



## The Global Strategy – reinvigorating the EU’s multilateral agenda?

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The EU’s *effective multilateralism* doctrine is hardly a defining characteristic of the international system of today. While established multilateral structures are far from reflective of the realities of the twenty-first century, multilateral practices remain dominant in most parts of the world. Multilateralism, however, carries a different meaning to different actors. Emerging powers have become increasingly assertive in promoting their own multilateral approach and now set the pace in international affairs. The EU remains, nonetheless, well-placed to respond to this challenge through a revision of its multilateral agenda.

A European Union Global Strategy (EUGS) on Foreign and Security policy is finally in the making. Among the key deliverables of the strategy is the need to equip the EU with an updated vision of the international system to be promoted proactively in the next 10 to 15 years.<sup>1</sup> The most recent EU-level strategic reflection on what the global order should look like took place in the context of the European Security Strategy (ESS) of 2003. Back then, inspired by

the Union’s own history and support for norm-based multilateral policy-making, Member States opted for an *effective multilateralism* doctrine. As a result, the EU has spent much of the past decade promoting international cooperation underpinned by binding rules with universal reach, which are created and monitored by multilateral institutions. Yet, the reality remains that global governance in most policy areas does not function in this fashion. Multilateral structures originating from the second half of the twentieth century provide a platform for states to meet and settle their problems, rather than functioning as institutions with powers in their own right.

As rule-based multilateralism remains deeply entrenched in its DNA, the EU continues to have an interest in an international order based on strong multilateral institutions. As Alyson Bailes puts it, the EU’s ‘deepest interest lies in making others – and eventually the world – more like itself.’<sup>2</sup> Yet, the experience of the past 13 years has shown that the EU’s unconditional support for strong multilateral cooperation across the board holds little appeal for most global actors. While the fundamental nature of the EU has not changed since the ESS of 2003, the context in

which Europeans now need to reconsider and refine their vision of international relations is significantly different. Arguably, the most important development is represented by the rise of a handful of emerging powers in economic, political and diplomatic terms and their quest for increased influence in regional and global governance. Riding the waves of their – partial – economic catch-up, emerging powers such as China, Brazil, India, Russia and South Africa (BRICS) have come to promote alternative multilateral strategies inside and outside established – and Western-dominated – global governance structures.

In order to navigate more effectively in the present multilateral context of changing balance of economic and political power, I argue that the EUGS needs to upgrade the EU's mere commitment to multilateralism into a proactive multilateral agenda.

### **A NEW CONTEXT**

As underlined in the strategic assessment submitted by the High Representative/Vice-President Federica Mogherini to the European Council in June 2015, the international environment has become more complex and contested since 2003.<sup>3</sup> Indeed, defining the contemporary international system is no easy task. This is because the world is now simultaneously characterised by several dynamics – lingering US hegemony (*Pax Americana*), incipient Sino-American leadership (G2), absence of hegemon (apolarity) mixed with the presence of several powers vying for influence (multipolarity), and intermittent references to universal values and international society (multilateralism).

Arguably, this patchwork of dynamics in contemporary global affairs is largely the result of the powerful upswing of several emerging powers and the simultaneous decline of the West. Notably, the EU28's share of global gross domestic product had dropped from

23% in 2003 (in terms of purchasing power parity) to just 16.9% by 2015. By the same year, the share of China and India, for example, had risen from 8.9% and 4.6% in 2003 to 17.2% and 7.1% respectively.<sup>4</sup> Global governance structures have, however, largely failed to mirror these developments. While multilateral bodies have also been plagued by repeated calls for a multipolar system, by the daunting legacy of flawed policy approaches, frequent deadlocks on politically sensitive issues, shrinking budgets, and the very limited involvement of civil society, these issues have all been dwarfed by the criticism provoked by legitimacy issues of late. Despite a handful of institutional reforms implemented in favour of emerging powers in the wake of the 2008/2009 financial crisis (inclusion of all G20 members in the Financial Stability Board and the Basel Committee on Banking Supervision; shifting 6% of voting rights from developed to emerging and developing countries in the International Monetary Fund), global governance structures remain overall dominated by the United States, Europe and Japan.

In spite of these shortcomings, multilateralism as a practice of coordinating national policies in groups of three or more states continues to be seen as an effective way to resolve global or regional challenges in most parts of the world. Even Brazil, India and China (despite its permanent seat on the United Nations Security Council) that have grown the most disenchanted with their disproportionately low influence in the multilateral system, have a strong interest in effective governance at both the regional and global level as also substantiated by their increasingly structured cooperation in the BRICS format. They all cultivate an interest in fostering their own development by integrating into the world economy and securing beneficial conditions for their economic growth model.

Yet, multilateralism is more than a practice of coordinating the policies of a certain number of states. Also important are the principles on the basis of which coordination takes place.<sup>5</sup> In this regard, substantial differences have surfaced between the EU and emerging powers in several multilateral processes, in particular over the past decade.<sup>6</sup> The EU's effective multilateralism doctrine essentially amounts to a support for legally binding commitments applicable to the largest number of nations possible, with little appetite for granting substantial concessions or privileged treatment to emerging and developing countries (e.g., climate and trade talks). In addition to its preference for majority decisions, the Union often proves eager to restrain the sovereignty of contracting parties, while also linking economic policies to human rights considerations and robust environmental and social policies (e.g., allocation of development aid). By contrast, emerging powers and most developing countries appear to favour consensus-based decision-making that, in turn, results in voluntary clauses and a strong emphasis on national sovereignty. They also invariably consider their development through economic growth to be a priority, showing reluctance to subscribe to stringent standards of governance or environmental and social protection (multilateralism light).<sup>7</sup>

While the emerging powers' inclination to multilateralism is certainly a welcome development from an EU perspective, the guiding principles of their multilateral approach have increasingly proved to be a source of tension in global governance. In short, what is challenged today is not the EU's commitment to multilateralism as a practice, but rather the established multilateral structures where inter-state cooperation has traditionally been carried out, and the EU's interpretation of the very concept of multilateralism. I argue that the emerging

powers' increasing assertiveness in regional and global governance poses a challenge to the EU's effective multilateralism doctrine in two fundamental ways: growing prevalence of alternative multilateral approaches in established international organisations and processes; and the rise of new multilateral structures centred upon emerging powers.

### THE INTERNAL CHALLENGE

The past two decades have seen multilateral cooperation develop in most parts of the world. In the Asia-Pacific and Central Asia, in particular, a plethora of regional initiatives have emerged with the aim of fostering a form of integration (Association of Southeast Asian Nations, Eurasian Economic Union), building closer ties between member states on peace and security matters (Shanghai Cooperation Organisation, Collective Security Treaty Organisation), and promoting free trade (Asia-Pacific Economic Cooperation, Bay of Bengal Initiative) or advancing joint development strategies (China's One Belt One Road). Most – if not all – of these structures share a tendency to function according to the multilateralism-light approach depicted above. Apart from these region-specific organisations, more informal – so called 'club governance' – arrangements have also sprung up, grouping several key emerging powers. In addition to the BRICS, the IBSA, BASIC and RIC groups also fall into this category.<sup>8</sup> These groups have facilitated the coordination of emerging country positions in multilateral negotiations.

While most of these initiatives were not necessarily intended to challenge or eclipse the global governance structures that originate in the post-World War II context, they have come to serve as a platform for members to ameliorate and deepen their relations while also developing a joint understanding of topical transnational challenges. The impact of this increasingly dense set of partially overlapping

networks has already proved crucial on several occasions, allowing members to block ambitious proposals advanced by the EU on the international stage. Much of the groundwork of what turned out to be the ‘Copenhagen Accord’ at the 15<sup>th</sup> Conference of the Parties (COP15) had been, for example, laid at the 2009 APEC Summit in Singapore. Furthermore, at the annual assembly of the International Civil Aviation Organisation in 2013, BRICS nations successfully led the way in thwarting EU plans to impose a carbon emission tax on flights entering its airspace from third countries.

### THE EXTERNAL CHALLENGE

Until recently, emerging powers’ actions in multilateral structures were mainly driven by the desire to water down or derail robust proposals backed by developed countries (especially the EU). In the past two years, however, the emerging powers have gradually shifted their emphasis from passively obstructing to proactively shaping the multilateral system informed by their own multilateral agenda. The most prominent consequence of this shift is the rise of parallel multilateral structures, demonstrating emerging powers’ dissatisfaction with being in the passenger seat of global governance.

The New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA) created by the BRICS in 2014, as well as the Asian Infrastructure and Investment Bank (AIIB) launched by China last year are the most notable examples. It is worth pointing out, however, that the formation of such parallel structures *per se* is not unprecedented and nor is it necessarily a negative development from the EU’s perspective for several reasons. First, the EU had already been calling upon emerging powers to assume augmented responsibilities in collective problem-solving for a number of years. Second, regional development banks and monetary schemes were developed in Latin America (Bank of the South,

Latin American Reserve Fund), South East Asia (Chiang Mai Initiative Multilateralisation), the Middle East (Arab Monetary Fund) but also in Europe (European Bank for Reconstruction and Development, European Stability Mechanism). Finally, despite its traditional support for the Bretton Woods institutions, the EU’s socio-economic model combining free market economy with a larger role for the state and for civil society actors has also often stood as a somewhat light counterweight to the neo-liberal model of capitalism promoted by the IMF and the World Bank – especially prior to the 2008 financial crisis. Nonetheless, the NDB, the CRA and the AIIB differ from these regional structures in that not only do they intend to act in a complementary fashion to existing multilateral structures, but they are also motivated by shaping the orthodox policy discourse in their respective fields. Moreover, in contrast to the initiatives above, these institutions are backed by the second largest economy in the world, which pursues revolutionary changes in global governance as a strategic objective.

Differences between the World Bank and the AIIB, for example, are expected to surface over governance arrangements and lending practices. In sharp contrast to the Washington-based institution, the AIIB is operating on the basis of a non-resident board. While this arrangement may serve to cut bureaucracy and accelerate lending, it can also be seen as a Chinese attempt to limit member states’ influence over the daily activities of the bank’s resident management. Furthermore, while championing sustainable development on paper, the new multilateral banks’ prospective adherence to robust environmental standards is questionable in light of their explicit intention to finance projects with significant ecological footprint (e.g., coal-fired power plants for electricity generation). While it can

be argued that the ‘open door policy’ of these institutions will allow developed countries to join (as of July 2017 in the case of the NDB) and shape the banks’ lending practices from the inside, their collective voting power will be strongly limited in both the AIIB (maximum 25% of the total) and the NDB (maximum 20%).

In addition to shaping the development policy discourse through the AIIB and NDB, China also seeks to grow its footprint in Europe through multilateral investment arrangements. To that end, the close of 2014 saw the creation of an investment fund worth \$3 billion for Central and Eastern Europe (CEE). While the fund may serve to ease access to funding for projects in the 16 countries of the CEE region (focusing on infrastructure and energy), some of the prospective projects have already raised concerns about their potential lack of compliance with EU law (e.g., modernisation of the Budapest–Belgrade railway).

Finally, the emerging powers’ – and most notably China’s – quest for increased influence in regional and global governance does not consist only in the establishment of new multilateral bodies. Revitalising neglected organisations is also part of their strategy. Beijing’s intention of reviving the Conference on Interaction and Confidence Building Measures in Asia (CICA) – a marginal security network covering the bulk of Asia but not Japan – during its presidency (2014–2016) is, for example, an explicit attempt to reduce Asia’s reliance on external forces in the security realm, but also to respond to the increasing terrorist threat in Western China.

### **MULTILATERAL AGENDA REVISITED**

Neither the ESS of 2003, nor the effective multilateralism doctrine are valid reference points when the world is faced with the increasing fragmentation of its governance

landscape following the rise of the Global South. Rather than promoting robust multilateral institutions as a general principle, the EUGS could select a handful of priority areas where the collective EU interest is most closely linked to a strong, rule-based multilateral cooperation (e.g., climate change, trade, development, cyber security). On that basis, the EU could then focus its efforts on the reinforcement of existing multilateral institutions and mechanisms or even on the creation of new institutions in these policy domains.

In operating multilaterally in such policy areas, however, an embrace of the emerging powers’ – notably China’s – quest for increased influence in multilateral policy-making becomes inevitable. While the much-needed overhaul of the multilateral system will not happen overnight, the EU is well-placed to act on its own and grant increased attention to the voices emanating from China, India and the similar countries while formulating its own policies. The main challenge lies in doing so without abandoning the very principles that inform the EU’s own approach to multilateral policy-making. To that end, the following could be done:

*Awareness* – An up-to-date grasp of group dynamics in multilateral negotiations is of the essence. In addition to existing groupings, new alliances may emerge as a result of the establishment of inclusive multilateral mechanisms in new policy areas (cyber, space, ocean, health etc.). The EU must therefore constantly be on the lookout for alternative bloc positions and comprehend how they interact with the stances of traditional EU allies (United States, Australia, Japan).

*Reflection* – When a key third country remains resolute in positioning itself against the EU on a particular dossier, the pertinent departments

of the European External Action Service and Directorates-General of the European Commission could jointly reflect on ways of transposing elements of successful cooperation with other major powers in the same policy area into EU relations with the opposing country. For example, why has the EU been successful in promoting sustainable development in its relations with Brazil but not with China and India?

*Outreach* – Gaining insights into and grasping the reasons behind alternative negotiating positions of emerging powers is only part of the job. This must be followed by a proper outreach. To that effect, the EU’s preparation for multilateral talks could be restructured in such a way that less time is spent on internal pondering and more on outreach. In the short term, the EU could mobilise its diplomatic presences (including those of the Member States) located ‘in country’ in an attempt to leverage third country positions and even deploy the HR/VP on select occasions. In this regard, the Green Diplomacy Network (GDN) could be seen as a flagship initiative. The network builds on the idea of combining the strength of EU and Member State delegations in countries like Brazil, China, or India so as to jointly influence the position of their host nation on environmental issues. In the long-term, the EU’s strategic partnerships could also come into play and serve as a tool to transmit EU values to partner countries with a view to clearing a path for cooperation on the world stage.

When emerging powers go beyond advancing alternative multilateral strategies in established multilateral fora and opt for the creation of new bodies, the EU will often have an interest in ensuring consistency between the functioning of old and new structures. In order to maximise their influence in and over new multilateral bodies, it is critical that EU Member States engage in EU-level consultation before making

unilateral decisions upon membership. If the EU has strong competences in the policy areas dealt with by newly-created institutions, it may also be worth considering whether the Union itself could assume representational tasks. It is true that new multilateral bodies originating from the emerging powers may not necessarily allow for the membership of non-state actors at their inception. Yet, the mandates of most international organisations are not etched in stone. Hence, acceding EU Member States could try to shape collectively the mandate of these evolving structures in line with the overall EU interest right from the outset, including a joint campaign for a Regional Economic Integration Organisation (REIO) clause.<sup>9</sup> By showing disunity in the face of new multilateral initiatives originating from China, the BRICS or further afield, the EU risks being gradually marginalised in shaping the *modus operandi* of multilateral cooperation.

### WHAT IS NEXT?

In view of the increasingly successful attempts of China and other BRICS countries to play the multilateral game on their own terms, EU Member States need to come together to determine jointly the best course of action in response. They do not necessarily have to make a choice, however, between the continued reform of established structures and the embrace of newly-created multilateral institutions. A more reasonable point of departure seems to be the prioritisation of a certain number of policy areas where the EU interest is closely intertwined with the maintenance of robust, performing and representative multilateral institutions and mechanisms. The EU could then throw its full support behind reform initiatives that aim to render multilateral cooperation more equitable in priority areas such as environment, trade and development. If granted proportionate influence, China, India and the like would stand a better chance of bringing their

influence to bear on how the world is governed in these fields and would thus also be less tempted to challenge established multilateral processes and norms through parallel structures. While adjusting global governance to the realities of today is a long and arduous task, the EU is well placed to swing into action more swiftly, starting with the revision of its multilateral agenda.

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### Endnotes

<sup>1</sup> This policy brief was written on the basis of a brainstorming on a 'Proactive Multilateral Agenda for the European Union' hosted by the Egmont – Royal Institute for International Relations on 14 March 2016.

<sup>2</sup> A. Bailes, *External Security Policies and the European Model*, in L. Tsoukalis (ed.), *The EU in a World in Transition: Fit for what purpose?*, Policy Network 2009, p. 34.

<sup>3</sup> [The European Union in a changing global environment – A more connected, contested and complex world.](#)

<sup>4</sup> International Monetary Fund, World Economic Outlook Database.

<sup>5</sup> J. Ruggie, 'Multilateralism: The Anatomy of an Institution.' *International Organization*, 46, 3 (Summer 1992), pp. 566-68.

<sup>6</sup> S. Keukeleire, T. Delreux, *The Foreign Policy of the European Union*, Palgrave Macmillan 2014, pp. 318-20.

<sup>7</sup> R. Penttilä, *Multilateralism Light: The Rise of Informal International Governance*, Centre for European Reform, July 2009.

<sup>8</sup> IBSA: India, Brazil and South Africa; BASIC: Brazil, South Africa, India and China; RIC: Russia, India and China.

<sup>9</sup> A R(E)IO clause is a prerequisite to the membership of regional entities in international organisations.