allies. Fergusson then extends his argument to incorporate the current state of defence cooperation among the member states of the EU and assesses the factors that will drive or impede further integrative policies. He concludes that the stumbling blocks and sources of opposition for an integrated policy on ballistic missile defence are no different from the fundamental barriers that plague Europe on the CFSP issue, or on a range of other strategic concerns. Defence, Fergusson suggests, "is the last bastion of national independence in Europe" and represents the major barrier to a real deepening of European integration.

Alexander Moens completes the discussion of European defence matters in Chapter 8. Here he brings to light the separate security policies pursued by European allies in NATO and in the EU. Moens examines the state of the European Security and Defence Identity (ESDI) since the end of the Cold War, and its development toward a European Security and Defence Policy (ESDP). He offers an analysis of why the allies have been unable to "consummate" a functional and integrated defence structure. Moens argues that the development of a new defence doctrine, known as the Combined Joint Task Force (CJTF), is predicated on the cooperation between the WEU—and more recently the EU—and NATO. He suggests that the CJTF will not likely resolve the current ESDP difficulties because of conflicting interests with NATO and what he views as a limited NATO-France "rapprochement." This limited rapprochement has been enforced by Britain's recent move to join with France in building an "autonomous" European military capacity. Moens concludes that the unity of the Atlantic Alliance and the ambition on the part of the European Union to become a real actor in security and defence will make long-term EU-NATO military cooperation more difficult. Canada does not have to choose between Europe and America but should put the integrity of the Alliance ahead of freelance associations with EU autonomous actions.

In Chapter 9, Evan H. Potter attends to the question of whether transatlantic free trade is, in fact, a myth or a reality. He situates his argument within the larger issue of multilateralism, specifically regarding whether closer integration in Europe is symptomatic of a new "open regionalism," meaning increased multilateralism, or a more closed system of interregional preferences and isolationism. His argument is particularly of interest to Canadians examining transatlantic economic links, focusing on the role Canada plays in the EU and in the broader world economy. Potter points out that the traditional "privileged" relationship Canadians have felt marked transatlantic economic affairs is no longer a shared view by European counterparts; instead, he argues that Canada is "an appendage" in the EU-United States-Japanese trade "triad." Furthermore, he notes that the divergence in policy and approach taken by Canada and Europe began in the mid-1980s and only solidified with the collapse of the Soviet Union and the deepening of political and economic links on both sides of the Atlantic during the late 1980s and 1990s. Potter concludes that economic relations between the EU and Canada are contingent upon political will, and a continued political commitment on the part of Canadian foreign policy decision makers is necessary to maintain and foster this relationship.

In Chapter 10, Kim Richard Nossal presents a concluding essay on the matter of Canadian relations with Europe. He suggests that the roots of Canadian-European affairs lie in a "deeply embedded policy idea in Canadian foreign policy." The notion that Canada is, in fact, an "Atlantic" nation, he argues, is an integral component of the manner in which Canadians historically have identified themselves. Nossal delineates between "Atlanticism" as a nationalistic sentiment and the more narrow identification of "Atlanticism" as a policy to link the interests of the United Kingdom and the United States; this latter interpretation resulted in the dominance of Western (and, more specifically, "transatlantic") ideals and institutions in the international system during the Cold War era. More recently, Nossal argues, the Atlanticist ideal has been far less central in the foundations of Canadian foreign policy. He traces the roots of this "decline" of Atlanticism to the contemporary era, ascertaining that there has been a "persistent and systematic abandonment of the Atlantic idea over the last 50 years as Europe emerged as a prominent international actor in its own right." He suggests that while Canada is still very much a "European nation," neither Canadians nor their government

seem much affected by the profound transformation of Europe as both an actor and a presence.

Conclusion

The 1997 Amsterdam Treaty represents the results of a most crucial set of IGC deliberations and will help chart the future of the European Union as it continues the process of integration and membership. This, then, is a propitious time to reconsider Canada's relations with its European partners and to generate a "Europe" policy as we head into the new millennium. The end of the Cold War and its imperatives, regional integration in North America and Europe, and the creation of separate agendas on both sides of the Atlantic are all reasons that necessitate a careful examination of the nature and tenor of transatlantic relations. To that end, therefore, the following chapters in this volume examine some of the most significant developments taking place in Europe and their effects on Canadian interests. Europe, to be sure, is a region undergoing consequential changes; it is essential, then, that we grasp the characteristics of this new role—as actor or as presence.

2

The EU and the Variables of Enlargement

DAVID LONG

Introduction

The European Union is once again negotiating enlargement of its membership. While enlargement seems to be a never-ending process, this Fifth Enlargement of the EU is in a number of ways unique. There are more candidates that are further behind on average economically than previous instances of enlargement. The EU agenda is more overloaded than ever before. And the European geopolitical environment is more diffuse, at the same time improving the applicants' chances of inclusion in the EU while reducing the urgency for present EU members to approve accession.

The Union agreed at Luxembourg in December 1997 on a short list of five plus one countries—the Czech Republic, Hungary, Poland, Slovenia, and Estonia, plus already-agreed-to Cyprus. But at the Helsinki Summit in December 1999, the EU agreed to open accession negotiations with all 12 applicants (add Slovakia, Bulgaria, Romania, Latvia, Lithuania, and Malta) and to consider Turkey at some point in the future.¹ This is a very long list. However, there is no intention that all the applicants will be admitted at once. Here again, this enlargement is special compared to the previous rounds, where there would be a relatively small group of countries that would negotiate accession and all be admitted on the same date.

In this chapter I categorize the impacts of enlargement on the EU and argue that the unique context of the Fifth Enlargement will make for serious difficulties and delays in the process. In particular, I provide a schema for considering any EU enlargement and assess the current process in terms of that schema. This paper is not, therefore, about the details of the enlargement negotiations, nor about specific member state or applicant positions.²

Wolfe, Robert 224, 233
Woolcock, Stephen 218, 219
World Trade Organization 208
Wörner, Manfred 173
Wright, David 188, 192

Y

Yost, David 191
Yugoslavia, former 28, 93-94, 97

Z

Zeilikow, Philip 189



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