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Editorial

The European Union (EU) had just managed to overcome its constitutional crisis by signing the Treaty of Lisbon in 2007 when it was hit again by the consequences of the most serious financial and economic crisis since the 1930s. Ever since, the EU has struggled to overcome this permanent state of emergency that was even more exacerbated through the sovereign debt problems of some of its Member States. At the moment, it seems hard to define whether the EU finds itself still in the current or already facing the next crisis. However, looking beyond the intra-European scene, the crisis also influences the perceptions that external regions, countries and actors have of Europe and of its capacity to act in the international arena. In this context, the state of crisis is often projected on the whole EU even though there are striking differences between the Member States, without whom it would hardly be possible to deal with the current challenges in an efficient way. Against this background, the second edition of the ZEI Regional Integration Observer (RIO) wants to take a closer look at the image of Europe in other parts of the world. This is even more important as experience tells us, that in the past crises led to a deepening of integration. Articles cover specific reactions as a consequence of the crisis as well as more general thoughts about the role of the EU as a model. They reflect public opinion as well as the author´s personal views. The contributions facilitate a comparative analysis, which reveals in how far Europe´s image as a power of whatever kind has suffered from the crisis or not. At the same time, these perspectives are also crucial for the alignment of European policies towards its external partners in the future. This edition of the RIO is the last printed version. From now on, the RIO will be available on ZEI´s website and be disseminated through our new ZEI newsletter. Please take a look at our website www.zei.de.

M. Vogl

Matthias Vogl, Junior Fellow at ZEI

The G20 heads of state and goverment at the Summit in L´Aqulila, France, in 2011. Some of the G20 nations and their perceptions of Europe are dealt with in this edition of the Regional Integration Observer. © European Commission.

Indian Elites and the Eurozone Crisis

*Rajendra K. Jain
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India has been extremely concerned about the spillover effects of the financial and banking crisis in the Eurozone, which has been followed by the grave sovereign debt crisis. The crisis has further dampened global markets and has had an adverse impact on economic growth, since Europe is India's largest trade and investment partner. Drawing on 30 face-to-face interviews with Indian business, civil society, media and political elites during the period from September 2011 to April 2012, this article seeks to examine Indian perceptions and implications of the Eurozone crisis on India. Some business elites considered Europe to be "a stabilising factor" since the US economy was in decline. The sovereign debt crisis had led to a decline in the business elites' level of confidence in doing business with the EU as a bloc. The Union, they felt, had "great potential", but it seemed to be suffering from a "huge identity crisis" and had become "more inward-looking."

The civil society elites acknowledged the EU's economic prowess apparently because of their dependence on its largesse in the form of development assistance. The sovereign debt crisis, in fact, was rarely mentioned by them. Although the Union was recognized primarily as an economic and cultural power, the civil society elites felt that the EU has not yet emerged as a great power and was often unable to speak in one voice owing to disunity and conflict of interest among Member States. As a result of the Eurozone crisis, the Union is not perceived to be a decisive political power. Civil society elites wondered whether the EU would still be able to flex its political muscles on the world stage.

Some media elites perceived the Union be primarily an economic power, which had been adversely affected by the financial crisis and needed time to recover. Initial expectations that the Euro would gradually emerge as an alternative global currency and replace the US dollar have remained unfulfilled. The EU's capabilities in agenda-setting, the media elites felt, had diminished as a result of the Eurozone sovereign debt crisis. Unlike other elites, the political elites were more critical of the Union's predicament in the sovereign debt crisis. The crisis in the EU, they concluded, indicated that there was "no unity anymore." Apart from Greece, Portugal, and Spain, several other countries were perceived to be on the "verge of bankruptcy." The Union's "inherent weaknesses and contradictions," they felt, led to the Union's difficulties to bail out Greece and some other countries. The economic power of the Union, they said, had "faded because you are seeing the recession in European countries. The unemployed are marching on the streets in search of jobs." The Eurozone sovereign debt crisis had tarnished the Union's image as an economic power. Political elites were skeptical about the EU's role in international politics.

When Indian elites were asked whether they still perceived the EU as a leader in international politics, a majority did not think so. They had not yet "warmed up to the idea" as the Union still had a long way to go in having a consistent "common policy and common outlook." This led to a growing number of people wondering whether the crisis would lead to the breakup of the EU rather than "keeping it together." When the elites were asked to compare the Euro as a currency vis-a-vis the US dollar, almost all of them expressed a strong preference for the US dollar. To them, the American Greenback is "the most wanted, desirable, attractive and practical currency." Many elites acknowledged that the launch of the Euro had initiated a process of the eventual establishment of an alternative international currency, which contributed to a "more reasonable balance of power" in the international system. The Euro, however, has not been able to provide the "expected comfort factor" and it has not "reached the height that it was expected to attain". People within and outside the Union wondered "whether the Euro will continue or whether everyone will continue with the Euro." For a majority of Indian elites, economic issues were of foremost concern since the EU is "a single economic entity" and India's largest trading partner. Other issues that were considered to be important for India-EU relations included climate change, human rights and cultural exchange. To many elites, the conclusion of the FTA was of utmost importance.

When asked about what three thoughts or images come to mind when they thought about the EU, the elites mentioned images such "progress, general well-being of the people, European lifestyle, culture, civilization, amalgamation of nations, research, development actor, humanitarian approach, post-modern political integration and collective union." Economic aspects predominated in the portrayal of the EU as there was frequent mention of "a trade union bloc, high-tech business, financial crisis, news flow about the Eurozone crisis, currency, the Euro, economic challenges, financial problems, Greece, the rising debt troubles in the EU, survival of the EU, and whether the EU is contracting or expanding."

To most Indian elites, the crisis in the Eurozone reflected the fragility and deficiencies of the European Monetary Union and had undermined "economic and financial credibility" of the EU. Bail-out financial packages were perceived as "Band-Aid solutions" to keep things on hold for the next few years. Most Indian elites felt that the Union itself would survive the crisis and that Europe was capable of preventing a financial collapse, but there could be no quick fix methods. Despite the economic crisis, the elites still tended to look upon the Euro as still "a largely stable and powerful currency."

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The Crisis Is Weakening the Power of EU as a Global Player

**Zhuyu Li*
**Dan Yi*

After half a century of development, the EU has become an economic and political union of 27 member states. The further progress of European integration has created a new model of cooperation between and among the member countries, and the development of a further regional integration provides an example of great significance and far-reaching historical meaning. As an unprecedented innovation, the development of European integration requires the EU to continue to explore and draw its fresh experiences from its practice. Also, as the world's largest economy, a series of measures taken by the EU in response to the crisis and its effect will have a direct impact on the Euro and on the future and the fate of European integration, and it will have its crucial impact on the world economy and politics as well.

As the largest trading partner, an important pole and NATO members in the global multi-polar political landscape, the European Union has a self-evident strategic importance to China, and the future of the EU's and China's economic, diplomatic and international strategies are closely related since they need one another. After the 2008 financial crisis, the Eurozone economy has been in trouble, and the Euro is facing serious challenges unprecedented in the shadow of the sovereign debt crisis, foreign analysts and academic professionals have made their pessimistic predictions for the Eurozone and thus the EU's prospects. Whatever the predictions are, they are all manifestations of different worries that countries outside EU have about the future of the European integration.

From a historical perspective, the genesis of the European Union is directly related to the Second World War. The First and the Second World War were detonated in Europe; the fundamental reason for these wars was that the accumulated contradictions between countries brought by the European nation-state movement did not reach the results of reasonable political arrangements but rather war. The birth of the EU as a political alliance was to prevent war in Europe, drawing from the lessons of the two world wars, and history has proven that such a political arrangement has brought peace to Europe for more than half a century. Based on this, the birth and development of the EU have two notable features.

First, the practical functionalism in politics, meaning to create political structures on a European level through way of democratic negotiation and compromise. Second, the decision making process of European integration has always been elitist. First, a top-down political design is elaborated and only second this design is earning the public recognition in the EU member states.

Such characteristics make the EU's political arrangements congenitally fragile, as the design of the political elites prevails over a spontaneous desire of the people within a specific member state. Thus, the stability and development of the EU political framework must be legitimized on the basis of actual benefits for the member states. This is especially true on the basis of economic benefits and it could only be recognized and appreciated by the member states when their people can enjoy the economic and security "dividend." If the current economic crisis has a pesimistic prospect and the people in the member states can no longer share the "dividend", the political framework will naturally face a serious challenge. Breaking up the political alliance is not impossible. It may still be too early to sound the alarm, yet the near-future prospect of the Eurozone's economic development is quite bleak. Since the beginning of the debt crisis, the EU has introduced some measures of its own, but has not yet come up with substantive solutions. Greece, Italy, Spain and a few other countries have also stepped up reform efforts, striving to meet the measures authorized by EU in order to stay in the Eurozone. Yet in a situation of economic contraction, although the austerity measures are a must, they can also pose significant difficulties for the countries' economic recovery. The future development of the EU has at least two aspects worth mentioning: First, the crisis has its direct impact on Asia, China, and certainly on the world's future economic development; second, as long as the debt crisis lingering along without rescuing effects foreseen, it will certainly directly undermine the EU's ability in its handling of international affairs on a world scale. It should be noted that the current economic problem in the Eurozone crisis could be seen as the most serious crisis since the EU's foundation. In the context of globalization, this could also be seen as one of the most serious crisis since the end of the Cold War. As a global player, the EU's weakening in economic and political terms is not a welcoming sign. As for China, it is especially crucial that the EU gets back on the right track. As China-EU trading partnership is in such a interdependent situation, as China's economy is dependent on foreign trade, it is natural for China to worry about EU's future and to strive to find a way to help EU's recovery. Because of this interdependence, China has its own problems in maintaining a steady socio-economic development. China needs to see a healthier EU economy and to see a politically capable player on the world stage. It is in this crisis, ironically we may say, that China and EU have found a more common ground for cooperation, thus a greater basis for friendship. It is over 30 years since the friendly cooperation between China and the EU was established. Especially in recent years, with its rapid economic development, China's foreign relations have stepped into a new arena of strategic global politics. The relations between China and the EU have been gradually moving to a level of stability, with whatever term it is described. Both side have come to the conclusion that without each other's prosperity and stability, the future would be dim for them all.

The fact is that in such a swiftly changing world, the Chinese and European leaders have to reach a consensus on the development of cooperative relations, based upon respect for each other's crucial interests, mutual benefits. They have to have the political will to overcome the difficulties and problems and create win-win conditions. The relationship between China and the EU has been successful in good times. Yet as an old Chinese saying goes: it is in the bad times when you could test a friendship. China would not like to see an EU breaking up and moving away from the centre of world stage. It definitely would not like see a weakening EU in a politically volatile world. It is time now to build more confidence between China and EU, to build more understanding and trust between these two economic and sometimes political partners. A healthier EU and a further developing China can benefit from each other, and from their successful cooperation can certainly benefit the world.

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Europe: The View from the United States

**Jeffrey Anderson*

There is no straightforward answer to the question "How do Americans perceive Europe as a regional block?" Generally speaking, perceptions today are somewhat more informed and more positive than those that reigned 25 years ago. However – mirroring the climate of opinion in Europe – Americans are still quite pessimistic about Europe, and many are dismissive. Some of this stems from a continuing lack of awareness of what is going on and what is at stake in Europe, and thus reflects poorly on the United States, to be sure. For those who follow developments in Europe, however, the sober assessments represent an understandable reaction to the shortcomings and failures of the European project. It is also fair to say that there is no dominant perception in the United States. It very much depends on which Americans are asked about Europe, and what they are asked.

Let's begin with those Americans who have the biggest stake in Europe's status as a regional block – the members of the transatlantic network, largely based in Washington. This is a diverse group, comprised of elected officials, bureaucrats, think tankers, journalists, and academics. They are linked by a set of institutions – the usual suspects in the transatlantic relationship: Atlantic Council, German Marshall Fund, American Institute for Contemporary German Studies, and so on. And although you will find that many of these individuals qualify as bona fide Europhiles, who think the best of and desire the best for Europe, they also constitute a demanding audience, with high – perhaps even unrealistic – expectations.

I recall a dinner hosted by a European official in Washington, DC in early 2010, a few months after the official appointment of Lady Ashton and Van Rompuy to their new executive posts created by the Lisbon Treaty. Around the table were seated a number of American think tankers and journalists, and as the discussion about Europe's prospects unfolded, I imagined myself closing my eyes and being asked if I could guess what year it was – 2010, or perhaps 2000, or maybe even 1991 – based on the content of the conversation. Any one of these answers would have been correct, in light of the probing, skeptical questions directed by my tablemates at the host --"When will Europe start acting as a coherent entity? Whom should the Secretary of State call when she wants to speak to Europe?" – and the defensive nature of the answers – "European integration is a process. One must be patient and realize that consensus building takes time." The frustration and impatience of the U.S. transatlanticists emanates from a distinct generational vantage point. The official transatlantic network in Washington, DC is still very much in the hands of the cohort that weathered the Cold War years and brought the West's ship safely into port in 1989/90. Their conception of the transatlantic relationship and of the role that Europe can and should play is shaped indelibly by the common cause embodied in NATO and the defense of Europe against Soviet aggression. This grand project vanished virtually overnight in 1990, and no mission of comparable import and scale has emerged yet to take its place. For these former Cold Warriors, the health of the transatlantic relationship, and by extension the progress of Europe and our individual European partners, are measured against this old historical standard. As such, there is much to be found wanting.

If the malaise in official American circles about Europe is one born of historical knowledge and dashed expectations, the concerns circulating in the general public stem from the opposing vantage point – an unsettling lack of understanding or care for what happens in the Old Country. Moreover, since the sharpening of the Eurozone crisis two years ago, average Americans have been fed a steady diet of negativity about Europe, which emanates from two sources. One source, regrettably, was the 2012 presidential primary campaign, which began in earnest in January and generated a steady stream of anti-European rhetoric from the candidates for the Republican Party nomination. The caricature of Europe sketched almost continuously by candidates Romney, Perry, Gingrich, Bachmann, and Santorum – a moribund, socialist backwater slipping into decline and irrelevance – served as a domestic political foil to lampoon the Obama Administration as an American version of this failed experiment in social engineering. But it fed deep-seated biases against Europe in a sizable portion of the American electorate.

Alongside the anti-European political rhetoric, which has diminished since Romney secured the Republican presidential nomination in May, is the media narrative of the ongoing Eurozone crisis, which is (understandably) unkind to Europe. I do not mean to suggest that American journalists are going after Europe, although it would not be difficult to find examples of media figures who are unabashedly dismissive of the European project. In some ways, journalists are simply reporting – and the story line is by now familiar and predictable: Greece (or Portugal, or Spain, or Italy, or perhaps even Slovenia) teeters on the brink of financial catastrophe; the EU leaders convene at a summit, and issue bold pronouncements and promises of resolute action; the markets respond enthusiastically for a few days, until reality sets in; then Greece (or Portugal, or Spain, or Italy, or perhaps even Slovenia) teeters once again on the brink of financial catastrophe; and so on and so forth. The impression conveyed is one of division and impotence, which does not foster positive impressions of Europe as a regional block. None of this can be terribly surprising for European audiences. After all, when things aren't going well in a public manner at home, the neighbors will start to wonder. Europeans can still be disappointed and concerned, though. They can also be hopeful. My sense is that the decline in Europe's stock value among the American public is not only relatively superficial, it is also transient. In other words, it is a simple reflection of Europe's struggles, which means that (if and) when Europe pulls itself together and emerges from this crisis, its public stock in the United States will rise. Less clear, though, is the assessment of Europe's prospects as a regional actor among the members of the transatlantic network. The most productive way forward is complicated. But I would say simply that any attempt to restructure the relationship around a second grand project is doomed to fail. Such projects simply don't exist, and moreover neither partner is equipped any longer to dedicate themselves exclusively to such grand pursuits. The future of the US-European partnership resides in a host of smaller scale, but no less important objectives – energy conservation and sustainable development; climate change; homeland security – for which Europe in particular is eminently positioned to act as a capable and coherent partner.

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Perceptions of the European Union in West Africa

**Wautabouna Ouattara*

According to the statement following the EU-AFRICA Summit in Lisbon in 2008, the new EU strategy is focused on the implementation of a framework of actions in order to help Africa to get back on the way of the sustainable development and to reach the Millennium Development Goals (MDGs). The priority areas of intervention are peace, security and good governance, necessary for the creation of an environment convenient to growth, trade, interconnection and social cohesion. Beyond these good offices, the recent economic and financial crisis in the Eurozone seems to show how much the EU as a regional block remains fragile and deeply divided. This is the perception in West Africa of this long-standing partner and close neighbor, being for a long time presented as a model of regional solidarity and integration. West Africa unfortunately became a zone of instability where regional integration institutions such as Economic Community of West Africa States (ECOWAS), West African Economic and Monetary Union (WAEMU) and River Mano Union (MRU) are still struggling to solve the problems related to cross-border criminality, food security in Sahel, growing poverty, endemic diseases and armed conflicts. The current military and political crisis in Mali and Guinea-Bissau are evidence that this part of the continent is still facing difficulties in creating a sustainable climate of peace and stability. The expectations of the West African populations from the EU remain important, in particular, in support for efforts in the search of peace and security. However, the responses are still below expectations. Rightly, many Africans don't believe in the providential EU assistance anymore, itself faced repeated crisis.

What should West Africa hope from the EU when the main principles of solidarity seem to be harshly tested by the crisis in Greece and its future in the Eurozone? The image given by the EU at the moment is not impressive. It is not the homogeneous regional block whose qualifications were so promoted! Economic and financial crisis persisting in Italy and Spain are, in reality, evidence of the fragility of the EU and point out the relevance of monetary and fiscal policies. The European vision led by German and French leadership is more and more criticized in the Eurozone. For West Africa, the EU has never appeared so fragile and divided. Unfortunately, populations continue to expect more from Europe who does not always bring correct answers or offer a good example. When will Africans finally take conscience of the strength of union and anticipation?

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A Mediterranean Perspective of the EU Crisis

**Stephen Calleya*

The historical developments that have taken place across the southern shore since the Arab upheavals in 2011 have so far not triggered a European re-think when it comes to further integrating relations between Europe and the Mediterranean. The global economy is going through the worst economic crisis since the Great Depression of the 1930s and there is no light to indicate that we will be coming out of this tunnel anytime soon. In Europe, the economic crisis has brought into question the credibility of the process of regional integration over the past fifty plus years. The financial crisis, which began in 2008, characterized by plunging stock markets, an insecure financial system and worries of moral hazard continues to persist as many countries struggle with prospects of no or low economic growth, rising unemployment and the necessity to implement unpopular austerity measures.

The Eurozone has been particularly hard hit by the ongoing crisis, which has required drastic and unprecedented action to be taken in light of downgrades from rating agencies and serious risk of a break-up of the currency union. This has necessitated the EU and IMF agree to bailout packages for Greece and others for the Irish Republic and Portugal in an attempt to avoid these countries having to default on their enormous amounts of debt and prevent the risk of contagion to other European economies. Pressure continues to mount on other southern European countries including Spain, Italy and Cyprus, which have all sought European Union financial support. Across the Mediterranean an incredible transformation of the geopolitical landscape is taking place with autocratic systems of governance being removed by their people who aspire to have a better way of life. The 2011 wave of revolutions in the southern Mediterranean countries of Tunisia, Egypt and Libya creates a more conducive context within which closer political and economic relations between the EU and the Mediterranean can be established.

In the post-Cold War world there has been a tendency for the process of globalisation to focus too exclusively on economic growth at the expense of the sacrifices that have to be made at a social level. International financial organisations are more often than not showing no pity with the poor sectors of society. Almost two decades have passed since the signing of the Barcelona Declaration in November 1995, when the Foreign Ministers of the EU and their counterparts from twelve Mediterranean countries pledged to progressively establish a Euro-Mediterranean area of peace, stability and prosperity at the horizon of 2020. Since then, profoundly asymmetrical developments in the EU and the Mediterranean have taken place: an EU frantically struggling to keep up with the constraints of globalisation, a Mediterranean falling further behind.

In recent years the EU has been moving into new areas. It has undertaken three major constitutional reforms, the Amsterdam, Nice and Lisbon Treaties. It has successfully introduced a common currency, the Euro. It has virtually completed its single market for goods, services, capital and people. It has started to develop a common security machinery. The EU has also made great strides towards a common area of law and security and it has set itself the objective to become a knowledge society and a common area of research and science by 2020. The European Union has also proceeded with its 6th enlargement in 2007. The accession of twelve new member states since 2004 has lead the EU to experience a fundamental transformation process at an economic, social and political level of operation. During the same period, most of the EU`s Mediterranean partner countries have moved ahead very slowly. The prosperity gap with Europe, especially Central European countries, has further widened. It would have widened even further without the positive fluctuations in the price of oil from time to time and a significant slowdown of demographic growth. Integrating the Mediterranean into the twenty-first century international system through forward looking mechanisms that embrace the strategic objectives outlined in the Barcelona Declaration of November 1995 and a sustainable Middle East Peace Process is the immediate challenge that the international community must confront. Otherwise transnational sources of instability emanating from the Mediterranean will continue to manifest themselves at a regional and international level and the perceptual and prosperity gap between the southern and northern shores of the Mediterranean will further widen. If more attention towards the Mediterranean is to be forthcoming it is crucial that more awareness is raised about the reality that there can be no security and stability in Europe if there is no security and stability along the southern shores of the Mediterranean. If the European Union cannot successfully project policies of stability in its immediate neighbourhood across the Mediterranean, its more ambitious goal of becoming a global source of stability will remain a fallacy.

European Union policy towards the Mediterranean must thus be seen as a litmus test of the European Union's objective of assisting in the improvement of livelihoods in states that border its own member states. Moreover, the Euro-Mediterranean track record will also have a major bearing on the extent to which the European Union is able to influence positively development in Africa and the Middle East.If the EU could muster the political will to offer a quasi-membership perspective to states in the MENA region, this would fundamentally change the nature of relations in this area of international relations. While the immediate concern remains ensuring that the EU and Eurozone remain economically sustainable, it is also important that the EU seek to support the economic reform programme that will be necessary if the expectations of North African citizens are going to be met.

In a world where global inter-connectivity is allowing for the free flow of trade and capital at ever-increasing volumes, the EU must recognize that its southern neighbours offer it an immense market where trade and investment can increase significantly. Such a strategy would provide the EU with an important future EU growth perspective that will assist in superseding its current crisis of confidence. It remains to be seen whether the EU is strategically prepared to launch a Mediterranean policy that seeks to seize on the new opportunities that have been triggered by the ‚Arab Spring' of 2011 to create a more dynamic political, economic and cultural Euro-Mediterranean orbit of relations as envisaged in the Barcelona Declaration of November 1995.

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Where does the EU stand? Perceptions of the GCC States

**Christian Koch*

The Gulf, comprising of the six countries of the Gulf Cooperation Council (GCC - Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) plus Iran, Iraq and Yemen, is strategically one of the most important regions for the world at large. It is also a geographic neighbor to the EU. As such, relations between the two regions are of enormous importance with implications for both sides. Given this fact, the EU and the GCC, with the latter being established in 1981, signed a Cooperation Agreement in 1988 providing a framework for the development of mutually beneficial ties. From the outset, the European integration experience represented a model for the young GCC institution to emulate and follow. Given the history of antagonistic regional relationships and the existing mutual (mis)perceptions between the GCC and their neighbors Iran and Iraq, Europe was seen as having something very valuable to offer to the Gulf given Europe's own history of strife and national animosity. The fact that Europe grew into a continent of overlapping institutions where disputes and disagreements could be handled in a constructive and mostly mutually beneficial manner was a development that found resonance in the Arab Gulf states. The GCC could therefore be seen also as an attempt to place the Gulf region on the same path where the regional states – including Iran, Iraq and Yemen – could ultimately come together to promote confidence-building as well as practice conflict prevention and management.

Such an ambitious attempt of constructing regional security architecture for the Gulf region has, of course, failed to materialize. In response, the GCC states focused on their economic and social integration with the process again very much modeled on that of the European Union. In 2003, the GCC established a Customs Unions, followed by the 2008 decision on developing a common single market, and finally, in 2010 the announcement to pursue a unified currency. And with recent developments in relation to the Arab uprisings in the beginning of 2011, the calls for further steps have been raised. Prince Turki Bin Faisal Al-Saud from Saudi Arabia has suggested that the GCC's structure should be reformed to become a union, again following that of the EU. The proposal for a union structure is currently being debated within the GCC with further decisions expected by the end of 2012. Nevertheless, there is another side of the coin. Given that almost 25 years have passed since the signing of the EU-GCC Cooperation Agreement and that actual accomplishments of the agreement have fallen way short of expectations, the model character of the EU is no longer without its critics. Yet, points of contact, both at the personal and institutional level, have increased and a Joint Action Programme (JAP) agreed to in 2010 is in place, but the big breakthrough on a Free Trade Agreement remains a painfully missing milestone. The lack of clear benefits has been supplemented by the recent crisis in the Eurozone. As a result, fundamental questions have emerged as to the actual drivers that promote mutual ties. Europe is not a major consumer of oil from the GCC states, trade and commerce is mostly one-way from Europe to the region and Asia is emerging as the true market for the GCC states. On security matters, Europe does not play an overt security role in the region with the result that the GCC states do not see Europe as being a security actor in its own right. Even politically, the EU is still seen as a dwarf when compared to the US.

All of this is supplemented by the fact that GCC-EU relations remain defined by certain dichotomies. Numerous ones exist – structurally two quite different organizations trying to build an institutional set of ties, differences in the bi-lateral approaches pursued by respective member states on both sides, and different priorities as far as the expectations of the other are concerned. For the moment, there is no indication that EU member states will at one stage pursue their relations with the Gulf in greater collectivity or that the GCC will evolve into an institution that can be equated with the EU in institutional terms, thus, setting the basis whereby the GCC can negotiate with the EU on a comparable level. The bottom line is that it has become difficult to identify where Europe can bring actual value to the priority issue list as far as the GCC states are concerned. The model character of the EU is therefore beginning to fade.

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What Lessons Can We Draw from the EU`s Recent Difficulties?

**Félix Peña*

Not necessarily a model to be applied in different realities. But the European integration process has at least been perceived frequently as a valid point of reference for those interested in promoting regional integration in developing countries. This has been the case especially when countries of a Latin American sub-region voluntarily took the political decision of working together with the aim of gradually building some modality of economic community, including common rules and institutions. In that respect, the more notorious experiences have been those related with the Central American, Caribbean, Andean and southern South American nations.

That perception could be one of the reasons of concern raised by the actual EU crisis in the Mercosur region. In no way is it the only reason. Perhaps the impact of the future evolution of Europe in the global economy attracts greater attention in South American governments and businessmen. But keeping in mind that Mercosur also has strong difficulties achieving its main objectives, it is useful to raise the question about what could eventually be learned from the difficulties facing the EU. This could be particularly useful taking in consideration that after the Mercosur Summit in Mendoza (June 2012) a debate about its future has been open in its member states. It seems that at least three main lessons could be drawn by them from the EU crisis:

The first one is that voluntary integration among sovereign nations requires permanent adaptations to changes in their domestic and international environments. It is naïve to pretend a fixed plan toward any long term objective. Roadmaps and working methods should be permanently adapted to new circumstances. How to produce this adaptation preserving, at the same time, the accumulated assets of years of working together, is then a big challenge, and not only for the EU. This will most probably require a kind of metamorphosis and this implies a lot of political skills. Adaptations become more necessary when citizens began to doubt the convenience for their own country to continue working together with nations with whom they share a geographic space. It could arrive at a point in which they perceive the integration process as part of their problems and not of any solution. Sometimes this is the result of not recognizing the problems of the people of another member country as being their own problem. If that is the situation, a frank explanation to the citizens of the different countries of what the costs could be for them given a failure in the integration process seems to be necessary. Particularly if the political leadership perceives that they don't have rational options to the idea of working together with their partners.

Preserving the win-win perceptions among the people of the member countries is then one of the main challenges faced by the construction of any voluntary integration process. This is more difficult in a context of deep global economic and political transformations as we are facing these years. The impacts of those changes sometimes are very different from one member country to another. It could then weaken the idea of being in the same boat, or increase the perception of the advantages of navigating alone to better tackle the challenges posed by new realities. The notion of "each nation for itself" could then jeopardize the core idea of working together among nations of the same geographic space, especially if institutions with the capability of expressing a common vision do not exist or are not able to undertake the necessary leadership.

The second lesson is that there is no unique model or formula to produce that adaptation to an environment of deep changes. There are obviously limits to the imagination about how to tackle the main problems that are faced. They could be the result of political, economic and legal constraints. But at the same time, with a mix of political will and technical capabilities –and eventually, good luck- it is always possible to draw mechanisms that could contemplate the new realities and the different interests of member countries. Most likely this will imply heterodox and flexible formulas including those requiring multiple speeds, variable geometry and "à la carte" approaches.

And the third lesson is that to succeed in the difficult task of integrating sovereign nations through a voluntary and long term process implies, at the same time, effective common disciplines and a clearly defined national strategy by each of the participant countries. The dynamic interaction of both factors seems to be crucial precisely to preserve the "win-win" situation among the members of a common integration process, and here is where flexibility of concepts, mechanisms and instruments become so important. It facilitates the continuous adaptation of the process to new realities. And this becomes more important when those new realities have different impacts in each of the member countries due, eventually, to asymmetries of relative power, dimension and degree of economic development among them. Perhaps the more important conclusion that we could draw from the recent European experience is that in critical moments, when the main idea of working together among sovereign nations could raise doubts in some or in all the participant countries, what becomes necessary is a frank debate in each country – with a large participation of their citizens – about the political and economic costs of failure and the feasibility of different options. What is normally referred to as a "Plan B." If this option exists, it would be logical to follow it and to withdraw from the integration process.

But if for participant nations the costs of failure are high, and at the same time a rational and feasible doesn't appear to exist option to the membership of an integration process, the debate should concentrate itself on how to continue working together, introducing all the adaptations that would be necessary to assure the effectiveness of the process and, at the same time, to preserve its "win-win" condition.

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Europe in Times of Crisis: Perceptions from the Asia-Pacific

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External images of the European Union remain a fascinating puzzle for the Union and its international partners. The EU's self-vision encompasses a set of particular norms and values – respect to human rights and freedoms, democracy, good governance and the rule of law – which govern its dialogue with its own citizens and governments, as well as with the rest of the world. Scholarly reflections on this self-assessment include the descriptions of the Union as a "civilian" (Dûchene 1972), "gentle" (Merlini 2001), "normative" (Manners 2002), "smart" (Wilson 2008) and "ethical" (Nunes 2011) power. However, it remains unclear if these Euro-centric visions strike a chord with the external views on the EU and whether there is any mismatch between internal and external expectations. External indifference may indicate a low regard of the Union's capabilities as a leading player and prompt internal reassessment of the legitimacy of the "European project".

The Eurozone sovereign debt crisis has put the EU under greater scrutiny because of the potential damage to its external image as a well-governed entity, an important basis for the EU's attraction as a soft power. The Lisbon Treaty innovations of 2009 – including new posts (High Representative for Foreign Affairs and Security Policy) and bodies (the European External Action Service) promised to propel the EU into "…a major actor in global affairs" (Emerson et. al., 2011). Yet, the Eurozone debt crisis has interfered with and distracted from this agenda. It has re-channeled the EU's priorities from external to internal modes, producing a double negative impact on the EU's relation with its international partners. Not only has the EU become even more 'inward looking' due to its financial and economic woes, but the image of the 'sick man Europe' trapped in a severe crisis has captivated the attention of international media, general publics and stakeholders.

Table 2: Most frequent adjectives corresponding to the respondents' perceptions of the EU

Country	1st	2nd	3rd	4th
Australia	Modern	Peaceful	Fair	Arrogant
China	Modern	Efficient	Strong	Arrogant
India	Modern	Efficient	Peaceful	United
Japan	Modern	Peaceful	Likeable	United
S. Korea	Modern	Peaceful	Likeable	United
Malaysia	Modern	Efficient	Peaceful	Likeable
New Zealand	Modern	Peaceful	Fair	Arrogant
Russia	Modern	United	Likeable	Strong
Singapore	Modern	Peaceful	Fair	Likeable

Over the last decade, the National Centre for Research on Europe, New Zealand, has researched external perceptions held towards the EU across 20 Asia-Pacific locations (Holland et al 2007, Chaban & Holland 2008; Chaban et al 2009, Holland & Chaban 2010).[1] The latest stage of this project (2010-12) assessed EU perceptions in ten Asia Europe Meeting (ASEM) "Asian" member states: Japan, China, South Korea, India, Singapore, Thailand, Malaysia, Australia, New Zealand and Russia. The timing was fortuitous as it facilitated an assessment of the Union's images as the Eurozone debt crisis unfolded. The following analysis provides a snapshot of the key findings. The database from this project comprised three elements: media content analysis from 30 representative newspapers[2] and 10 prime-time television newscasts on a daily basis for the first six months of 2011; 391 semi-structured face-to-face interviews[3] with key informants (politicians, business people, newsmakers and civil society leaders); and, an online survey[4] of 10,000 respondents (margin of error ±2.5%, stratified according to a number of demographic categories administered in April 2012 by TNS London).

An initially striking observation was the dichotomy between the media's heavy focus on the debt crisis featuring (melo)dramatic descriptions of the situation in Europe vis-à-vis a more constructive and sober images of the EU among the national stakeholders. The dichotomy is, perhaps, not surprising stemming from the mainstream media's hunt for the sensational and dramatic in order to 'sell' the news – and the Eurozone debt crisis fits this profile. However, the interviewed national stakeholders did not necessarily rely on this news source and reported personal contacts and exposure and highly specialized sources of information as the more influential channels of information about the current situation in Europe. With this diversity of sources in mind, the majority of interviewed elites did not perceive the EU's importance plummeting in the future: indeed, in China, India, Malaysia and South Korea, the EU's importance was even seen to grow in the future. However, consistently across all countries the most pessimistic and skeptical views came from the media who typically expressed critical opinions on the EU's actions. Arguably, this attitude towards the EU could have been informed by the pervasiveness of other international media sources which prioritized negativity towards the debt crisis. Indeed, 14% of all EU news in 2011 came from the British wire Reuters. Paradoxically, despite its propensity for excitement and sensation, the Eurozone crisis did not dominate Asia Pacific media coverage. Compared with earlier studies, the Eurozone crisis only partially raised the EU's overall media visibility.[5] The EU was most reported in the daily press in Japan (with 99 news items per paper per month) and China (with 71). The least reportage was registered in South Korea (averaging just 9 news items per paper per month); this could be explained by the fact that the EU-Korea FTA, a main subject in EU coverage in the past, had been signed and media attention switched to the US-Korea FTA negotiations. Whatever the circumstances, the EU's coverage circa the crisis actually decreased in Korea when compared with data from 2006. Furthermore, in most of the countries studied, EU reporting predominantly appeared in specialized business papers, not the popular press.[6] Finally, the visibility of the EU on prime television news was miniscule – the leader in EU television coverage, CCTV of China, broadcast an average of just 13 EU news items per month. Importantly, EU media visibility also tended to be peripheral rather than the main focus of a story. In total, 50% of all news mentioned the EU just briefly (in one or two sentences): the only exception was Russia where the media preferred to profile the EU as a major actor. This high intensity is intuitively understandable – the EU shares with Russia its neigbourhood, and the Union is Russia's key trading partner and a point of political and cultural references. For other ASEM countries, the EU remains a distant partner – geographically, culturally, politically.

Thematically, newsmakers' obsession with the Eurozone crisis meant that there was less space available to EU news on other topics. The share of political news in each country decreased over time[7], including the EU's political/diplomatic actions globally. Overall visibility of Catherine Ashton was half that of the ECB's Claude Trichet (in general, the visibility of the ECB, an almost invisible EU institution in the past, has skyrocketed), as well as significantly lower than that for Angela Merkel and Nicholas Sarkozy. Two other European Union political leaders – European Commission President Barroso and European Council President van Rompuy – were reported even less frequently than Ashton. It seems that for the Asia-Pacific news media the idea of the EU as 'Europe of nation states' is enduring and the Eurozone debt crisis acted to solidify this impression. In addition to the decrease in political coverage, news covering the EU

Table 1: Spontaneous Images of the EU

Country	1st	2nd	3rd	4th
China	€	Europe	Union	France/Germany
India	France	€/UK		Europe
Japan	€	EU	Europe	Greece
S. Korea	€	EU	Greece	Economy
Malaysia	Europe	€	Economy	UK
Singapore	Europe	€	Germany	Union
Thailand	€	EU	UK	France
Australia	Europe	€	Greece	Germany
New Zealand	Europe	€	France	Germany
Russia	Union/Association	Europe	€	Economy

as a leader in environmental protection and climate change, global development and social welfare initiatives – which had a low profile in the past (Chaban 2011) – became virtually invisible. To sum up, the crisis has not only reinforced the negativity in EU representations, but also swayed the media interest from reporting the EU's ambitions as a global leader (stemming from the Lisbon agenda) and from presenting normative dimensions in EU portrayals (an important point in Europe's self-identification).

These economic accents in the EU media coverage were reflected in the views of elites. A Malay civil society representative conveyed a typical opinion – that while the EU could be described as an economic 'great power' "politically... I do not think so. They do not have a common voice. They created this post of someone who should be the President of the EU, but even then it is difficult to judge whether [his] voice is shared by all the people in the region or not". The lack of unity is often seen as a problem – a Singaporean business person concluded that the EU was not a leader in international politics as its members have "sufficient problems trying to coordinate among themselves". Another common view (expressed here by politician from India) illustrates a more sceptical position, grounded in the fact that individual Member States are more known and understood than the EU. The EU was seen as "artificial, [because] it is still country-based. There are two major nuclear powers, Britain and France. The economic power is Germany. These are the dominant powers, but the EU also includes very poor countries … in Eastern Europe or Southern Europe. As an entity, I do not think you can look at the EU as a great power". The elites also saw the EU being a 'runner up' to the US in the competition for the title of international leader. A business person from China formulated a sentiment frequently found in the interviews: "The USA is still a monopoly in today's world, and Europe has to rely on the United States on many issues, including providing security protection to the EU… Such a relationship makes it hard for the EU to become a true leading power".

The public's perspectives on the EU as a distant international partner also reflected the media agenda. The public were asked to give three spontaneous associations with the term "the European Union" (Table 1). The leading association was that of the Euro as a problematic common currency, rather than as a symbol of unity and/or success (a view typically assigned in the pre-crisis surveys). The second most visible notions were also supranational - "Europe", "union" and sometimes "the EU" (as an acronym spelled in Latin rather than indigenous scripts) – suggesting that despite the Eurozone crisis dividing the EU Member States, awareness of European integration continues to exist among the ASEM general public. The third common image was the economy -- still sizeable and wealthy, yet facing major problems. Finally, a common intergovernmental trend in every location was evident, associating the EU with its individual members. While the "EU3" have always been among the top associations, Greece had never been evident previously. The study also asked the public to give their opinion towards ten adjectives ("strong", "likeable", "fair", "peaceful", "modern", "efficient", "united", "aggressive", "arrogant" and "hypocritical") used to describe the EU (Table 2). Strikingly, positive visions overwhelmingly dominated the choices, including visions of the EU as a modern, likeable, peaceful, efficient, strong and united political body. This finding suggests a constructive and promising potential dialogue exists within ASEM despite the current economic and financial woes.

These findings demonstrate that the Union's perceptions among elites and general public, as well as EU images in news media, can be ambivalent and paradoxical. Negative images do reflect the impact of the Eurozone sovereign debt crisis, yet positive images suggest an enduring international appreciation of European integration (economic and political) irrespective of the crisis. While the media tends to pursue sensationalized news exaggerating negativity and conflict, the general public and elites displayed positive and constructive visions of the EU despite times of crisis. These visions could be the echo of more benevolent media representation in the pre-crisis years, and future studies are necessary to trace any long-term damage to the EU's external image among international opinion. This knowledge is imperative for the post-Lisbon EU which defines its dialogue with the world in terms of the peaceful transfer of ideas, norms and values. Successful external relations require an understanding of how the world reacts to, and sees, the EU.

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[1]For more information, see www.eupereceptions.canterbury.ac.nz

[2]The press sample in each country included the highest in circulation prestigious broadsheet, the most circulated business daily paper and (for comparative purposes) English-language daily. While the project is realistic that per-country sample is limited (indeed, "the more random the sample is and the larger the size, the less the chance of error" (Chang et al. 2001, 431)) , the size of the sample was informed by a classic consideration of sample size in large-scale communication research: "the sample should be kept narrow in scope and nature in order to facilitate realistic execution of a large scale, trans-national, comparative project" (Sreberny-Mohammadi 1985, 10).

[3]The pre-tested questionnaire approved by University of Canterbury Ethics Committee, contained 18 questions (two of them were closed-ended). The questionnaires for media elites were slightly modified to include a set of questions on the news production practices.

[4]The pre-tested questionnaire contained 23 questions (only one was open-ended).

5The media analysis featured a daily monitoring of the key terms " the European Union/EU", "European Commission/EC", "European Parliament/EP", "European Central Bank/ECB", "Eurozone", "Asia Europe Meeting/ASEM".

[6]Two exceptions were China (where the popular People's Daily, a major daily source of current news and an influential national agenda-setter which carries out the government's message, led in EU coverage) and Thailand (where an English-language daily "The Bangkok Post" targeting local elites and expatriates led in EU coverage).

[7]Data was compared across time for nine countries in the sample. Russia was not studied in previous phases of the project.

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