The European Union and the Liberal International Order in the Age of ‘America First’: Attempted Hedging and the Willingness-Capacity Gap

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Abstract

The crisis of the Liberal International Order (LIO) has resulted in, and been amplified by, the unilateral turn taken by the United States (US) under the Trump presidency. In this sense, ‘America First’ resulted in revisionism by the system leader vis-à-vis an order the US created and led for decades. This shift away from a historical US liberal hegemony has been even more consequential as it resulted in a leadership crisis and translated into episodes of rupture within the transatlantic community, which constitutes the backbone of the LIO. While the European Union (EU) initially positioned itself as a follower of the US, it has more recently appeared to oppose American ‘illiberalism’ through its rhetoric of ‘principled pragmatism’, expressed in an increasing number of issues. Building on the concept of leadership, this article analyses whether and to what extent the EU has the willingness to uphold LIO leadership and to what extent it is strategically equipped to do so. Following an analysis of the 2003 European Security Strategy and 2016 EU Global Strategy in order to comprehend better the EU’s relationship with the LIO and its willingness to lead, the article builds on two brief case studies: the America First trade policy and the Iran nuclear agreement. In turn, this facilitates examination of the EU’s capacity to lead and determination of the extent to which this leadership is accepted by other actors. The article argues that, while being limited by American preponderance over international issues, the EU is faced with a willingness-capacity gap but still attempts to uphold the LIO through pragmatic leadership by hedging.

Keywords

European Union, United States, Liberal Order, Global Strategy, Hedging
Historically structured and led by the United States (US) with the support of Europeans, the Liberal International Order (LIO) is undergoing a crisis. This has both resulted in, and been amplified by, the United Kingdom’s (UK) vote to leave the European Union (EU), as well as the unilateral turn taken by the US administration on the international stage under President Donald J. Trump (see Ikenberry 2018; Duncombe and Dunne 2018: 41). This crisis is thus an existential one, as Trump’s ‘America First’ policies have resulted in revisionism by the system leader itself, by not only questioning the order and its operation, but also the rules and values that underpin the order. Such an unprecedented shift from US primacy and leadership of the LIO towards ‘illiberal hegemony’ (Posen 2018) has been even more consequential as it translated into episodes of rupture – symptomatic of a profound deterioration of relations – within the transatlantic community, formed by the US and the main LIO supporters: the EU and its member states. Although the election of Joe Biden heralds a renewal of the transatlantic link, Trump’s ‘America First’ policies are likely to leave a lasting mark.

As the backbone of the LIO, transatlantic relations have been characterised by deep and complex economic, security, institutional, political and cultural interconnectedness (Riddervold and Newsome 2018; Henrikson 2016). The transatlantic community has long embodied a ‘powerful constellation of interests, norms and identities […] informing a shared vision of the West as bearing special responsibility for maintaining global peace, stability and prosperity’ (Tocci and Alcaro 2014: 366-367). There has always been a paradoxical yet inherent tension between US liberal hegemony and the LIO, resulting in an illiberal practice of hegemony exemplified by American support for autocratic regimes and military coups (Duncombe and Dunne 2018: 26-27; Desch 2007; Bukovansky 2017: 291). Yet, it was the end of the ‘bipolar world’ and the recognition of the US ‘unipolar moment’ which fostered tensions between the hegemon and its supporters. These tensions culminated in the transatlantic and intra-EU confrontations surrounding the issue of the US-led invasion of Iraq in 2003, which initiated an era of cold diplomacy but led neither to a transformation of the West nor to a collapse of the LIO (Anderson 2018: 625). The start of the global financial crisis and the Russia–Georgia war led most scholars to identify 2008 as the year marking the end of the unipolar moment (see Duncombe and Dunne 2018: 25; Alcaro 2018: 153-154). It would be the starting point to the disruption of Western hegemony and ‘revisionism’ by (re)emerging powers – namely an emerging China and a resurgent Russia – as the biggest challenge to the LIO (Kagan 2017; Riddervold and Rosén 2018: 28-29; Duncombe and Dunne 2018: 25). Today, however, the disruption of the existing order by the ‘rise of the rest’ is no longer at the forefront of discussions, being subject to its own internal predicament (see Patrick 2017a; Ikenberry, Parmar and Stokes 2018; Anderson 2018).

Given its endogenous nature, the form of revisionism that threatens the LIO today constitutes an existential crisis. The US under Trump has not only abandoned liberal principles (most notably free trade, human rights and democracy promotion), it has also led the LIO into a ‘crisis of authority’ (Ikenberry 2018: 10; Duncombe and Dunne 2018: 27-29) by self-consciously abdicating its leadership role (Patrick 2017b: 52; Ikenberry 2018:7, 2017: 4; Bukovansky 2017: 292). By endorsing the UK’s vote to leave the EU, encouraging the Eurosceptic far-right, and going as far as calling the EU a ‘fœ’ (Contiguglia 2018), Trump’s leadership abandonment has had an even more significant impact, signalling an unprecedented yet unequivocal shift away from historical – yet sometimes ambivalent – US sponsorship of the EU. Reciprocally, while the EU previously positioned itself as a follower of the US, its position has evolved (Schunz and Didier 2019). Although the change in the EU’s discourse predates Trump’s election and is to be found in the concept of ‘principled pragmatism’ introduced in the 2016 EU Global Strategy (EUGS) (High Representative 2016), more recently, the EU has employed a rhetoric that suggests a harder turn away from transatlanticism. Through its unwavering support for multilateralism and international rules and norms, the EU has turned from product to promoter of the LIO, eager to ‘lead a liberal pushback’ against a situation of illiberalism (Smith 2017: 83).
In her declaration following the election of Trump as US President in November 2016, German Chancellor Angela Merkel made it clear that Europe would not abandon the LIO (Federal Chancellery 2016). However, this promise preceded Trump’s announcements on trade tariffs as well as the decision to pull out of the Iran nuclear agreement, which led then-European Council President Donald Tusk to go as far as declaring: ‘with friends like that who needs enemies?’, in May 2018 (Baczynska 2018). Taking it even further, then-European Commission President Jean-Claude Juncker seized the opportunity to claim that ‘[t]he geopolitical situation makes it Europe’s hour’, on that account offering more European leadership in the face of ‘strong demand for Europe throughout the world’, during his September 2018 State of the Union address (European Commission 2018).

Acknowledging the preponderance of intra-EU struggles regarding European leadership on the international stage at a time of overlapping crises (Riddervold and Newsome 2018: 507-508; Peterson 2018), this article takes an EU-level viewpoint in order to analyse whether and to what extent the EU has the willingness to uphold LIO leadership (RQ1), and to what extent it is strategically equipped to do so (RQ2).

After conceptualising leadership within the Atlantic order, the article first reviews European leadership willingness, by studying rhetorical changes regarding LIO leadership through a discourse analysis of the 2003 European Security Strategy (ESS) and the 2016 EUGS. It then examines US-EU interactions and the capacity of the EU to lead, as well as the acceptance of this leadership by third actors, through two concise illustrative case studies: international trade and the Iran nuclear deal. Finally, by extracting patterns from both the discourse analysis and the two cases, it identifies a willingness-capacity gap, unequivocally echoing Christopher Hill’s ‘capability-expectation gap’ (1993). Yet, the article ultimately argues that, despite this willingness-capacity gap that limits its leadership, the EU is pragmatically seeking to uphold the LIO by exerting a form of functional stabilising leadership through hedging.

**ANALYTICAL FRAMEWORK**

In order to answer the research questions, this paper builds on the concepts of crisis and leadership in the Atlantic order.

**Crisis in the Atlantic Order**

Erected in the aftermath of World War II, the LIO is the culmination of a geopolitical and ideational project built on the combination of US economic, normative and military power. It is highly interconnected and institutionalised, most notably through the UN system, the Bretton Woods institutions, the WTO, NATO, the G7 and the G20. ‘[M]ultifaceted and sprawling ... organised around economic openness, multilateral institutions, security cooperation and democratic solidarity’, the LIO was produced by US hegemony, together with European sponsorship (Ikenberry 2018: 7). Hence, although ‘[a]fter the end of the Cold War, [it] spread outwards’ (ibid.), this International order is very much Atlantic at its core. Exhibiting ‘patterns that lie between traditional images of domestic and international politics, thus creating a subsystem in world politics’ (Deudney and Ikenberry 1999: 195), Euro-American relations constitute ‘a distinct political order’ that Ikenberry names the ‘Atlantic order’ (2008: 8). This Atlantic order has acted as an attraction or gravitation point for the entire LIO as we have come to know it.

It was two institutionalised ‘bargains’ – yet still requiring a shared vision on both sides of the Atlantic (see the non-hegemonic leadership subsection below) – which led Europeans to agree to ‘live within the US-led system’ in exchange for security and political-economic protection (Ikenberry 2008: 9-10). Although such a degree of interconnectedness under US hegemony has influenced the behaviour of the system’s other components (i.e. Europeans), it also implies that a change in the US positioning vis-à-vis the order inherently
affects these other components. While the Atlantic order does not exclude the possibility of fluctuations – ‘[a]s interests change, as values shift, as new external challenges and opportunities present themselves’ (Anderson 2018: 622) – such fluctuations denote the ‘adaptive’ character of the order mainly to external challenges. Today, however, the biggest challenge to the Atlantic order is not an exogenous but an endogenous one: revisionism from within.

According to Ikenberry, the Atlantic order experiences crisis when a rupture regarding ‘core interests’, ‘market and social interdependence’, institutional ‘rules and norms’, and/or ‘the sense of community’ occurs (Ikenberry 2008: 12). In this sense, the crisis of the system can be explained when considering Trump’s ‘America First’ dogma as a disruptive element increasing the non-linearity of the existing order. Through hostility to the order’s foundations and the self-conscious abdication of US leadership, ‘America First’ calls into question its ‘existence and viability’ (Ikenberry 2008: 3). To avoid the system’s breakdown and a potential ‘strategic rivalry’ between the US and the EU, a solution to the crisis of the LIO then appears to be found somewhere between a ‘transformation’ or ‘restructuring’ of the transatlantic relationship and an ‘adaptation’ of the Atlantic order through ‘new arrangements’ (Ikenberry 2008: 12-14). Such a solution can be found in a change of leadership.

Non-Hegemonic Leadership

The creation of the Atlantic order and more broadly, the LIO, required the existence of an actor others would gravitate towards or be attracted by: the US. But beyond American hegemony, the setup of an ‘order’ also required ‘a shared vision among actors, which, ... need[ed] to be acted upon’ (Schunz 2016: 435, emphases in the original). Hence, ‘attraction’ or ‘gravitation’ presumes leadership, which is needed to ensure that shared visions are indeed acted upon (Schunz 2016). Insofar as leadership involves a structuring or restructuring of the situation and the perceptions and expectations of others (Bass and Stogdill 1990: 19-20), a solution to the crisis of the LIO can be found by the upholding of this leadership by an alternative actor within the Atlantic order.

Defined in an interactionist perspective, leadership is ‘a process in which one individual uses intentional influence to guide, structure and facilitate activities and relationships in a group or organisation’ (Avery 2004: 22), an ‘asymmetrical relationship of influence, where one actor guides ... the behaviour of others towards a certain goal over a certain period of time’ (Underdal 1998: 101). Consequently, Nye defines leadership in an international relations perspective as ‘a political process with three components: leaders, followers and the contexts in which they interact’ (Nye 2008: 55). However, the concept of leadership is often mistaken for that of hegemony, and even more so when dealing with American leadership (Nye 2008; Destradi 2010). According to Rosecrance and Taw (1990), the literature seems to suggest that hegemons lead by offering public goods, making the issue of hegemonic leadership about bearing and sharing the (systemic) costs of this provision of public goods. Yet, although still asymmetrical, the pursuit and exercise of leadership are different from those of hegemony:

while the hegemon aims to realise its own self-interested goals by presenting them as common with those of subordinate states, the leader guides – ‘leads’ – a group of states in order to realise or facilitate the realisation of their common objectives (Destradi 2010: 921).

Thus, where hegemony is transactional, leadership is transformational, hence corroborating the assumption that, in the pursuit of mutual benefits, leaders are actors of change. Leadership can, therefore, be exercised either by a hegemonic or a non-hegemonic actor, on the condition that the other actors agree to follow that leadership, as well as share the cost of public goods.
Framing EU Leadership: Willingness, Capacity, Acceptance

Bearing in mind the interactionist dimension of the Atlantic order (Bass and Stogdill 1990: 19-20) but also the dynamic character of leadership, a waning of US leadership does not necessarily imply an irrevocable collapse of the order itself, insofar as order and leadership do not necessarily align (Bukovansky 2017: 293). Moreover, the weakening of the transatlantic bond does not exclude an assertion of European leadership (Riddervold and Newsome 2018: 509-510). As they can keep drawing benefits from the existing order’s setting and common goods, followers can attempt to uphold the institutional and normative framework, in spite of the loss of the hegemon’s leadership (Keohane 1984). Such considerations therefore open the possibility for upholding the LIO through a change of leadership, from the declining hegemonic leader to an until-then follower, i.e. in our case: towards European leadership.

Under which conditions is this conceivable? With regard to regional powers’ leadership, Van Langenhove, Zwartjes and Papanagnou identify three determinants which also guide the present analysis: (i) the willingness to act as a leader; (ii) the leadership capacity; and finally (iii) the acceptance of the leadership claim by other actors – regional and international’ (2016: 20, emphases added). From an interactionist perspective, such a framework is indeed helpful to understand better how a (potential) leader uses rhetoric to shape their own identity into a leader’s, to influence others, but also how they transform – or do not – this rhetorical leadership into action, including in their relationship with other actors.

Research Design

In order to capture better the EU’s leadership willingness and answer RQ1, the next section consists of a discourse analysis of the EU’s major successive strategies: the 2003 Security Strategy and the 2016 Global Strategy. This analysis allows us to unveil the EU’s evolving relationship with the LIO and with leadership. Nevertheless, assuming a position of leadership does not only depend on willingness: ‘[t]here are also the capacities and capabilities that count’ (Van Langenhove, Zwartjes and Papanagnou 2016: 22), as well as the ‘positions taken by other actors’ vis-à-vis that leadership (Van Langenhove, Zwartjes and Papanagnou 2016: 23). Considering that, ‘when assessing willingness and motivation one has to go beyond the verbal – and the promotion of norms and values – and look for corresponding acts or processes …’ (Van Langenhove, Zwartjes and Papanagnou 2016: 21), this paper then analyses how this willingness is put into practice, through two concise case studies, useful to assess both capacity and acceptance and to answer RQ2.

The two case studies are chosen from two policy domains which are illustrative of the crisis within the LIO, in which President Trump’s ‘America First’ policies have provoked major upheavals and in which, consequently, the US and the EU have confronted each other. First, the case study on international free trade examines how the EU has been responding to the ‘America First’ trade policy. It is illustrative of a policy domain in which the EU has considerable leverage and in which there has been a rapprochement with third countries in the context of Trump’s policies. Second, the Iran nuclear agreement case study focuses on the role of the E3/EU in the process of solving the nuclear crisis from 2003 onwards. Taking a historical perspective, it is emblematic of the focal role of transatlantic cooperation in a multipolar setting of multiple power poles collaborating and competing in ‘overlapping, shifting alliances’ (Kausch 2015: 2), and has become a major factor of transatlantic tension with the Trump presidency. These two case studies are based on the examination of strategic documents, official policy papers and press releases, as well as chronological events and announcements (press releases and conferences, press interviews) from relevant leaders and other officials from the EU, the US as well as Russia and China.

Following this study of the EU’s leadership determinants through the successive discourse analysis and case studies, patterns are extracted in order to draw the leadership profile of
the EU in the face of Trump’s revisionism. Offering an answer to both research questions, this article’s argument is two-fold. First, it argues that, faced with a gap between its willingness to lead and its capacity to do so, the EU can at best simply uphold the LIO through adaptation (Ikenberry 2008: 12-14). Second, this article argues that, by partly balancing the US without antagonising it, and attracting other (US antagonist) great powers, without fully aligning with them, the EU is putting its ‘principled pragmatism’ dogma into practice by behaving as a hedger (see below for further details on the concept of ‘hedging’). It does so through the acceptance of its leadership by other actors, hence exerting a form of functional stabilising leadership.

AN EVOLVING EU WILLINGNESS: FROM PRINCIPLED FOLLOWERSHIP TO PRAGMATIC LEADERSHIP

Although post-Cold War US Presidents Clinton, Bush Jr and Obama’s approaches to international politics fluctuated, they shared fundamentals regarding the consolidation of the LIO and transatlantic relations. In this regard, the Trump presidency marks a shift away from the old post-WWII bipolar consensus, based on the idea of making the LIO ‘the bedrock of US national security strategy’ (Mazarr 2017: 5). In contrast, a product of American post-WWII structural foreign policy (Keukeleire and Delreux 2014),

which resulted in the emergence of the LIO as we know it today, the EU ‘has gained a reputation for being [its] strongest proponent and defender’, to the point that it ‘defends [it] almost reflexively, as part of its core identity and beyond rationalised cost-benefit calculation’ (Smith and Youngs 2018: 45).

Placing the analysis at the ‘grand strategy’ level, this section consists of an analysis of the 2003 ESS and 2016 EUGS, providing a relevant basis for answering RQ1.

The 2003 Security Strategy: Principled Followership

Only 14 pages long, the ESS is a declaratory document which cannot be dealt with in the same way as a comprehensive policy statement, such as a US president’s successive National Security Strategies (NSS). Nonetheless, as the culmination of a long process which consisted of building an overarching, commonly agreed international political identity, it remains a capstone document.

Starting with the assumption that ‘Europe has never been so prosperous, so secure nor so free’ (European Council 2003: 1), the ESS exposed a triumphantist post-modern reading of the LIO. Against the backdrop of its release at the peak of the US unipolar moment, the EU intended to assert its actorness by building on the existing ‘international system’, ‘at the core of [which] is the transatlantic relationship’, which is ‘irreplaceable’ (European Council 2003: 9, 13). A response to President Bush Jr’s 2002 NSS (White House 2002a) and the US invasion of Iraq which divided Europeans, the ESS was an endeavour to bring both sides of the Atlantic back together.

Although willingly subordinating the EU to US leadership, the ESS opposed the 2002 NSS on two main points. First, while aiming to ‘promote its [liberal] values’ (European Council 2003: 6), the ESS displayed no moral imperative and did not insist on spreading ‘freedom’ around the world. Second, contrary to the 2002 NSS’s emphasis on unilateralism, coercion and the use of force, the ESS insisted on cooperation as a normative goal (European Council 2003: 7-8), and on ‘share[d] responsibility’ through ‘a rule-based international order based on effective multilateralism’, which it affirmed not only as a tool but also as an objective of the LIO (European Council 2003: 1, 9-10). Finally, although it vouched to champion the LIO by becoming ‘more active’ and ‘more capable’ (European Council 2003: 5, 11-14), the EU claimed no leadership ambition.
The 2016 Global Strategy: Pragmatic Leadership?

A much longer and more comprehensive document than the ESS, the EUGS is the culmination of the development of the EU’s international identity. Released at the end of Obama’s second term in a background of waning US hegemony, it sketches a less glowing image of the state of the LIO and the role of the EU within it, notably by giving lower priority to the transatlantic bond.

A post-Lisbon strategy, the foundations of the EUGS are ‘enshrined in the Treaties’ (High Representative 2016: 13). The Lisbon Treaty indeed mentions a clear normative positioning of the EU vis-à-vis the LIO (Articles 2, 3(5) and 21 of the Treaty on the EU (European Union 2010: 17, 28)). Hence, the EUGS repeatedly reiterates the EU’s commitment to ‘a global order based on international law’, ‘with multilateralism as its key principle and the United Nations at its core’ (High Representative 2016: 10, 13, 16, 18, 39). Therefore, the EU’s goal towards the LIO remains ambitious, as it intends to extend ‘the reach of international norms, regimes and institutions’ (High Representative 2016: 41, 42). Yet, the LIO is introduced as both a goal and a vehicle for the EU and its (‘vital’) ‘interests’ (High Representative 2016: 13, 39), insofar as ‘[a] rules-based global order unlocks the full potential of a prosperous Union’ (High Representative 2016: 13, 16).

This change in the EU’s approach to the LIO and multilateralism is paired with a more pragmatic perspective regarding EU-US relations. Admittedly, the EU commits to ‘[a] closer Atlantic’: on security issues, with the US as its ‘core partner’, and NATO as ‘the bedrock of Euro-Atlantic security’ and ‘the strongest and most effective military alliance in the world’ (High Representative 2016: 36-37); and on the broader global agenda, with the negotiations for a Transatlantic Trade and Investment Partnership (TTIP) (currently on hold but in progress at the time when the EUGS was released) as ‘demonstrat[ing] the transatlantic commitment to shared values and signal[ing] our willingness to pursue an ambitious rules-based trade agenda’ (High Representative 2016: 37). However, and contrary to the ESS, the EUGS does not place the EU as a follower of US leadership and does not solely praise its transatlantic partnership: ‘we will also connect to new players and explore new formats’ (High Representative 2016: 4), ‘We will work with core partners, like-minded countries and regional groupings. We will partner selectively with players whose cooperation is necessary to deliver global public goods and address common challenges’ (High Representative 2016: 18). Pledging to diversify its partnerships further depending on the issue at stake, and perhaps at the expense of the US, the EUGS arguably presents a new form of international engagement.

The EUGS also witnesses a change in the EU’s appreciation of the state of the LIO. Contrary to the ESS, which began by claiming prosperity for the EU, the EUGS starts with the diagnosis that ‘[t]he purpose, even existence, of our Union is being questioned’ (High Representative 2016: 3). On the one hand, this difference helps explain the change from the 2003 post-modern focus to a more ‘realistic’ one in 2016, characterised by greater attention given to security issues and the dual need to promote multilateralism while reforming the multilateral system. On the other hand, it also helps explain how the EU envisions its own leadership role:

We will be guided by clear principles. These stem as much from a realistic assessment of the strategic environment as from an idealistic aspiration to advance a better world. In charting the way between the Scylla of isolationism and the Charybdis of rash interventionism, the EU will engage the world manifesting responsibility towards others and sensitivity to contingency. Principled pragmatism will guide our external action in the years ahead (High Representative 2016: 16, emphasis added).

With the EU seeing itself as a model, the EUGS exposes a vision of a more influential role on the world stage: ‘the EU will strengthen its voice and acquire greater visibility and
cohesion’ particularly ‘across multilateral fora’ (High Representative 2016: 40). Nevertheless, unable to ‘deliver alone’ (High Representative 2016: 43), the EU does not express an assumed leadership claim. Instead, ‘[t]he EU will lead by example on global governance … It will act as an agenda-shaper, a connector, coordinator and facilitator within a networked web of players’ (High Representative 2016: 43). Therefore, the EUGS advocates a more pragmatic form of leadership, based on ‘credibility’ (High Representative 2016: 44) and ‘co-responsibility’, the latter being its ‘guiding principle in advancing a rules-based global order’ (High Representative 2016: 18). This more nuanced approach also helps explain the willingness of the EU to reach out to other partners than the US in upholding the LIO, as well as its ‘aspiration to transform rather than simply preserve the existing system’ (High Representative 2016: 39). It also denotes a new sense of prioritisation that helps explain the concept of ‘principled pragmatism’, notably through ‘effective global governance’ (High Representative 2016: 36, 43) as a substitute to the ESS’s ‘effective multilateralism’. Applied to specific issue areas on which the EU looks for new partners (Schunz and Didier 2019), this new dogma is of even more relevance as we observe that the US has not only been abandoning leadership but perhaps transatlanticism.

A Willingness for Pragmatic Leadership

Although the EU is not a unified foreign policy actor, the ESS in 2003 and the EUGS in 2016 each bring forward a single assessment of the challenges confronting the LIO and the EU’s positioning in this regard. Considering that ‘[f]undamental to the EU’s engagement with the liberal order has been the nature of its relationship with the United States’ (Smith and Youngs 2018: 47), it is noticeable that, paired with more detachment from the US, the EU’s rhetoric from one strategy to the other evolved alongside changes in its assessment, both of the state of the LIO and the evolution of transatlanticism. In sum, and to answer RQ1, the EU is increasingly assertive regarding its role within the LIO. While still not claiming leadership as a *primum inter pares* actor, it nevertheless professes its *willingness* to assume pragmatic leadership.

‘Principled pragmatism’ has been even more relevant at the time of the Trump presidency. Indeed, President Trump’s 2017 NSS could be summarised by its introductory statement: ‘An America First National Security Strategy is … a strategy of principled realism that is guided by outcomes, not ideology’ (White House 2017a: 1). Considered from a transatlantic perspective and compared to the EU’s ‘principled pragmatism’, this ‘principled realism’ dogma is emblematic of the growing rift within the Atlantic order regarding the upholding of the LIO. How has this rift manifested in major policy domains? And how has the EU been transforming its rhetorical claim to pragmatic leadership into practice? The following section attempts to answer RQ2 through two case studies.

FROM DISCOURSE TO PRACTICE: CAPACITY AND ACCEPTANCE

The US retreat from the LIO’s leadership has been unequivocally brought to centre stage by Trump’s decisions to withdraw the US from UNESCO, the Paris Climate Accord, the Intermediate-Range Nuclear Forces Treaty, the Iran nuclear deal, Trans-Pacific Partnership (TPP) negotiations, and to freeze the negotiations for a TTIP – among others. To answer RQ2, this paper analyses EU leadership in two brief yet emblematic and complementary case studies: the America First trade policy and the Iran nuclear deal.

Case Study 1: EU Responses to the America First Trade Policy

Since 1934, trade has been American presidents’ leverage to boost US economic prosperity and the country’s global political project (Hiscox 1999; Bailey, Goldstein and Weingast 1997). Although temporary protectionist measures in order to preserve national industries from international competition are nothing new in the US, notably regarding aluminium and steel, and even recently under Bush Jr and Obama (Feroci 2018: 1), Trump’s
denigration of free trade in the name of sovereignty is unprecedented. On his first full day in office, President Trump withdrew the US from the TPP negotiations (White House 2017b). This was followed by the freezing of the TTIP negotiations and the renegotiation of the North Atlantic Free Trade Agreement (NAFTA). Overall, President Trump distanced himself from President Bush’s qualification of ‘free trade’ as a ‘moral imperative’ (White House 2002a: 17, 18). Instead, his ‘America First’ trade policy, released in March 2017, embodied this protectionist and unilateralist view by announcing that the US was ready to promote its national interest without much consideration for existing international trade rules (US Trade Representative 2017).

Granted ‘far-reaching authority’ with regards to foreign trade (Norrlol 2018: 68), as provided by Section 201 of the US Trade Act of 1974 (US Department of Commerce 2019), the President’s policy has not only been waiving the US’s global leadership but also threatening US-EU trade relations and the international trade order as a whole. Nonetheless, even though presenting a tangible direct threat, this situation also offered an opportunity for EU leadership.

President Trump’s Dual Divide-and-Rule Strategy

Following the freezing of TTIP negotiations, at the heart of transatlantic economic and political relations for a decade, albeit already highly controversial on both sides under Obama, Trump’s questioning of the international free trade order built on the rationale of a dual divide-and-rule strategy vis-à-vis the EU.

At the international level, although he has repeatedly presented Europeans – particularly Germany and its car industry – as unfair competitors to the US (Swanson 2017) and although EU-US confrontation has become increasingly direct and virulent, President Trump and his administration took action first and foremost against China. But US trade policy and tariffs imposed on imports from China – and China’s response to those – also pose an indirect threat to the EU, insofar as a US-China trade war would concomitantly ‘affect trade flows between China and the EU (as a consequence of a diversion of China’s exports from the [US] to the EU markets)’ (Feroci 2018: 3). Exemplified by the fact that Trump’s announcement of EU exemptions from aluminium and steel tariffs was concomitant with the announcement of tariffs against China equal to USD 60bn worth of imports (Wolff 2018: 50), this strategy furthermore pressured the EU to choose between its two main trading partners, even though the EU has condemned both American protectionist measures and Chinese ‘unfair’ competition.

At the intra-EU level, divergences occur at two levels. On the one hand, contestation of the EU Commission’s trade strategy by member states at the domestic level tends to weaken the Commission’s position. This distrust among member states towards the Commission was notably visible following the Wallonian veto on the Comprehensive Economic and Trade Agreement (CETA) (voided by the Court of Justice of the EU (CJEU 2019)) and the Dutch ‘no’ in the referendum on the EU-Ukraine Association agreement (even though a compromise was found afterwards) as well as public debates on TTIP negotiations. On the other hand, by primarily targeting Germany’s export sectors, US sanctions instilled defiance among less export-sensitive EU member states, who are relatively unaffected by the sanctions and, as a result, subscribe less extensively to the EU’s response. Such a strategy has exacerbated divisions between EU member states.

EU Leadership Capacity and Willingness

In the European project’s DNA, the EU’s willingness within the international trade order rests on its material and constitutional capacity to claim leadership.

Even without the UK, the EU is still one of the three biggest markets in the world (Smith 2017: 84). The size of the single market is the EU’s first source of global power, making it a global attractor and giving it political leverage (Damro 2012). Moreover, the Common
Commercial Policy being an exclusive competence of the EU (see Article 207 of the Treaty on the Functioning of the EU (European Union 2010: 140)), Europeans can engage with the US as equals on trade and regulatory issues and speak with one voice at the WTO. In a way, in international trade, the EU’s leadership capacity precedes its leadership willingness. As then-Commission’s spokesperson Schinas put it: ‘[t]he EU stands ready to react swiftly and appropriately in case our exports are affected by any restrictive trade measures by the US’ (Boffey 2018).

The EU’s answer to US protectionism is two-fold. On the one hand, the EU has broadened its set of trading partners and engaged in a number of bilateral and plurilateral trade agreements, most notably with Japan, Mexico, Vietnam and Mercosur countries. On the other hand, the Commission seeks to answer intra-EU concerns by further emphasising reciprocity and norms in the new generation of trade agreements. In line with the 2015 ‘Trade for All’ Strategy (European Commission 2015), the Commission insists on tougher EU standards, notably regarding market access, climate-related and environmental norms, and privacy and intellectual property rights. It does so in import sectors such as aluminium and steel, and in the technology industry. By setting up new trade defence mechanisms, and in order to gain both internal and external acceptance, the EU has gone even further and answered to US illiberalism with a form of liberal restraint, thereby conveying a sense of principled pragmatism.

**EU Leadership Acceptance by Others**

In the face of Trump’s illiberalism, EU trade leadership has been accepted by a broader range of actors. Beside the fact that the ‘America First’ trade policy ended up accelerating the conclusion of a bilateral EU-Japan Economic Partnership Agreement instead of a US-Japan trade agreement (European Commission 2019), the most notable rapprochement concerned another Asian power: China.

For reasons quite similar to those for which Trump was reproaching China regarding unfair competition, the EU and China have been opposed on economic and trade disputes for many years. But the Trump administration’s aggressive trade defence measures, concomitant with a more open approach from China to trade agreements, have provided the EU with a window of opportunity for a more comprehensive bilateral trade relationship. This rapprochement was acknowledged at the July 2018 EU-China summit: by agreeing to start negotiating an investment treaty and to set up an EU-China working group within the WTO to reform the institution (EEAS 2018), the summit showcased a common EU-China rhetoric to uphold the international trade order. This rapprochement was reiterated by Beijing in China’s EU Policy Paper in December 2018 (Xinhua 2018). Thus, rather than witnessing the EU aligning with the US in confronting China, the EU and China reciprocally welcomed each other’s economic prominence. In this sense, China, if not accepting, is at least tolerating EU leadership attempts. This tolerance allows for discussing trade and investment bias together with the possibility of granting China the WTO’s Market Economy Status. Insofar as the unexpected opening of US-China bilateral trade talks ended up failing, with the US raising tariffs on Chinese imports again (Swanson and Rappeport 2019), the EU’s window of opportunity is still open for pragmatically strengthening its relationship with China and to continue broadening its range of free trade agreements with other countries.

**Case Conclusion**

To conclude on trade, the EU’s potential for leadership rests primarily on its capacity to lead. In encountering American protectionism and trade antagonism, the EU has very clearly expressed its willingness to lead. This context, paired with its leverage as a market power, allows the EU to deploy pragmatic relationships with third actors, which, in return, accept or tolerate the EU’s leadership.
Case Study 2: the Iran Nuclear Agreement

Through our combined weight, we can promote agreed rules to contain power politics and contribute to a peaceful, fair and prosperous world. The Iranian nuclear agreement is a clear illustration of this fact (High Representative 2016: 15).

Forty years after the Islamic Revolution in Iran, what was perhaps the most significant success of transatlantic diplomacy in the twenty-first century has become a major generator of transatlantic tension. Although the EU and the US have together been at the frontline of international efforts to deter Iran’s nuclearisation, the process that led to the July 2015 Joint Comprehensive Plan of Action (JCPOA) was a long and complicated one. At all stages, the dispute over the fate of the nuclear deal has highlighted important transatlantic divergences, regarding the means rather than the end – hence regarding the value of cooperative security, a fundamental element of the LI0. Following the second Obama administration’s period of pragmatic engagement with Iran via EU-led negotiations that resulted in the deal, Trump’s administration, in line with his foreign policy speeches both as a candidate and as President, marked a shift back to aggressive containment. In breach of the LI0 and cooperative security, the US withdrawal from the deal and the reinforcement of sanctions that quickly followed have highlighted the EU’s limitations in upholding the JCPOA.

EU Leadership Willingness and Capacity

One can analyse EU policy vis-à-vis Iran’s nuclear programme in the light of two elements. First, at the time when the nuclear issue emerged, the EU and the US had followed opposing tracks: while the US has sought to isolate Iran since the 1979 revolution, the EU attempted to build a pragmatic relationship which culminated in the negotiation of a trade and cooperation agreement, alongside political dialogue. Second, the issue emerged in a context of transatlantic dissonance started by the US-led invasion of Iraq (2003-2011), regarding the legitimacy of the use of force to prevent the proliferation of weapons of mass destruction (WMDs). While the EU considered the threat posed by WMDs to be proliferation as such (Council of the EU 2003), the US focused rather on who held WMDs (White House 2002a, 2002b). Consequently, whereas the US favoured a unilateral approach unequivocally undermining the role of the United Nations (UN), France and Germany defended the UN’s rules-based multilateral approach. Despite some EU members bandwagoning with the US over Iraq, most notably the UK, overall, EU governments championed the second approach. Following a strategy of engagement rather than containment, initial diplomatic efforts were then carried together by France, Germany and the UK in 2003, joined by the EU per se as of 2004, in order to prevent Iran’s nuclearisation and a wider transatlantic rift.

Nevertheless, and despite such willingness, European capacity remained limited and dependent on US willingness. As of 2005, in the face of US secondary sanctions and Tehran’s rejection of the European offer of political dialogue and economic incentives which it considered poor, the EU converged with the US on scaling up its sanctions regime (Lohmann 2016; Alcaro 2011). After extending the EU-built negotiation framework to the US, and although US policy evolved between Bush Jr and Obama from containment to pragmatic engagement, by mid-2012, transatlantic diplomacy towards Iran was US-made, hence ‘relegation’ [the EU] to the ‘subaltern’ in a hegemonic power constellation’ (Pieper 2017: 106).

EU Leadership Acceptance by Others

Although an EU alignment on US willingness was crucial for reaching an agreement and containing Iran’s nuclearisation by peaceful means, the E3/EU (France, Germany, the UK / the EU as such) played a crucial role in the negotiations by setting the agenda and acting as mediator between the different parties. This pivotal role was exemplified by the position
of lead negotiator held by the High Representative as of 2006, on behalf not only of the EU, but of the UN Security Council’s ‘P5+1’ or ‘E3/EU+3’ (the E3/EU and the US, Russia and China). Through this original positioning and a forefront mobilisation of political capital, EU leadership in the negotiations was thus accepted, by the US, but also by China (see Almond 2016) and Russia – as acknowledged by Russian Deputy Foreign Minister Ryabkov:

The role of the EU and of the European External Action Service is hard to exaggerate; they coordinated the talks, they summarized the outcome of the discussions, and in fact they were the ones essentially drafting the text, together with Iranian representatives (CESS 2015: 11).

This inclusion of the two remaining permanent members of the UN Security Council, Russia and China, proved crucial ‘to dispel the reading that ‘the West’ was aiming to deprive Iran of legitimate rights’ (Pieper 2017: 104). Further, it also proved to be a decisive factor in building the E3/EU’s lead legitimacy beyond the West and upholding multilateralism as well as the non-proliferation regime, a cornerstone of the LIO. Following its signature in Vienna on 14 July 2015, the JCPOA was subsequently approved by the Security Council on 20 July (UN Security Council 2015). After the International Atomic Energy Agency’s certification of Iran’s compliance with all its commitments, the JCPOA came into full effect on 16 January 2016, which led to a lifting of US and EU sanctions. Hence, the EU not only advanced its strategic (political and economic) interests, but also its normative goals by helping to uphold the non-proliferation regime and, beyond, has shown how to build on the LIO’s central pillar – the UN.

**America’s Aggressive Containment and Europe’s Difficult Balancing**

In line with the 2017 NSS but in breach of Resolution 2231, the US withdrawal from the agreement on 8 May 2018 directly confronted UN legitimacy and the LIO. The EU, despite its willingness to act as a leader, did not have the capacity to bring about an appropriate answer to the American shift back to aggressive containment.

Although one could have witnessed an opportunity for E3/EU emancipation, in reality the Europeans had not anticipated the return of US secondary sanctions – aimed at cutting off Iran’s oil revenues – and therefore were not adequately prepared to respond to them. This lack of preparedness, combined with the sanctions’ effect on Iran’s economy, led Tehran to pressure the E3/EU even more to offer concrete guarantees to uphold the deal by threatening to withdraw from it. A solution was found by the E3 with the setup of a ‘special purpose vehicle’ named INSTEX: a mechanism facilitating Iran’s oil exports to Europe by avoiding financial-monetary channels, and therefore US secondary sanctions (France Diplomatique 2019). Nevertheless, its economic impact remained limited (Geranmayeh and Batmanghelidj 2019), which ultimately led Iran to withdraw partially from the deal, one year after Trump’s withdrawal announcement (Wintour 2019). In the end, the EU itself is not a sovereign entity: resilience against US unilateralism can only come from member states. An intergovernmental structure, INSTEX is mainly a political gesture on the part of the E3 states, through E3, not EU, sovereign backing.

As in the case of trade, the Trump administration has attempted to implement a ‘divide-and-rule’ strategy. In this regard, the ‘Middle East Security Conference’ organised by the US in Warsaw in February 2019 was not only aimed at broadening the US-led anti-Iran coalition but also to make some EU member states tack and align with Washington’s hard line, ultimately weakening the pro-Iran deal European bloc. Similarly to trade, this strategy has not paid off yet, insofar as the biggest EU member states have softly boycotted the meeting by not sending high-level officials, while Italy – led (at the time of writing) by a Eurosceptic coalition – has joined the E3/EU in opening dialogue with Iran on regional issues.
Case Conclusion

In many ways, the historical process that led to the 2015 JCPOA is a good example of how the EU adopted a ‘principled pragmatic’ strategy before naming it as such in the 2016 EUGS. The chronological perspective adopted in this case study allows for understanding how, despite its willingness to lead and the acceptance of its leadership by Iran, Russia and China, the EU’s capacity to act remains anchored to American strategic choices. Whereas the EU could exert leadership towards the deal in 2015 when the US was still inclined towards cooperation, it was revealed to be powerless when faced with the Trump administration’s aggressive containment.

EXPLAINING PATTERNS: THE WILLINGNESS-CAPACITY GAP AND STRATEGIC HEDGING

As shown throughout the discourse analysis and the two cases, the EU expresses its willingness and, to a certain extent, actually attempts to lead, and even sometimes to balance against US unilateralism. Nevertheless, with regard to RQ2, if European rhetoric accounts for leadership willingness, one cannot underestimate the willingness-capacity gap that a fully-fledged EU leadership faces. As Chancellor Merkel put it:

They [China, Russia, and the US] are forcing us, time and again, to find common positions. That is often difficult given our different interests. ... So we keep putting one foot in front of the other. However, our political power is not yet commensurate with our economic strength (Kornelius, Fried and Oltermann 2019).

Such a willingness-capacity gap covers two dimensions. First, it has to do with resources. The EU has at its disposal significant economic leverage and global influence in areas such as international trade, as the first case study shows. However, the fact remains that the EU is not equipped with resources equivalent to that of the US to exert the same type of leadership, that is, a dominant, hegemonic one. As the case study on the Iran nuclear deal shows, EU leverage in upholding the LIO is hampered by its limited material power and there is no alternative to the US’s fully-fledged hegemonic leadership to shape the LIO. Much of the LIO’s fate, even in the eventuality of its upholding by another international power such as the EU, still depends on the US. Second, the issue is also one of coherence among EU member states. Although Trump’s divide-and-rule strategy has not proven fully efficient, EU countries have considered ‘America First’ differently. Although EU member states stood together on the issue, the bloc can show weakness and fragmentation. Notably, while Germany and France have oscillated between patience and the search for further autonomy, other EU member states like Poland, for instance, have been more accommodating vis-à-vis the Trump administration by hosting the Warsaw Conference in February 2019, the purpose of which was to attempt to break the European front on the Iran deal.

Despite the willingness-capacity gap, as in the two cases, interaction through acceptance might open new opportunities for credible alternative leadership. Confronted with ‘America First’, the EU and other power poles have been compelled to reconcile and share responsibilities while embracing new forms of cooperation. Precisely because the EU is not a world hegemon, a multipolar world order provides the appropriate context for transforming the EU’s ‘principled pragmatism’ dogma into a more flexible form of LIO leadership.

In the case study on trade, the EU accelerated the development of its free trade network and enhanced bilateral dialogue with China, while pressuring the latter to abide further by
European standards. Nevertheless, although the July 2018 EU-China summit concluded on a rapprochement, it was not followed by immediate progress on key points such as the question of granting China the WTO’s Market Economy Status. In the case study on the Iran nuclear deal, European and Russian views were aligned with regards to the upholding of the Iran deal, and Russia and China supported the EU’s initiatives such as the setup of INSTEX. Nevertheless, the EU and the US both remain antagonistic towards Russia and Iran when it comes to regional political and security issues. Consequently, in the face of the willingness-capacity gap, the EU places ‘parallel bets in the hopes of avoiding both domination and abandonment’ (Patrick 2017b: 52), developing what is better known as ‘strategic hedging’.

Derived from the field of finance and referred to as an ‘insurance policy’ for secondary powers (Toje 2010; Lake 1996; Koga 2017; Foot 2006), the concept of hedging helps to explain strategies that insist on ‘engagement and integration mechanisms’ while simultaneously emphasising ‘realist-style balancing’ (Medeiros 2005: 145). Although it is not a new concept in international relations and foreign policy analysis, it has been increasingly mobilised in the literature to conceptualise the strategies developed most notably by Japan and Southeast Asian states ‘to strike a Middle Path’ between the US and China and ‘avoid excessive security dependence on a single Great Power’ (Tessman 2012: 205; Koga 2017). Distinct from both bandwagoning and balancing, hedging is particularly relevant in the situation of a waning US hegemony and an increasingly multipolar system (Tessman 2012: 205; Koga 2017). Thus, the concept helps to explain how the EU’s principled pragmatism can be put into practice. By attempting to uphold the liberal order together with illiberal powers vis-à-vis which it seeks to implement a binary approach based on engagement and pressure, the EU does not seek systematically to oppose the US. In line with the rhetoric outlined throughout the 2016 Global Strategy, the EU is developing a hedging strategy which allows it to avoid immediate confrontation with the US while moulding a more selective form of leadership.

CONCLUSION

This article set out to capture the EU’s leadership of the LIO in rhetoric and practice. The findings suggest that there is a gap between the EU’s willingness and its capacity to lead. In order to fill this gap, the EU attempts to translate its foreign policy rhetoric of ‘principled pragmatism’ into practice through the acceptance by a more diverse set of actors of a flexible and functional form of leadership based on a hedging strategy.

While the US has been the main architect and holder of the LIO, it has also been the biggest impediment to it, by constraining its full completion. Such a finding is all the more relevant when witnessing the incompatibility between ‘America First’ transactional policies and America’s leadership of the LIO. Concomitantly, the more coercive and unilateral the US, the more resistance it meets within the Atlantic order. This article cautions, however, against a conflation of issues: the future of the Atlantic order and the future of the LIO are ultimately separate, allowing the EU to develop its potential for leadership and to uphold the LIO outside of the Atlantic order.

Pragmatism on the part of the EU is also partly explained by the fact that the US’s structural and material pre-eminence remains a key driver of the EU’s international positioning. If the upholding of the LIO calls for its de-westernisation, the EU remains anchored to the US within the Atlantic order. For now, its limited leadership capacity hampers the EU’s potential emancipation from the US. Even though it looks for other partners to support its attempt to uphold the LIO, its positioning as a hedger is the strategy that provides the EU with largest room for manoeuvre. However, such a positioning has less to do with a complete shift than a diversification of its partnership portfolio, within a context of a moving and unpredictable global power constellation.
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ENDNOTES

1 According to Ikenberry, a crisis in the Atlantic order can have three alternative outcomes: ‘breakdown’, ‘transformation’, or ‘adaptation’: ‘breakdown’ means that the crisis leads to disorder: a collapse of the order’s rules and institutions, which ‘may actually result in a phase of strategic rivalry and great power counterbalancing’; in contrast, ‘transformation’ means a restructuration of the transatlantic relationship via a ‘renegotiation of its basic rules and norms’ towards ‘a new set of arrangements that are mutually satisfactory’; lastly, ‘adaptation’ sees a continuation of the pre-crisis bargain through the addition of ‘new rules and arrangements’ to the existing system ‘to cope with the new disagreements’ (2008: 12-13).

2 Echoing the academic concept of ‘structural power’, Keukeleire and Delreux define a structural foreign policy as ‘a foreign policy which, conducted over the long-term, aims at sustainably influencing or shaping political, legal, economic, social, security or other structures in a given space’, and use US foreign policy towards Western Europe after WWII as a first relevant example (2014: 28).

3 While ‘freedom’ is mentioned 46 times (and ‘liberty’ 11 times) in the 2002 National Security Strategy of the United States, it appears only twice in the 2003 European Security Strategy.

REFERENCES


