A PERSPECTIVE VIEW OF CURRENT US-EU-UK RELATIONS

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A new Prime Minister

The resignation of Theresa May is a positive advantage in re establishing strong UK-US relations. These include common values and interests, democratic traditions, common language and trading relationships, some details of which are included in the Appendix to this paper. Overarching all of this is the UK's historic relationship over past generations, including WWI and WWII, which will be commemorated in Normandy on Thursday, 6th June 2019. There is also of course the issue of security and defence since the last war, and the development of NATO in the post-war period.

Theresa May demonstrated a failure to understand many of these vital matters. Furthermore, specifically, she gave succour to Iran, China in respect to Huawei, and failed to increase defence spending. She also failed to deal properly with the UK jihadists, who could have been prohibited from returning to the UK under article 8 of the United Nations convention on statelessness. Similarly, she has failed to comprehend the dangers of subordinating the UK to the EU in a disastrous Withdrawal Agreement, which allows the 27 other member states to effectively govern the UK for several years, which would be for the first time in British history in hundreds of years. These include, of course, defence, intelligence, and security issues, with massive consequences for the future of NATO. It is for all these reasons, that it was imperative for her to resign and therefore essential that a new leader has a proper understanding of British national interests in order to leave the EU comprehensively. This means accepting that a no-deal Brexit has become a realistic outcome, combined with a full bilateral trade deal between the US and the UK, all of which depends on the UK properly and effectively leaving the EU altogether. Because what the UK is exiting is not Europe, but what the EU has become, a dominating, increasingly militarised political behemoth controlled by Germany, and to a lesser extent, by a Franco-German identity of interests.

NATO

NATO has been an essential alliance in the last seventy years. It has served Europe's defence with Atlanticism, a defining element of international outlook, not only on both sides of the Atlantic, but also beyond. However, the tectonic plates of geopolitics are shifting. 2 President Trump's warning about the financial commitment of US allies at NATO's meeting in July of last year made it quite clear that the possibility of a radical review of Pax Americana in Europe would have to be taken seriously. Furthermore, for the US from now onwards, with China as an emergent giant seeking to challenge US security and economic interests around the world, the growing geostrategic importance of the Indian Ocean and the Western Pacific area are becoming US critical priorities.

NATO's uncertain future whilst the EU prevaricates

Some have expressed doubts about America's willingness to commit to Europe's defence. These loom large since the US's abandonment of the 31 year old INF (Intermediate Range Nuclear Forces Treaty) on 1st February of this year, and the frustrated efforts for a Chinese broader arms control involvement. NATO's very raison d'etre, as a potent deterrent against the threat posed by Russian military aggression in Europe, and the future viability of the Alliance are, for some, in question. Russia, although a potent nuclear-tipped military force, with less than 60% of US GDP, and a population one fifth bigger, would not necessarily be at the top of the US defence policy agenda. This does not imply however, that if Putin's Russia continues to pursue its neo nationalistic anti-NATO agenda, the US will not continue to commit an important military presence in Europe: ultimately the key to transatlantic unity and its common defence effort could lie primarily in Moscow, especially if the New Start Treaty is allowed to lapse in 2021, thereby posing no limits on the US and Russia's strategic nuclear forces for the first time since 1972. Therefore, the US-Russia relationship remains of crucial importance to NATO, even though very little is pointing in the direction of structural improvement of the present order, as US-Russian relations will remain tense. Russia's anti-NATO attitude, the return of Moscow in the Middle East, the Crimea annexation and the use of the cyber realm will still continue to threaten and undermine the cohesion of Western societies. Turkey's adherence to the Alliance is also being questioned due to its regional aspirations, its military interference in Syria and Iraq, and its late engagement with Russia by purchasing weapons such as the S-400 air defence system, which would pose real challenges for the interoperability of NATO systems.

It also questions Turkey's allegiance to NATO, as all NATO allies have committed to reducing their dependence on Russian-sourced legacy military equipment. This has resulted in the Pentagon suspending deliveries and activities associated with the stand-up of Turkey's F-35 operational capability and with NATO's Supreme Allied Commander and 3 Head of US forces in Europe, General Curtis Scaparrotti, warning in March that Turkey would not receive its F-35 unless it cancelled the S400 order. However, speaking alongside NATO Secretary General Stoltenberg on 6 May, Turkey's Prime Minister, Erdogan, said he disapproved of attempts to provoke debate on issues like the S-400 that are "within the sovereign right of our country". Turkey's developing ties "with other countries and regions are not all alternative to each other", adding that "instead they complemented each other". Turkey's relations with Russia have historically been tense, but Moscow and Ankara have established strong economic ties since the end of the Cold War and, under President Erdogan and Putin, the two countries have moved closer in recent years amid severe tension between Russia and the West, and strains in Turkey's ties with the US and the EU.

The cohesion of the Alliance has also undoubtedly been put under strain by recent transatlantic rows in the EU over issues such as trade, energy, climate change, the Iran nuclear deal and, more recently, by the lack of a more equal burden sharing by the Alliance's members. These have prompted Mr Trump to reprimand NATO's European allies for their low levels of defence spending fixed at 2% of GDP, as agreed at the Wales summit of 2014. The rift in transatlantic relations is perhaps best summoned up by President Tusk's assertive letter ahead of last year's July European Council meeting to EU leaders as he wrote: "It is my belief that, while hoping for the best, we must be ready to prepare the Union for worst-case scenarios. Despite our tireless efforts to keep the unity of the West, transatlantic relations are under immense pressure due to the policies of Mr Trump." This highly debatable and fundamentally untrue statement not only deliberately neglects the fact that European integration over the last decades was originally made possible in no small part through the presence and contribution of US troops in Europe, via the Washington Treaty in 1949, and the subsequent creation of NATO. It also fails to take into consideration the emergence of an increasingly dysfunctional EU, rejected in large part by the electorate, which is now torn between the heavy reliance on the US and its unrequited striving for emancipation and a new identity, couched under Franco-German aspirations for an independent global force.

European defence and a European army

To this end, the EU has recently intensified efforts to strengthen military cooperation within the bloc, after the adoption of an Implementation Plan at the European Council Summit in December 2016 described as "raising the level of ambition of the EU's security and defence policy". In particular, EU leaders have been calling recently for the rapid completion 4 of the PESCO programme (Permanent Structured Cooperation), CARD (Coordinated Annual Review on Defence), a European Defence Fund, all kick started in late 2017, and The European Peace Facility in 2018. Under these projects, 25 countries would commit troops to EU battlegroups to enhance the interoperability of their armed forces and a European intervention initiative intended to enable a faster military response in crisis situations, through a much closer cooperation between the General Staffs of the European member states. According to military circles, these developments could lead to a joint intervention force and be on track to seeking the EU's objective of strategic autonomy. Indeed, the EU Commission President, Mr Jean-Claude Juncker has proposed that an EU army should be created "to build a common foreign and national security policy, and to collectively take on Europe's responsibilities in the world" by arguing that this would "show Russia that we are serious when it comes to defending the values of the EU". This is a position also openly supported by the German Government which stated in 2015 that a "European Army is Germany's long term goal". Indeed a German Defence White Paper published on 13 July 2016 reiterated that "Germany is striving to achieve the long-term goal of a common European Security and Defence Union". Specifically, it proposes the greater use of permanent structured cooperation and the creation of a "permanent civil-military operational headquarters in the medium term". This will be "a civil military planning, command and control capability that is not yet available in this form to EU member states".

Undoubtedly, these developments are intended to have an impact on NATO, as they could gradually become the focal point for European capability improvement and will replace the old approach of "voluntarism" to binding commitments and a system of monitoring and assessing results. Whereas the financial volumes are forecast to be small until 2020, they may be more extensive in the period of the EU's Multi Annual Financial Framework (MFF) 2021-2027. The EU is also committed to strengthening the European technological and industrial base as an important goal of the EDF future planning. These developments are set however against the backdrop of US disapproval towards EU's multilateralism, which has prompted US Vice President Mike Pence to criticise Germany for its decision to proceed with building the Russian-backed Nord Stream 2 gas pipeline, and the Washington administration threatening retaliation if the Europeans pressed ahead with rules that would restrict the involvement of US companies in pan European military projects. A correspondence sent in May of this year to Mrs

Mogherini, the EU's top diplomat, by Ellen Lord, US Under 5 Secretary of Defence and Andrea Thompson, US Under Secretary of State for Arms and International Security Affairs, expressed deep concern that the approval of the rules for the European Defence Fund and the Permanent Structured Cooperation (PESCO) to plug gaps in Europe's military power, would "produce duplication, non-interoperable military systems, diversion of scarce defence resources and unnecessary competition between NATO and the EU". It also added that rules for the EDF contained "poison pills" that would prevent companies based outside the EU, including the US, from participating in military projects. In the latest sign of the fraying relationship between Washington and Brussels, the US has warned that greater military cooperation between EU countries would be a "dramatic reversal" of three decades of transatlantic defence integration. Within the context of an ongoing close transatlantic relationship, and NATO being the sole organization for the direct American participation in European security affairs, it is quite understandable that Washington's primary interest is to maintain the Alliance as the channel to influence European security matters and to continue to press on for an equal burden sharing with its allies, in consideration of its preeminent role in safeguarding Western security and the growing complexity of threats it also faces around the world.

An unstable EU

As Sir Paul Lever demonstrates in his seminal book, Berlin Rules, in an entire panoply of respects, EU policies are dominated by German national interests. These arise in the context of both trade and security.

In particular, when the US abandoned the Joint Comprehensive Plan of Action, made in 2015, between Iran, the EU, Russia, China and the US, Donald Trump correctly stated that this so called plan of action was "the worst deal ever" and rightly accused the Iran Government of failure to comply with its commitments.

There is also the issue of trade imbalances and tariffs between the EU and Germany, in particular. These concern unreasonable economic policies directed towards the US and evidenced by the US trade deficit with the EU of $64 billion, which is the consequence of a monetary policy which is disgracefully manipulated by Germany itself within the EU, which hides behind the euro, and thereby benefits Germany's exports. Germany claims that "Germany has no influence on the exchange rate", which is disingenuous to say the least. The European Central Bank is notoriously influenced by German monetary policy and the ECB has refused sofar to meet its inflation target (inflation has been well below 6 the ECB's target of almost 2% since 2013) or to comply with its own Lisbon Treaty obligations to support a balanced economic growth in the Eurozone (Art.3 TEU). This, compounded by an exchange rate misalignment, has created an unnecessary ongoing public debt crisis through the perverse mechanisms of EMU, particularly in Southern Europe. There are other factors such as Germany's natural gas pipeline with Russia in the Baltic, connecting Russia with Germany which will inevitably create greater dependence by Germany and the EU on Russia with a potential towards reshaping European geopolitics eastwards. Under this, Germany will be paying billions of dollars to Russia.

As regards the German trade surplus in the US, it will be recalled that Wolfgang Schäuble, who also described the Brexit as "toxic", has lectured the US about Germany's trading relationships with the

US. It is worth carefully looking at Appendix 1 of this paper to observe the latest imbalance between the US and Germany as to trade in goods from 1985-2019. The last year's figures show a trade deficit in trade in goods between the US and Germany of $68,250 million, up from $11,189 million.

The growing instability of the EU, caused by its failure to tackle the economic and immigration crisis, resulting in the rise of anti-EU governments in countries like Italy, Hungary, Poland and the Czech Republic; the unresolved humanitarian catastrophe in the Med and the prolonged negotiations for Brexit, have all raised a series of questions about the viability of the European Union's project of an "even closer union". These events will most likely have a direct bearing on NATO's unity and cooperation and sharply evidence the inherent contradictions between EU efforts for the implementation of a Global Strategy and its ongoing commitment to a strong and united NATO. Furthermore, the EU's reluctance to engage so far in the maintenance of international security using military force that can supplement US forces globally, poses problems for the US, the EU, NATO, but particularly for the UK in terms of a continued close transatlantic defence relationship with the US, as the UK is a central player in US- European relations and European geopolitics. This impasse will therefore reflect not only in Britain's close relations with Washington, but also in its role in European security.

The UK at a cross roads?

The pro-US and pro-Atlanticist camp in Europe was an underlying theme of Britain's entry into the European Economic Community in 1973. Britain's decision to leave the EU is however another in a series of challenges facing US foreign policy and the transatlantic relationship. Despite the UK's opt-outs from the Euro, the Schengen area and some Justice and Home Affairs cooperation, on closer inspection, the UK has been a keen advocate of policies in a range of areas that aligned with US positions. British efforts in the EU have resulted in ensuring an engagement within the EU on matters such as the liberalization of the single market, free trade, EU enlargement, cooperation on foreign, security and defence matters and importantly, in ensuring the US would remain committed to European security affairs through a special transatlantic partnership.

Brexit has the potential to unleash an unprecedented transformative experience for Great Britain but ultimately will also have implications for the US Foreign Policy and the role it has played in Europe following WWII. The recent persistent tensions between America's role in Europe and the world, and the European project on the other hand, have been coming to the fore lately with enthusiasm for Atlanticism varying among member states and among some of the US political elite. Despite Mrs May's mishandling of the Brexit process and the uncertainties that the negotiations have produced so far, Britain's disengagement from European geopolitics are already resulting in a different balance of power within the EU. A different Europe, a "continental one" is by all means gradually emerging, which the Trump administration will have to address, once the UK, the foremost European Atlanticist power, leaves the EU. This will be of particular importance for the UK's security and defence implications and its aspiration for close transatlantic defence links, as NATO has always been the bedrock of the UK's security and defence concept, by virtue of its closeness of relations in the military field – nuclear weapons, intelligence sharing and the provision of Special Forces to the US. But it also raises questions for the US administration and the future reliability of its European allies, whether in the form of the EU, or European partners in NATO. A continued British lead role in reinforcing NATO's deterrence and defence posture seems likely, but, despite Brexit, Mrs May's now finished Government has fatally welcomed agreements for future arrangements on Common Security and Foreign Policy (CSFP) and Common Security and Defence Policy (CSDP), effectively locking the UK into the whole EU defence acquis and a defence treaty. The Government's proposed Withdrawal Agreement with the EU is now effectively in suspension and should not be concluded. Furthermore, with respect to defence matters, under this agreement, the UK would still be required to comply with the EU's defence directives and with the European Court of Justice, which is empowered to supervise its implementation. This whole policy is now under review given the change of Prime Minister. The Political Declaration agreed by the EU and the Government calls for a "broad, 8 comprehensive and balanced security partnership" (Article 80). It would therefore keep the UK signed up to the EU budgets for defence and weapons procurement effectively giving the EU control over large areas of the UK's vital national defence decision-making and its industrial future. Under Article 156 of the Agreement, the UK would, during the transition period, have to pay its contribution to all defence structures and agencies without any say as to the policies pursued. Signing up to further EU Defence institutions would pose a serious challenge for the UK vis-à-vis its staunch US ally and possibly have implications within its NATO participation as a stalwart member. On the other hand, a British exit from the EU, with Britain having been historically a leader in the Atlanticist camp, will also raise a number of issues for Washington's approach to the transatlantic relationship in an emerging multipolar world, and will consequently challenge UK policymakers as to what direction the UK wants to take in the world from now onwards under a new British Prime Minister.

New horizons and new dangers – the US, the EU and China

For the US, the transatlantic relationship has always been more than traditional security and military efforts. Shared values of liberal democracy and free market capitalism have provided a set of common values and shared interests in the Western world. Traditionally, the US has hoped that the EU will play a larger, stable role, in their own security and global affairs, whether through NATO or via the EU, especially in areas such as Africa and the Middle East. The economic impact of emerging powers such as China has the potential to undermine western unity and in return, liberal democratic ideas. These concerns have been behind US unease at Germany's approach to China – Germany has developed a special relationship with China (China is Germany's most important trade partner with 200 billion Euros worth in exchanging goods in 2018), driven largely by economic needs rather than geostrategic ones, and which reflect on the EU's approach as a whole, due to its imposing leading role. For Germany, now the dominant member within the EU, a commitment to working through the EU institutions and building on EU cooperation is seen as critical to maintain control in the EU and towards the continued promotion of Germany's own national interest. Other Chinese investments in Europe, notably in Central and Eastern Europe, and more recently in the Mediterranean, with the recent inauguration of the so called "Silk Route", are also sharply questioning some of these countries' future alignment to the US.

There is a particularly important sphere of economic activity, which has given rise to severe problems, namely the extent to which China's and 9 North Korea's combined dominance of rare metals adversely affects the US' interests. There is an increasing concern that China will use its ownership and control over rare metals as a weapon against the US. The world's supply of these 17 elements accumulatively called "rare earth metals" used in high tech and missile production are effectively controlled by China. China has something like 65% of the world's supply and North Korea something of the order of 20%. Rare metals are also possessed by the Democratic Republic of the Congo, but particularly under the continuing apparent influence of the outgoing President, who is understood to have control over these metals. These uncertainties compound the dangers for the US mentioned earlier.

After the European elections and Brexit

Given the convulsions of the European Elections in Europe and in Britain, Brexit could start the unravelling of the Union by undermining its core principle of an ever closer integration. It is now a real issue and the Brexit Leave vote and the difficult ongoing negotiations have already dented the armour of the EU's supposed unity. The democratic deficit of the EU is the fundamental reason for Europe's recurrent crisis which has already caused voters in the EU to disengage from the European institutional structures. This is compounded by a fundamentally flawed German dominated monetary policy and a deliberate lack of an expansionary fiscal policy, enforced through the Fiscal Compact, which have resulted in the adoption of austerity measures and have failed to guarantee growth and stability in Europe. If the EU is to face other self inflicted crisis, it is invariably held to be in Germany that the future of the EU will be decided. This does not augur well in the face of the recurrent crisis which have gripped Europe in the last decade and the fundamentally lack of democratic accountability of the European institutions which lie at the heart of the EU's ineffectiveness to operate as a coherent bloc. Given the role the US has played in underpinning and guarding European integration, these persistent, unresolved issues will raise questions about the contemporary nature and effectiveness of an EU as a continuing international player and, more importantly, for the US about the EU's reliability as a committed ally for the US in the world, due to increasing diverging interests. Doubts already exist as to whether the EU would stand with the US should the latter face a clash with China in the Asia-Pacific region. For the EU, the focus in Asia is on commercial opportunities, as Germany's special commercial relationship with China demonstrates. This though, is largely driven by economic needs which concerns the US in terms of the effects that the economic attraction of 10 emerging powers will have in undermining Western unity and liberal democratic ideals. Given its already strong economic ties with Russia and China, it is highly possible to conceive a continuation of the EU's strategy as a "soft power" – friendly to all and hostile to none- that will work as an economic bloc, by pursuing the path of a mercantilist power, but not being a reliable political force alongside the US in the sharing, projection and defence of US-Western values in the world.

Although interests in the Alliance are increasingly diverging and confronted by fundamental changes within the international order, continued US support, albeit more conditional than in the past, will, with all probability, continue in view of maintaining a direct US participation and influence in European security matters. Despite NATO's collective strength being put under pressure by recent developments, it still remains the world's preeminent military alliance with a combined total US-European expenditure of US$1.013 tr, with the US at $706 bn, GB at $62, France at $52, Germany at $51, Italy at $26 and others at $116 altogether, and the number of permanently US military stationed in Europe increasing from 62,635 in 2016 to 65,545 in 2018, approximately 35,000 US military stationed in Germany, 12,000 in Italy and 8,000 in the UK.

A new partnership in flux – the Russian dimension

So long as Russia poses a threat to European security, a continued US military presence in Europe is likely, even though the transatlantic relationship will be confronted by several challenges caused by a growing internal instability as the allies' different perceptions of external threats could dictate different internal political agendas and compromise the sustainability of existing international arrangements such as NATO. The nature of these threats will be increasingly more complex in areas such as artificial intelligence, hi-tech weaponry and the proliferation of easy accessible technologies in a globalised economy, cyber attacks (the importance of Five Eyes) and the ever undefined distinction between the state and non-state sectors. Eastern European countries will consider an emerging neo-nationalist Russia as a major security concern, while Southern European countries, Italy in particular, will consider the turmoil in the Middle East and Africa at the top of their security agendas. Political developments within the EU's member states and within Turkey and the US could also create disorder in the Alliance, jeopardizing its unity from within. Within NATO, the US may also find that the defence spending disparity between the US and the EU will cause a critical technology gap, including in robotics, cyber, artificial intelligence and a range of other similar matters. This would make it 11 increasingly difficult for US forces to work with other NATO forces, endangering NATO's unity and making it less relevant in the future. Whether the EU will still continue in its efforts to play a larger role in their own security and global affairs and assume more responsibility through NATO is a legitimate question in the light of the emerging tensions between the US administration and the EU. Washington will be extremely alert to the potential for Brexit to make the EU less accommodating to US and Atlantic priorities, if the EU continued on the path of further integration. On the other hand, if Brexit and the EU elections started a process of the unravelling of the EU, these tensions would persist also in a fragmented EU and, if this were reflected within NATO, the US would have to reconsider its priorities in Europe on the basis of reliable partners of choice.

The new Anglosphere

However, a new, pro-Brexit, pro-US Prime Minister, has in turn the potential to put more emphasis on the Anglo–American alliance, including a bilateral trade deal with the US, which the Trump administration has already offered, and a firmer and clearer repudiation of nuclear threats from countries such as Iran and North Korea. This would be complemented by the UK's relationship with the Commonwealth, extending the range of the UK-US relationship potentially into other parts of the Anglosphere, particularly in the English speaking countries of the old and new Commonwealth in the light of the UK decision to leave the EU. With the recent failure of the TTIP negotiations, the US would profitably find that participating in the building up of an Anglosphere of former British dominions, especially with countries such as Canada, Australia, New Zealand, India and African States, would be a natural and coherent way forward. This would include establishing multilateral trade agreements in a new truly global alliance. These potentially binding initiatives would have the capacity to provide massive opportunities and advantages which would strengthen the USUK trade and commercial ties within the framework of sovereign, self governing countries, associated by pre-existing workable democratic ties and values. Already the Asean markets are looking increasingly to the UK, rather than the EU in a post Brexit setting. This would also have the potential to deliver a new major economic common market with new concomitant security alliances in these emerging parts of the world where the UK has, and still retains, strong traditional and historical links. Engaging the US in building up an "Anglosphere" would have the advantage of not having to be framed within a framework dominated by EU ambition, and both the US and UK interests could be better met and shared in a rapidly changing world.

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