High Stakes of the Small EU Partnership Instrument on the Eve of the 2017 Mid-Term Review

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The European Union (EU)'s so-called Partnership Instrument (PI) captures the changing psychology of EU relations with rising powers, and has been designed to give more room for manoeuvre for EU external action. Two years of practice leading up to the 2017 Mid-Term Review have shown that the PI is instrument-driven rather than objective-driven, and that its strategic potential is undermined by lengthy committee-based procedures and sector-based programming. In an arena of vested interests, the PI's significance is tied up with what EU stakeholders want to make of the European External Action Service (EEAS). National foreign ministries struggle to connect national objectives with EU interests, apart from the wider debate not addressed here as to where European interests come from when they are not based on national objectives. This article argues that national foreign ministries should consider the potentially positive effect on EU external action of this relatively small initiative, notably as the instrument to connect one European entity to other global powerhouses. EU Member States have so far been unable to link fully with the PI, and — like the EEAS and the European Parliament — they have too little clout to exert influence on the European Commission. The EU Global Strategy offers a window of opportunity for making the PI more political, expedient and flexible.

1 INTRODUCTION

In March 2014 the European Parliament and Council adopted a European Commission proposal for the so-called Partnership Instrument (PI) for cooperation with third countries, a financing instrument of EUR 955 M. The PI was meant to underpin the changing relationship with developed countries, with special attention for middle-income countries outside the West. The PI was incorporated into the Multi-Financial Framework 2014–2020, thereby replacing the Industrialized

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1 Regulation (EU) No. 234/2014 (11 March 2014) Establishing a Partnership Instrument for Cooperation with Third Countries, preambles 4 and 19, OJEU L-77/77 (15 Mar. 2014). For this article, the authors conducted interviews with twenty officials at the EU EEAS, the European Commission, European Parliament, and the Netherlands Foreign Ministry (23 Feb. 2016 and 26 May 2016). A short survey was conducted at Dutch embassies and EU delegations in the four Asian Strategic Partner countries of the EU: China; India; South Korea; and Japan.
Countries Instrument and complementing the six other European Union (EU) external financing instruments such as the much larger European Development Fund (EDF) (EUR 30.5 billion), the Development Cooperation Instrument (DCI) (EUR 19.662 billion) and the European Neighbourhood Instrument (EUR 15.433 billion).

The PI supports cooperation with extra-European strategic partners, mainly in Asia and the America’s, which feed into or result from the EU’s political and sectoral dialogues with these countries. It addresses a wide range of issues, including industrial and trade standards, environmental protection, cyber issues and information and communication technology, aviation, migration and mobility, and raw materials. All PI projects share a common denominator: they are in the interests of the EU and they represent global issues of growing importance. The instrument aims to forward EU relationships with strategic partner countries, while simultaneously strengthening global governance in an increasingly multipolar world.

In spite of its small financial size, the PI is of considerable political significance for the EU as a diplomatic actor. In its relations with established and particularly emerging global partners that are no longer eligible for EU development aid, the EU has no other financial means to promote its external identity through actions on the ground. Nobody imagines that Brussels will take over bilateral relationships with some of the most powerful countries, but is it realistic to keep ploughing the straight furrow of twenty-eight bilateral relationships?

After two years of experience and in the year of the 2017 Mid-Term Review, one key and not unfamiliar problem is that the European External Action Service (EEAS) in reality has little influence on the EU PI – the irony being that the PI was designed to help reshape diplomatic relations with increasingly relevant powers on the global scene. The rigid programme – rather than an objective-driven approach to EU external relations by the Commission – sits uneasily with the requirements of political engagement in a world full of surprises. The lack of interest and strategic perspective on PI by EU Member States further complicates how the European diplomatic service can give direction to Europe’s relationship with chief global powers. Ahead of the 2017 PI mid-term evaluation, the question of how to move ahead with this tool is timely. The answer may give an indication of where the EU is taking its wider diplomatic experiment.

This article argues that the PI is a promising tool in supporting the EU’s aspirations of enhanced international standing, provided that it will be more strategic, political and flexible. The 2016 EU Global Strategy offers a conceptual framework for a revamped future PI. A decision to discontinue the PI would have a negative psychological impact on the EEAS and on the EU’s external relations capacity. EU Member States may think that they would hardly notice the
difference of an EU without the PI, but they are advised to appraise the consequences of not aspiring to such a potentially flexible EU tool.

2 AN INFLEXIBLE INSTRUMENT

The PI supports cooperation with the EU’s strategic partners, a heterogeneous group of developed and emerging powers. The EU’s strategic partners are currently: the United States; China; Brazil; India; South Africa; South Korea; Canada; Japan; and Mexico. This means that they do, for instance, include the whole of IBSA (that is, India, Brazil and South Africa), the BRICS (Brazil, Russia, India, China and South Africa) except for Russia, and MIKTA (that is, Mexico, Indonesia, South Korea, Turkey and Australia) without Indonesia and Australia. The list of strategic partners inevitably draws attention to the issue of excluding other rising powers from this ‘non-club’. The EU has never really recovered from the controversy surrounding the choice of its strategic partners, or the lack of clarity about the criteria and concrete aims of strategic partnerships. The 2016 EU Global Strategy introduces ‘core partners’ (the United States and the United Nations), thus still clinging to the practice of labelling actors but gradually preparing a quiet exit for the category of strategic partner.2

Crucially, the PI has been designed to advance core EU interests as well as common challenges of global concern. The PI’s Multi-annual Indicative Programme (MIP) 2014–2017 allocates the instruments’ budget among four headings: (1) Global challenges (notably climate change, energy security and the environment) and policy support (38%), (2) External scope of Europe 2020 strategy (16%), (3) Market access, trade, investment and business opportunities (26%), and (4) Academic cooperation, public diplomacy and outreach (10%).3 The body responsible for the instrument’s programme management is the Service for Foreign Policy Instruments (FPI), an institutional hybrid which falls under the European Commission but is operating from the premises of the EEAS. On a yearly basis, the EEAS Headquarters and its EU Delegations identify projects with partner countries, after which input from the EEAS, EU Delegations and the European Commission Directorates-General (DGs) feeds into an Annual Action Plan (AAP) that is subject to the consent of Member State governments and scrutiny by the European Parliament. The implementation of specific projects is

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mostly carried out by consultants after a call for tenders/proposals, while EU Delegations monitor the implementation in partner countries.

The origins of the PI cannot be characterized as the outcome of a process of intra-institutional bargaining, to the extent that the EEAS was not yet an actor of any significance on the Brussels bureaucratic landscape. EEAS teething troubles and its lack of clout in Brussels, as well as the deficient operational capacity at headquarters and its slowly advancing capacity to give directions and operate in sync with the almost 140 EU Delegations, have withheld the EU diplomatic service from counterbalancing the European Commission's firm grip on the PI. PI projects with strategic partners mainly revolve around traditional Commission topics, including such themes as innovation, trade, climate and energy, which are subject to European Commission programming practices in a seven-year multi-financial framework.

Commission officials overseeing the PI operation manage it with professionalism, albeit within the clear parameters of the framework that has been given to them. The turbulent world facing the EU is, however, rather resistant to Commission procedures and routines. In the wake of the 2016 EU Global Strategy, the institutional infrastructure of EU diplomacy will have to confront this issue, which cannot be left unresolved without harming EU interests in a volatile international environment. Foreign ministries will have to make the necessary connection between the operational PI and what they expect from diplomatic action at the EU level. The PI is, after all, a unique tool helping the EU to adapt to evolving relations with its strategic partners, and it can help EU Member States – including the larger nations – to gain improved access to the governments of emerging powers.

From the point of view of the EEAS, the first two years of the PI have been marked by frustration over the failure to obtain ownership of the instrument, but this is understandable given that the EEAS itself was still in its infancy. While the European Commission’s machinery kick-started the PI and give the programme its present operational coherence, EEAS officials have described the coordination process between their headquarters and the EU Delegations as chaotic. The EEAS has very little agency when it comes to the relationship with the EU’s strategic partners. EEAS officials who take a strategic view on their institution’s mission as a sui generis diplomatic apparatus see the PI in its current form as little less than a poisoned chalice. Their argument is that the PI was presented and ‘sold’ as a flexible, operational tool that is capable of serving EU political priorities and addressing the changing circumstances in its external environment, and that is what it should be. One example of the lack of agency of the EEAS with regard to PI is academic cooperation, which falls outside the regular annual programming cycle of the
PI. Instead of being allocated by the FPI, these funds are annually forwarded to the Erasmus+ programme. One could ask whether it is desirable that the PI budget is constrained by employing it for academic cooperation, which is also funded through other instruments.

We argue that the PI does not have the flexibility that was part of the rationale behind creating the scheme. From 2014–2016, the so-called ‘fully operational EEAS’ possessed an instrument that contributed to the management of its relations with EU strategic partners without any flexibility. PI financial resources are allocated in a seven-year multi-financial framework that, apart from one mid-term review, leaves little room for adjustment. No more than EUR 48.2 million out of a total of EUR 922.2 million in the total operational appropriations are currently reserved for contingencies. Roughly 95% of the PI budget is locked into projects that have been rubberstamped by the European Commission’s administrators who are located within the EEAS headquarters, but who still operate under rather inflexible Commission procedures designed for the programming and development of projects. The fundamental question of multiple EEAS interviewees appears to be justified: is it ‘logical that the same financial regulation is applied to structural funds as to external spending?’ A positive first step is that PI budgets are now allocated globally rather than per country.

3 THE EU’S FRAGMENTED GOVERNING ELITE

The routines and procedures that have been developed to ensure the PI’s effectiveness do not fit the flexibility needed to meet the objectives of EU foreign policy and diplomacy. Despite the fact that the PI intends to take into account political contexts and is meant to be ‘innovative in terms of objectives’, it is clearly a product of the European Commission, which designed the PI before the EEAS was up and running. This is reflected by the main topics covered through PI funding, which already receive financial resources through other EU mechanisms. This state of affairs clearly exposes the European Commission to the accusation from within the EEAS that this is a case of superfluous funding for the Commission’s sectoral ‘pet projects’. Moreover, the European Commission’s FPI to manage the PI operates strictly within the given legal framework, which also constrains its view on the nature of ‘political priorities’. To reduce the PI’s flexibility further, thematic experts from Commission DGs that deliver crucial input hardly take into account the political–strategic context of EU foreign policy,

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5 Interview with EEAS Official (Brussels 25 May 2016).
and they may not have a very good sense of what is happening on the ground in partner countries. In the first two years of PI operations, similar tendencies could be observed in the EU Delegations, where programming managers seconded from the FPI, or sectoral experts seconded from the European Commission’s DGs, are responsible for project identification. What should not be forgotten is that the European Parliament shares co-responsibility for the limited scope of action of the EEAS. In 2009, the Parliament did not succeed in incorporating the EEAS within the Commission, but it did secure the concession that ‘the responsibility for the operating budgets on the EU foreign policy programmes remained in the hands of the Commission’.7

The EEAS’s inability to fulfil effectively its role as coordinator was illustrated with characteristic self-confidence in the European Commission’s press release for the 2016 PI AAP, which does not make a single reference to the EEAS. The division of responsibilities on the PI between the European Commission and the EEAS is reflected in a culture of collaboration that is not comparable with that of an integrated national diplomatic service. Brussels’ diplomatic machinery simply does not function as a ‘coherent governing elite’, a feature that would work in the interests of more effective EU diplomacy.8

4 WHY DIPLOMATIC MIND-SETS MATTER

It is hard to find a national equivalent for the different kinds of professional mind-sets sharing the same policy-making space as is the case in Brussels. The competencies of European Commission and EEAS officials diverge and they have different mind-sets. The ties between the Commission’s line DGs and the FPI managers sharing the same background are strong. While Commission officials instinctively fear politicization that interferes with professional project management, they do not like to be judged by EEAS officials, who they consider to be ‘bad managers’, insufficiently informed to contribute to original policy-making on themes of Commission competence. In turn, EEAS diplomats blame Commission practice as an obstacle for efforts led by the EEAS, and they see the lack of political sensitivity among Commission technocrats as a serious obstacle for Europe’s diplomacy.9 As far as the PI is concerned, an unhelpful fatalistic tendency has emerged within the EEAS to ‘leave programming to the techies at FPI’.10 Not all

9 E. Burke, Europe’s External Action Service: Ten Steps Towards a Credible EU Foreign Policy, Centre for European Reform Policy Brief, 5 (July 2012); and Lequesne, supra n. 7, at 7–8.
10 Interview, supra n. 5.
EEAS officials manage to handle labyrinthine Commission procedures competently or successfully.

This status quo reinforces a considerable degree of mutual stereotyping, as well as resentment, about missed EU opportunities for international dialogue that could help to raise the EU’s profile, such as, for instance, in the nuclear negotiations with Iran. A more politically relevant PI would require that the strategically thinking levels within the EEAS become better connected with the Commission’s specialist professionals within the FPI who are in charge of programming. At the moment, detailed PI procedures work to the advantage of the European Commission. National governments and the European Parliament have their say when it comes to the adoption of AAPs, but in reality bureaucratic procedures have been designed in such a way that they can hardly influence their content.

5 THE ART OF STRATEGIC PARTNERING

This article does not engage with the existing literature on ‘strategic partnerships’, which has done a good job in critically evaluating their utility as a special category for EU external relations. The exclusive country-based approach implicit in the choice of strategic partners has been increasingly contested within and outside the EU. The EEAS has been repeatedly criticized for failing to define strategic partnerships, articulating their essence, or making clear what their concrete aims are. Now that the EU’s declaratory foreign policy is starting to embrace a more hybrid and multi-actor world, the category of ‘strategic partners’ is unlikely to be mentioned in future EU foreign policy statements and will probably fade into the background.

Still, the diplomatic challenge of the EU partnering with pivotal members of the society of states, particularly those outside the small group of like-minded countries, will not go away.

Outside the EU and the Western world, the PI’s daily practices illustrate how moving from development cooperation to a more equal relationship involves significant psychological adaptation, as well as operational challenges at the EU

Delegation level. The PI can therefore be seen as a micro-barometer of the changing relations with ‘graduated’ third countries, to use the somewhat paternalistic Brussels terminology. The willingness of the partner country governments to engage with the EU’s current twenty-eight nations via the EU institutions rather than via individual governments is, of course, a necessary condition of success. The record from the first two years shows that partner countries are not always willing to engage in the EU’s intended way. Moving the needle in the EU’s relations with cautious strategic partners requires diplomacy and persuasion on the ground, a point that can be typically underestimated in Brussels-centred administrative processes.

The need in EU external action to understand the experiences and frames of reference of non-Western strategic partners may seem obvious. First, the need for more empathy in dealing with these strategic partners, as a condition of professional diplomacy, requires an EU diplomatic effort. In the sometimes fragile relationships with foreign governments, persuasion should come before programme management. It takes two to tango, and one of the PI’s pivotal negotiation challenges – that is, dealing with partial indifference or even non-cooperation by its designated strategic partners – may be underestimated by officials in Brussels with a more technocratic mind-set leaving less room for empathy. Particularly those countries that formerly received generous EU development aid, for instance India, do not always see the added value of the PI. Contrary to the big EDF and DCI, the compact PI aims to serve EU interests, PI project budgets are typically small, and third countries have no formal say in their programming.

How non-cooperation can hinder successful implementation became clear in the PI initiative that aimed to support an Emissions Trading Scheme in South Korea. The EU’s version of the talks is that the South Korean government in Seoul purposefully and successfully watered down what initially seemed a promising scheme. These experiences have made clear that third countries will only remain committed if PI initiatives take into account joint political priorities. In this respect, the Technical Assistance and Information Exchange Instrument (TAIEX) and the EC Policy Support Facility (PSF) projects set a good example. They are short, require only moderate funding, they are more appropriate in that they can respond quickly to evolving political needs, and they show visible results. One clear example is the Clean Ganga initiative, a political flagship project for India’s government that is now supported by the EU. The Ganges project shows how the PI plays an important complementary role to other diplomatic channels, such as summit meetings and ongoing dialogues with these countries. One example in relations with India, which is not an easy strategic partner, is that the ground for the March 2016 EU–India Water Partnership was prepared by the Clean Ganga
initiative. PI projects can thus feed into meetings between heads of government and vice versa, and they can either prepare sectoral and political dialogues or take them to a higher level.

Second, as the 2015 report on *Analysis of the Perception of the EU and EU’s Policies Abroad* confirmed, public diplomacy plays a considerable role in enhancing the EU’s profile as a *sui generis* international actor. The reality is that the further one is removed from Europe, the less people and government elites know about what the EU does. EU credibility is a major factor in keeping third countries on board. EU Delegations therefore see public diplomacy as a more important aspect of the PI than may be suggested by the proportion of funding.\(^{12}\)

6 MEMBER STATE IMPACT

The EEAS has been set up in such a way that it allows EU Member States to exercise a significant amount of control over this post-Westphalian diplomatic institution. This takes place through various mechanisms of direct monitoring that have been characterized as ‘police patrol’.\(^{13}\) Yet with respect to the PI, national foreign ministries are little more than paper tigers, as they have little impact on decision-making by the PI Committee. There is every likelihood that EU Member States’ ministries of foreign affairs, seeing the PI through budgetary spectacles, have come to the conclusion that the PI is a paltry tool. It takes little imagination to see how it ended up at the bottom of national governments’ foreign policy priority lists. If the PI wants to live up to its potential, the failure to bring synergies between EU and national initiatives should be addressed. The question is to what extent Member State foreign ministries really understand the nature and added value of the PI, and whether there are differences of perception between big and small Member States.

The glaring contrast between the discursive coherence of EU external relations and diplomatic realities on the ground will not come as a surprise to EU pundits or foreign ministries. EU Member State diplomats with a default mode of clinging to national sovereignty are nevertheless advised to make a connection between national foreign policy on the one hand and the implementation of operational Commission programmes and EU strategic policies on the other. Our research findings suggest that EU Member State foreign ministries do not show much consideration of the PI and tend to overlook its larger diplomatic significance. The reluctance of foreign ministries in EU

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Member States to think strategically about the EU PI can be explained by a predisposition for thinking about foreign policy in terms of national sovereignty, but we suggest that it may also be partially rooted in a lack of strategic capacity, or unwillingness, to relate national foreign policy objectives to EU aims.

Foreign ministries have paid very little attention to the eminently political significance of PI in the family of European Commission financial instruments and in practice it appears that their ownership of the scheme has clear limits. Our research suggests that even diplomats have little awareness of the PI in the first place. The words of one interviewee reflect the common mood: ‘the PI is not well known, and contrary to the European Development Fund, nobody has an opinion about it’. Countering the question of why EU Member States should connect to PI initiatives, one EEAS official summed up puzzlement within the EU diplomatic service: ‘don’t the Member States have ideas on what is important for themselves and the EU in the field of foreign affairs?’ There is indeed reluctance in EU Member States’ ministries of foreign affairs and embassies, although surely in varying degrees, to think in terms of synergies between the EU and its Member States’ foreign policies. As a majority of Europeans foresee a bigger role for the EU bloc on the world stage, and pertinent questions are being raised as a result of the UK’s coming exit from the EU as well as fears of a protectionist Trump administration in the United States, now may be the time for national governments to become serious about the EU’s external identity. In order to align national and EU foreign policy actions, there seems to be merit in joint programming.

7 EU DIPLOMATIC PERFORMANCE

The EU’s diplomatic capacity, i.e. its actual or potential ability to perform as a sui generis diplomatic actor, is evidently a necessary condition for the PI, which should be based on strategic guidance from the top and a functioning reality in the EU’s relationship with partner countries. The Global Strategy addresses many of the issues with the PI that have been discussed in this article. This strategy, drawn up under supervision of High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the European Commission (HR/VP) Federica Mogherini, first of all underlines EU interests, which form the rationale of the PI. It further emphasizes the ambition of building budgetary flexibility into the financial instruments, and it calls for capacity-building in the EEAS and the EU Delegations, while advocating a more political role for EU diplomacy. The Global

Strategy explicitly acknowledges the function of public diplomacy and it attaches greater importance to political themes such as cyber-, energy, cultural and economic diplomacy. Moreover, as discussed above, the Global Strategy steps away from the concept of strategic partnerships and underscores the need to partner selectively with relevant players for relevant objectives, which include core partners, like-minded countries, regional groupings, international organizations, and cooperative regional orders such as the Community of Latin American and Caribbean States (CELAC), the Asia-Europe Meeting (ASEM) and the Association of South-East Asian Nations (ASEAN).

Gradual change in relations between EU Delegations and EU Member States’ embassies is of direct relevance to the functioning of the PI, and it merits serious field research. The EU may favour a ‘driving role’ for the EU Delegations, but it appears that they still operate in a sphere of operational ambiguity that confines their effectiveness. The EEAS does not yet have the necessary capacity either to instruct EU Delegations properly or to cope with their feedback. As Heidi Maurer and Kirsti Raik argue: ‘No clear definition has been provided of the scope of their competences towards the host administration and vis-à-vis Member States’ embassies, including a clear delimitation of where and when the delegations should take the lead.’

Moreover, European Commission officials form a majority in the Delegations, some of which have only one or two diplomatic staff, and they continue to receive instructions from the Commission instead of the EEAS. From the point of view of national foreign ministries, the debate matters as to whether the EU diplomatic service creates added value or infringes upon EU Member States’ sovereignty. In the context of the PI, our first impression from interviews and a small survey (yet to be tested on a wider scale) is that synergies have thus far hardly been accomplished. Although EU Delegations profess that they share information on PI initiatives and align with EU Member States’ priorities in counsellor and head of mission meetings, Dutch embassies in our survey appeared to be less sanguine on the information retained by them, or indeed received from EU Delegations.

8 CONCLUSIONS AND POLICY RECOMMENDATIONS

It would be advisable for the upcoming 2017 mid-term review of the PI to translate the aspirations of the Global Strategy into its partnering practices and instruments. At the same time, the Global Strategy is a political document that makes the point that ‘the time has come to consider reducing the number of instruments to enhance our coherence and flexibility, while raising the overall

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amount dedicated to development’. Abolishing the PI is not advisable, but might become a realistic option if reform in favour of more flexibility and greater room for manoeuvre for the EEAS is not going to materialize. National foreign ministries are furthermore advised not to overlook how cancellation of the PI would negatively impact on morale inside an EEAS that is largely in their control. It is in the interests of small EU Member States that are experiencing access issues with larger EU strategic partners to value the complementarity of concrete EU PI initiatives.

We conclude with the following six policy recommendations for EU governments. First, from the perspective of strengthening EU diplomacy it would make sense to consider modernizing the PI and making it more flexible and capable of meeting political objectives. An objective-driven PI would depart from the past experience of more technocratic, process-driven PI dynamics. Greater agency for the EEAS is in the interests of flexible EU external action. It would therefore make sense for Commission staff and the EU Delegations’ input into the PI to address the strategic and political context, as defined by the EEAS. Second, when evaluating the EU’s financial instruments, it is advisable to increase the PI’s budget in the interests of more politically relevant programming that enhances the EU’s global credibility.

Third, when looking at the PI, national foreign ministries in EU Member States are advised to take into account strategic considerations regarding the desired role of the EU as a foreign policy actor. It is in the interests of Member States, above all small to medium-sized ones, to give attention to the question of how EU diplomacy provides added value to bilateral cooperation efforts. Fourth, EU Member State officials should bear in mind that failure to support actively the PI may contribute to the erosion of the EEAS and EU external action, with potentially unintended consequences for a Union that is already affected by an internal legitimacy deficit, Member State defection and new challenges emerging from its biggest strategic partner by far, the United States. Fifth, our analysis suggests that foreign ministries and EU Member State embassies would do well to take measures that signal their interest in co-determining the future of the PI, thus aiming to enhance their agency in the development of PI and its actions in partner countries. Sixth, paradoxically EU Member States would strengthen their own national interest-based relations with strategic partners by investing in PI-focused dialogue with EU Delegations, and by doing so would make a contribution to the reconfiguration of relationships with emerging and big powers.

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