

# CRS Report for Congress

## **The United Kingdom: Issues for the United States**

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## Summary

Many U.S. officials and Members of Congress view the United Kingdom as Washington's staunchest and most reliable ally. This perception stems from a combination of factors: a shared sense of history and culture; the extensive bilateral cooperation on a wide range of foreign policy, defense, and intelligence issues that has developed over the course of many decades; and more recently, from the UK's strong support in countering terrorism and confronting Iraq. The United States and Britain also share a mutually beneficial trade and economic relationship, and are each other's biggest foreign direct investors.

Nevertheless, some policymakers and analysts on both sides of the Atlantic question how "special" the "special relationship" is between Washington and London. Former UK Prime Minister Tony Blair — who stepped down on June 27, 2007 — sought to build a good rapport with the Bush Administration to both maximize British influence on the global stage, and to strengthen the UK as the indispensable "bridge" between the United States and Europe. But many British critics charged that Blair received little in return for his strong support of controversial U.S. policies. Some suggest that new British Prime Minister Gordon Brown may be less likely to allow the United States to influence UK foreign policy to the same degree as did Blair, given the ongoing UK public unease with the war in Iraq and the Bush-Blair alliance. Others contend that Brown is a strong supporter of the Anglo-Saxon political alliance and economic model, and thus, is unlikely to initiate any substantive changes in UK policy toward the United States.

Meanwhile, despite Britain's traditional ambivalence toward the European Union (EU), the UK, in its desire to play a key role in a bigger and more integrated EU, may inevitably be drawn closer to Europe in the longer term. Analysts note that some UK foreign policy impulses are closer to those of its EU partners than to the United States. For example, like other EU member states, Britain places great emphasis on multilateral institutions as a means for managing international crises and legitimizing the use of force. Others argue that the conduct of British foreign policy has never been nor will it ever be as simplistic as a black-and-white choice between the United States and Europe. Preserving the UK's position as a strong U.S. ally and leading EU partner provides UK foreign policy with maximum flexibility to promote its diverse interests in Europe and beyond. Consequently, the UK will continue to seek close ties with both the United States and the EU for the foreseeable future.

This report assesses the current state of U.S.-UK relations. It examines the pressures confronting London as it attempts to balance its interests between the United States and the EU, and the prospects for the future of the U.S.-UK partnership, especially in the unfolding Brown era. It also describes UK views on political, security, and economic issues of particular importance to the United States, and their implications for U.S. policy that may be of interest in the second session of the 110<sup>th</sup> Congress. This report will be updated as needed. For information on broader transatlantic relations, see CRS Report RL32577, *The United States and Europe: Possible Options for U.S. Policy*, by Kristin Archick.

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# The United Kingdom: Issues for the United States

## Introduction

Many U.S. officials and Members of Congress view the United Kingdom as Washington's staunchest and most reliable ally. This perception stems from a combination of factors: a shared sense of history and culture; the extensive bilateral cooperation on a wide range of foreign policy, defense, and intelligence issues that has developed over the course of many decades; and more recently, from the UK's strong support in countering terrorism and confronting Iraq. Following the September 11, 2001 terrorist attacks, former UK Prime Minister Tony Blair stated that he considered the attacks on the United States as attacks on Britain. Following the deadly terrorist bombings in London on July 7, 2005 that killed 52 innocent victims, the United States reciprocated, expressing solidarity with the British people and government, and offering any intelligence, law enforcement, or other assistance necessary. The U.S. Senate and House of Representatives in the 109<sup>th</sup> Congress each passed unanimous resolutions condemning the 2005 London attacks (see S.Res. 193 and H.Res. 356). U.S. and UK authorities have also been working together on the investigation into the June 2007 failed car bomb attacks on London and Glasgow that came a few days after Gordon Brown assumed the UK prime ministership from Blair.

The modern U.S.-UK relationship was largely forged during the Second World War, and cemented during the Cold War by the need to deter the Soviet threat. It is often described as the "special relationship" by policymakers and scholars, in particular because of the unusually close U.S.-UK intelligence arrangement and the unique U.S.-UK cooperation in nuclear and defense matters. The United States and the UK have collaborated in collecting and sharing intelligence since World War II, and London continues to share intelligence with Washington and other English-speaking countries (Australia, Canada, and New Zealand) that it does not share with its European allies or EU partners. UK-U.S. cooperation on nuclear technology also dates back to the 1940s, and the United States has supplied Britain with the missile delivery systems for its nuclear warheads since 1963. During the Cold War, the UK served as a vital base for U.S. forces and cruise missiles and continues to host U.S. military personnel, albeit at reduced levels. And U.S. defense planners view the UK as one of only two European allies (the other being France) able to project significant military force over long distances and in high-intensity conflict situations.<sup>1</sup>

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<sup>1</sup> For more information on the history of U.S.-UK intelligence and defense relations, see John Baylis, *Anglo-American Defense Relations 1939-1984* (New York: St. Martin's Press), 1984; Martin Rudner, "Britain Betwixt and Between," *Intelligence and National Security*, Winter 2004.

Such long-standing cooperation has engendered a degree of mutual trust between the United States and the UK that also extends to the diplomatic and political fields. The United States and Britain are two of five permanent members of the U.N. Security Council, and are founding members of NATO. U.S. and UK officials, from the cabinet level to the working level, consult frequently and extensively on the full spectrum of global issues. Many U.S. and UK diplomats report often turning to each other first and almost reflexively when seeking to build support for their respective positions in multilateral institutions or during times of crisis, as in the immediate aftermath of the September 11 attacks on the United States. Some say that the common language and cultural similarities as well as the habits of cooperation that have developed over the years contributes to the ease with which U.S. and UK policymakers interact with each other.

The mutually beneficial U.S.-UK trade and economic relationship is another important aspect of the U.S.-UK partnership. The UK has the fifth largest economy in the world, and is the fifth largest U.S. export market worldwide. Even more significantly, the UK and the United States are each other's biggest foreign investors.

U.S. military and economic supremacy, however, has caused many to characterize the UK as the "junior" partner in the U.S.-UK relationship, and to note that the relationship is more "special" to Britain than it is to the United States. In the aftermath of World War II, as the British Empire crumbled and the UK's relative poverty and military weakness became evident, the United Kingdom made a strategic decision to stick close to the United States as a way to preserve as much of its fading power as possible, leverage its influence internationally, and better protect its interests in Europe and the world. This has been a guiding principle of British foreign policy, especially since the 1956 Suez Canal Crisis, during which the UK was forced to abandon its joint military operation with France and Israel in the Middle East in the face of U.S. disapproval and economic pressure that led to a run on the pound. Nevertheless, there have been numerous ups and downs in the U.S.-UK relationship over the years.<sup>2</sup>

Former Prime Minister Blair, who stepped down as UK leader on June 27, 2007 after 10 years in office, sought to build a good rapport with both the Clinton and Bush Administrations in order to further the "special relationship," maximize British influence on the global stage, and strengthen the UK as the indispensable "bridge" between the United States and Europe. As a result, some claimed that London had more political capital in and influence on Washington than any other foreign government, especially during the Bush Administration. British critics, however, charged that Blair got little in return for his unwavering support of controversial U.S. policies in the fight against terrorism and in Iraq. Some have called for a reevaluation of the U.S.-UK partnership. Others note that Blair paid a high political price both with the British public and his own Labour Party for his close alliance with

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<sup>2</sup> C.J. Bartlett, *The Special Relationship: A Political History of Anglo-American Relations since 1945* (New York: Longman, Inc.), 1992; Gideon Rachman, "Is the Anglo-American Relationship Still Special?," *Washington Quarterly*, Spring 2001; Timothy Garton Ash, *Free World* (London: Penguin Books), 2004.

Bush, and some suggest that future British prime ministers may chart a more independent course from the United States.

Upon assuming office in 1997, Prime Minister Blair and his Labour Party also pursued a larger role for the UK in the European Union (EU). The UK stood aside in the early 1950s when the six founding continental countries began the European project. British leaders feared that UK participation in European integration would infringe too much on UK sovereignty and detract from rather than add to British influence in the world. They also worried that the U.S.-UK special relationship would be endangered, despite Washington's assertions to the contrary. The UK finally joined the European Community (EC), the EU's predecessor, in 1973, although many Britons have remained skeptical of the EU and ambivalent in their support for further European integration. The UK has been a consistent supporter of EU enlargement and Turkish membership in the EU, and Blair was a key driver of EU efforts to forge an EU defense arm and common foreign policy. The UK, however, does not participate in the EU's single currency, the euro, nor in the EU's open borders system. Some analysts suggest that the UK may inevitably be drawn even closer to Europe in the longer term, especially if tensions in the broader U.S.-European relationship drive the two sides of the Atlantic apart.

Gordon Brown, who served as UK Chancellor of the Exchequer (equivalent to the U.S. treasury secretary) throughout Blair's tenure, took over as Labour Party leader on June 24, 2007 in an uncontested election and became Prime Minister upon Blair's resignation on June 27, 2007. Brown and Blair have been both close political partners and rivals for over two decades, and Brown has long aspired to succeed Blair. Although many regard Brown as something of an unknown quantity as far as foreign policy is concerned, most experts do not believe that he will make any major substantive changes in relations with the United States. At the same time, Brown will likely be cautious of developing too close of a personal relationship with Bush given the British public's unease with the Bush-Blair alliance and the war in Iraq.

This report assesses the current state of U.S.-UK relations. It examines how "special" the special relationship is between Washington and London, the pressures confronting London as it attempts to balance its interests between the United States and the EU, and the prospects for the future of the U.S.-UK partnership, especially in light of Gordon Brown's assumption of the British prime ministership. It also describes UK views on political, security, and economic issues of particular importance to the United States, and their implications for U.S. policy.

## **The Blair Era (1997-2007)**

Tony Blair became UK Prime Minister in May 1997, following his Labour Party's landslide victory that ended 18 years of Conservative (Tory) Party rule. Blair became Labour Party leader in 1994, and is recognized as one of the key architects of "New Labour," prompting the party to abandon its statist, trade union past and to embrace free markets and competition. In 2001, Blair decisively secured a second term, and in 2005, the Labour Party won an historic consecutive third term in office, albeit with a reduced parliamentary majority.

Throughout his tenure, Blair pursued a policy mix of fiscal conservatism, cautious social reform, and international engagement. He was fortunate to preside over a period of UK economic expansion that began in 1993; between 1997 and 2001, real GDP grew by an annual average of 3.1%. Unemployment is low at just under 5%, and growth continues in the 2-3% range, although it has slowed since the 2001 global economic downturn. Key domestic goals for Blair included improving the delivery of public services, promoting government reforms, and tackling crime, immigration, and asylum issues. Many analysts view Blair as achieving some progress in these areas, but perhaps falling short of the high expectations set in 1997 for sweeping reforms. Blair is widely credited, however, with being a driving force behind a political settlement in Northern Ireland, a problem that many say he devoted more time and attention to than any other British prime minister. He was instrumental in forging the 1998 Good Friday Agreement, and pushing the parties in succeeding years toward fully implementing the peace plan and sharing power, a process that culminated in May 2007 with the return of self-rule to Northern Ireland.

Internationally, Blair did not shy away from the use of military force, especially to further humanitarian aims, such as stopping ethnic cleansing in Kosovo in 1999. The September 2001 attacks on the United States put countering terrorism on the top of Blair's agenda, and he is viewed as one of the few European leaders who largely shared President Bush's vision of the fight against terrorism as one between "good and evil." British forces participated in the U.S.-led military action in Afghanistan from its start in October 2001, and Blair shared Bush's belief that Iraq under Saddam Hussein posed an immediate threat to international security.<sup>3</sup>

Public opposition to the UK role in the war in Iraq and domestic questions about Blair's trustworthiness contributed significantly to Labour's diminished parliamentary majority (from 161 to 66 seats) in the 2005 elections. Although Labour won roughly 35% of the national vote, this represented a decrease of over 5 percentage points from Labour's share of the vote in 2001, and the lowest share for any majority British government in modern history. Since 2003, Blair had come under repeated fire, including from some prominent members of his own party, for allegedly exaggerating intelligence about Iraq's nuclear and biological weapons capabilities and misleading the UK into war. Labour's opponents used ongoing British casualties in Iraq and government documents leaked during the campaign — that some suggested proved that Blair was committed to the use of force in Iraq as early as the summer of 2002 — to keep the Iraq war and Blair's character as dominant issues in the election. In his own constituency, Blair was unsuccessfully challenged for his seat by the father of a British soldier killed in Iraq.

Some critics contend that Labour was returned to power in 2005 despite, not because of, Tony Blair. Both the Conservatives and the other main, albeit smaller, opposition party, the Liberal Democrats, made net gains at Labour's expense in the 2005 elections. However, they were largely unable to convince voters that they

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<sup>3</sup> "The Tony Blair Story," BBC News, May 10, 2007; "How Will History Judge Blair?," BBC News, May 10, 2007; Quentin Peel, "Led Astray," *Financial Times*, May 11, 2007; "The Great Performer Leaves the Stage," *The Economist*, May 12, 2007.

represented real alternatives on domestic issues, especially given continued UK economic growth.<sup>4</sup>

**Table 1. May 2005 UK General Election Results**

Party	# of Seats (646 total)	Net # of Seats +/-	% of Vote
Labour	356	- 47	35.3%
Conservatives	198	+33	32.3%
Liberal Democrats	62	+11	22.1%
All Others	30	+3	10.3%

**Source:** “Full National Scoreboard,” BBC News, June 24, 2005.

British involvement in the war in Iraq remains deeply unpopular, especially amid Iraq’s difficult security situation and the ongoing political and ethnic strife. Many commentators view Iraq as Blair’s greatest failure. Over the last few years, some say that Iraq has also overshadowed much of Blair’s domestic agenda and other international priorities, such as resolving the Israeli-Palestinian conflict. Some credit Blair, however, in succeeding in putting global climate change and African development high on the international agenda.

Some analysts also contend that Blair’s ambitions to position the UK as a leader in Europe were weakened by Blair’s close alliance with the Bush Administration. They note that the U.S.-led war in Iraq in 2003 bitterly divided the EU, and pitted Blair against the former leaders of France and Germany, who strongly opposed the use of force in Iraq. Moreover, they suggest that Blair’s limited political capital in the aftermath of the war in Iraq further circumscribed his government’s ability to bring the UK into the EU’s single currency, or to significantly reduce British skepticism of the EU integration project. Although Blair initially championed a proposed EU constitutional treaty implementing major internal reforms, much of the British public feared that some changes could pave the way for an EU superstate. At Blair’s final EU summit in June 2007, EU leaders agreed to what some view as a less ambitious EU reform treaty, in part because Blair secured a number of changes to guard British national prerogatives in the areas of foreign policy and home affairs.<sup>5</sup>

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<sup>4</sup> Christopher Adams, “Blair Defends Decision for War with Iraq,” *Financial Times*, May 2, 2005; Glenn Frankel, “Blair Wins Third Term,” *Washington Post*, May 6, 2005; “Who Deserted Labor?,” BBC News, May 7, 2005.

<sup>5</sup> “Blair in Europe: A False Messiah?,” BBC News, June 18, 2007; Tobias Buck, “EU Treaty Breaks Years of Deadlock,” *Financial Times*, June 24, 2007.



## **The New Prime Minister: Gordon Brown**

Gordon Brown, 56, served as Chancellor of the Exchequer (equivalent to the U.S. treasury secretary) throughout Blair's tenure. As noted above, Brown and Blair have been both close political partners and rivals for over two decades. They first met in 1983, when they entered the House of Commons and shared an office as new Members of Parliament. Brown and Blair discovered a mutual frustration with Labour's direction and the left-wing in-fighting; they were both convinced that Labour had to change if it was ever going to win power again. The two quickly became inseparable, and were both promoted into Labour leadership positions.

By 1994, however, Brown and Blair found themselves pitted against each other as rivals for party leader. Brown and Blair had been joined in their mission to modernize the party by Labour media chief Peter Mandelson, who reportedly became convinced that Blair was the more charismatic of the two and better positioned to win over crucial middle-England swing votes. A much commented on, but never explicitly confirmed, deal was struck between Brown and Blair at the Granita restaurant in north London. Brown supposedly agreed to stand aside to give Blair a clear run at the leadership post, in return for a promise that Brown would become chancellor in a future Blair government, be given unprecedented influence as chancellor over domestic policy, and that Blair would hand over power to Brown at a future date (rumored to be after Blair served two terms in office). Analysts say that as the years went on, Brown came to believe that Blair had reneged on a key part of the "Granita deal" and intended to remain as prime minister far longer than originally planned. The tensions between the two, and their respective supporters, grew over time, even as Brown remained publicly loyal to Blair.

In 2004, Blair came under increasing pressure over Iraq — including from many prominent members of his own party — and faced questions about his health after suffering heart problems. Blair attempted to kill the rampant speculation that he might quit by announcing that he intended to fight the upcoming 2005 general election, serve a full third term, but then stand down, allowing his successor to fight a fourth term. Political commentators note, however, that this announcement only served to increase speculation about Blair's departure date, and led opponents — both within and outside of Labour — to brand him as a "lame duck."

Although Brown staunchly backed Blair in the 2005 election, observers suggest that Brown supporters began to call more insistently for Blair to announce a resignation date, especially given the election results and Labour's diminished parliamentary majority. Tensions came to a head in the summer of 2006, following an interview in which Blair seemed to indicate that he would not step down for several more years and in the midst of his failure to swiftly condemn Israel's bombing of Lebanon. Blair's decision on Lebanon, which was in line with Bush Administration policy, was viewed by many in Labour as yet another example of Blair's subservience to Washington, and some say was the final straw for many normally loyal Labourites. Several junior ministers in Blair's government resigned, and Blair apparently faced a threatened coup from within the Labour Party.

As a result, in September 2006, Blair publicly announced that he would resign within a year. In early May 2007, Blair set June 27 as the date he would step down. Some say this date was chosen to allow Blair to attend one last EU summit and one final G8 summit in June 2007 as prime minister. Brown took over as Labour Party leader on June 24, in an uncontested election, and became Prime Minister on June 27 following Blair's resignation.

Brown hails from Scotland and is the son of a Presbyterian minister. Recognized early on as academically gifted, he entered university at the age of 16, and spent time as a university lecturer and television journalist before becoming an MP. He is married with two young sons; the couple's first child, a daughter, was born prematurely and died shortly after birth. Some political commentators note that Brown's marriage and children have helped transform his public persona from a bookish, dour, workaholic bachelor into a more approachable, outgoing, family man with wider electoral appeal.<sup>6</sup>

Upon entering office, Brown and the Labour Party enjoyed an initial honeymoon period. Opinion polls for most of the summer of 2007 showed Brown and Labour ahead of the rival Conservative Party for the first time in almost a year. The Conservatives had benefitted from declining public support for Blair and from their new, younger leader, David Cameron, who sought to modernize the party and make it more inclusive. Brown, however, received high marks over the summer for his government's effective response to the June 2007 failed car bomb attacks in London and Glasgow, serious flooding in the UK, and an outbreak of foot-and-mouth cattle disease. Brown also stressed the need to regain public trust, regarded by many Labourites as one of the biggest casualties of the Blair government and its perceived "spin" obsession. As such, Brown sought to increase public accountability with proposals to establish a ministerial code of conduct and give Parliament more oversight authority. Brown also emphasized domestic issues, in part some suggest to contrast with his predecessor's focus on foreign policy, and announced that he would put priority on improving housing, health care, and education.<sup>7</sup>

In light of the favorable opinion polls in the summer of 2007, there was intense media speculation that Brown might call an early election in the fall in order to gain a public mandate as prime minister. Press reports suggested that Brown and his political advisors had begun the process of planning for an autumn snap election. In October 2007, however, Brown announced that he would not call an early election in order to give himself more time to prove himself to voters. Analysts point out that Brown's decision came amid some political missteps (for example, a bungled announcement about the number of UK forces that would be withdrawn from Iraq by the end of the year), and polls in late September 2007 showing that the Conservatives

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<sup>6</sup> Christopher Adams, "Blair Tackles Dissent on Mideast Policy," *Financial Times*, August 3, 2006; "Blair's Middle East Stance Weakens His Authority," Reuters, August 3, 2006; "The Gordon Brown Story," BBC News, June 27, 2007; "Why Tony Blair Is Stepping Down," BBC News, June 27, 2007.

<sup>7</sup> "Brown Promises Change of Style," *Financial Times*, June 24, 2007; "Britain's Brown Ahead in Polls After Week in Power," Agence France Presse, July 7, 2007.

would be poised to reduce Labour's parliamentary majority in an early election. The next UK general election must be held by spring 2010.

Observers assess that Brown's decision to not call an autumn election in the face of less favorable opinion polls severely damaged his political credibility and Labour's standing with voters. Some commentators believe that Brown's decision shattered the image he had sought to cultivate as a serious, "above politics" leader, in contrast to certain public perceptions of Blair. Since then, the Brown government has been buffeted by a series of crises, including the loss by government officials of personal data on 25 million citizens and a Labour Party funding scandal. Polls in early 2008 show the Conservatives ahead of Labour by an average of four percentage points. In an effort to regain the political initiative, press reports indicate that the Brown government will embark in 2008 on a new round of "New Labour" reforms ranging from immigration to welfare. Analysts note that Brown is unlikely to call for a new election until 2009 at the earliest.<sup>8</sup>

## **Brown, Foreign Policy, and Implications for the United States**

Although many regard Prime Minister Brown as something of an unknown quantity as far as foreign policy is concerned, most experts do not believe that he will make any major substantive changes in relations with the United States. He is largely expected to seek to retain the UK's position as a key and influential U.S. ally. They note that Brown has long been a strong supporter of the Anglo-Saxon political alliance and economic model. In one of his first major foreign policy speeches in November 2007, Brown asserted that "I believe our ties with America — founded on values we share — constitute our most important bilateral relationship."<sup>9</sup>

At the same time, some analysts suggest that Brown may be less likely to allow the United States to influence UK foreign policy to the same degree as has Blair, in part because Brown is viewed as more in tune with the Labour Party faithful. One pundit put it this way: "Other things being equal, Brown would want to be a good ally of the Americans. But he would care more about what the Party thinks."<sup>10</sup> Many argue that at a minimum, Brown has been cautious of developing too close of a personal relationship with President Bush given the British public's unease with the Bush-Blair alliance and the war in Iraq. During Brown's first meeting as prime minister with Bush in July 2007, commentators noted a clear difference in personal dynamics between the two leaders, with Brown at pains to demonstrate a strictly

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<sup>8</sup> Jane Perlez, "British Prime Minister Opts Not To Have Elections in November," *New York Times*, October 8, 2007; Alex Barker and George Parker, "From the Shadow of His Bunker Emerges a Battered Brown," *Financial Times*, February 6, 2008; Andrew Grice, "Drifting Tories See Poll Lead Cut in Half," *The Independent*, February 7, 2008.

<sup>9</sup> As quoted in "British PM Says Ties with U.S. a Priority," *Washington Post*, November 12, 2007.

<sup>10</sup> As cited in Glenn Frankel and Dan Balz, "Facing Roadblocks, Blair Quietly Begins Third Term," *Washington Post*, May 7, 2005.

business-like relationship with Bush in contrast to the more informal, relaxed, cozy atmosphere that prevailed during Bush-Blair visits. Others point out that Brown has little incentive to develop a close relationship with Bush given that his term in office will end in early 2009.<sup>11</sup>

The Brown government continues to support UK military and reconstruction efforts in Afghanistan, and has proceeded with Blair's plan to reduce British forces in Iraq, but not completely withdraw them at present. In October 2007, however, Brown announced a further reduction of UK troops in Iraq, to roughly 2,500 by spring 2008. Some analysts speculate that Brown is reviewing how long British troops will stay in Iraq in the longer term, and this could pose a crucial test for the U.S.-UK relationship (see below for more information). Regarding other foreign policy priorities, Brown has sought to put renewed focus on promoting development and education in Africa (a cause he championed while Chancellor), and is continuing Blair's pursuit of an international agreement on climate change.

As for UK relations with the EU, Brown is viewed as desiring an outward-looking, economically vibrant EU and has sought to put more emphasis on this goal than on deeper integration. Brown is often perceived as more euroskeptic than Blair, a reputation he earned in part because of his opposition to Britain joining the single European currency, the euro. Some observers assess that Brown has been largely absent on the EU scene since assuming the prime ministership, both because of his own ambivalence toward the EU and his focus on winning the next UK election. Also, they suggest that Brown has been anxious to keep the EU off the public radar screen given his government's decision to ratify the new EU reform treaty (the Lisbon Treaty) through parliament rather than risk holding a public referendum that might fail and throw the EU into a new crisis. Brown reportedly views the Lisbon Treaty as necessary to enable an enlarged EU to function more effectively, but has also asserted that it should mark the end of EU institutional reform for the foreseeable future, thereby allowing the EU to focus on other global concerns.

Brown's assumption of the UK prime ministership followed the installation of new leaders in Germany (Angela Merkel became Chancellor in 2005) and France (Nicolas Sarkozy was elected President in May 2007). Merkel and Sarkozy are widely viewed as sharing Brown's inclinations toward putting the EU on a less federalist, more reform-oriented path. Merkel and Sarkozy are also regarded as more Atlanticist than their predecessors, and like Brown, favor a strong U.S.-EU partnership. Many believe this new EU leadership trio will help to improve the broader U.S.-European relationship. Others note that U.S.-EU differences on a number of trade and foreign policy issues persist, and that none of the three new leaders are likely to subjugate the national interests of their respective countries, or of Europe, to that of the United States.<sup>12</sup>

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<sup>11</sup> Phillip Stephens, "The Ties That Bind Bush and Brown," *Financial Times*, April 23, 2007; Jean Eaglesham, "Brown and Bush Take Measure of Each Other," *Financial Times*, July 30, 2007; Jim Rutenberg, "Bush and Brown Are Allies If Not Buddies," *New York Times*, July 31, 2007.

<sup>12</sup> Molly Moore, "New Leadership Trio Could Put Europe Back on Political Map," (continued...)

# The UK Between the United States and the EU

## UK Foreign Policy Trends

As noted above, strong relations with the United States have been a cornerstone of UK foreign policy, to varying degrees, since the 1940s. Most UK policymakers have looked upon being a loyal ally to the United States as a way to magnify the UK's influence internationally and protect its global interests. In 1944, the UK Foreign Office described its American policy as being to "steer this great unwieldy barge, the United States, into the right harbor."<sup>13</sup> UK officials long viewed themselves as America's foreign policy guide and mentor, often attempting to quietly exert restraint. Some experts suggest that the United States has been more inclined to listen to the UK than to other European allies because of the UK's more significant military capabilities and willingness to use them against common threats.

The UK has also viewed maintaining good relations with the EU as an essential part of British foreign policy, despite ongoing British ambivalence toward the EU. The British government's decision in the 1960s to apply for membership in the European project was largely driven by concerns that the UK economy was suffering from being outside the club, as well as fears that France's political dominance of the experiment was growing too strong. Ever since the UK acceded to the EC/EU in 1973, successive British governments have sought to balance British interests between Washington and Brussels.

At the same time, some UK foreign policy impulses are closer to those of its EU partners than to those of the United States. This has become more evident as the EU has evolved into a political as well as economic actor and in the years since the 2001 terrorist attacks on the United States. Like its other EU partners, Britain places great emphasis on multilateral institutions as a means for managing international crises and legitimizing the use of force. Meanwhile, the United States views this approach as only one option. Furthermore, the UK's colonial history in the Middle East and its relatively large Muslim community (between 1.5 to 2 million Muslims out of a population of roughly 60 million) influences some of its policy choices in ways that are distinct from those of the United States. For example, London views resolving the Israeli-Palestinian conflict as a top priority — maintaining that it is the key to reshaping the Middle East and decreasing the terrorist threat both at home and abroad — while Washington stresses that peace and stability in the Middle East will not be possible until the threats posed by terrorism and weapons of mass destruction are confronted and removed.

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<sup>12</sup> (...continued)

*Washington Post*, May 20, 2007; George Parker, "Brown Says EU Reform Is Over," *Financial Times*, October 19, 2007; George Parker, "Brown Takes His Eye Off the EU Ball," *Financial Times*, November 26, 2007.

<sup>13</sup> As quoted in Robin Harris, "The State of the Special Relationship," *Policy Review*, June/July 2002.

## Blair's Transatlantic Bridge

Upon entering office in 1997, Blair promoted the UK as the “transatlantic bridge” between the United States and the EU. Blair’s “bridge” concept was essentially an extension of long-standing British foreign policy tendencies, and was meant as a way to engineer a stronger role for the UK in the EU while preserving Britain’s position as Washington’s most trusted and influential ally. Blair and his advisors argued that close U.S.-UK relations gave the UK more influence in the EU, while the United Kingdom would have more influence in Washington if it played a central role in Europe. They suggested that Britain might cease to matter to Washington if London was perceived as being a fringe player in an EU that was pursuing enlargement and further integration. Former UK Foreign Secretary Robin Cook asserted shortly after Labour’s election in 1997 that “Britain will be a more valuable, and a more valued, ally of America if we do actually emerge as a leading partner within Europe. Because a Britain which does not have influence in Europe will be of less interest to Washington.”<sup>14</sup>

Other experts suggest, however, that the Blair government was also eager to promote the UK as a leader in Europe to give Britain more options in its foreign policy and decrease British dependency on the United States. Many UK policymakers were alarmed by U.S. hesitancy in the early 1990s to intervene in the Balkan conflicts, prompting serious questioning of U.S. reliability and NATO’s role in the post-Cold War era. At the same time, Blair and many of his advisors believed that Europe had failed to pull its weight diplomatically or militarily in the Balkans. They recognized that the violence in the Balkans laid bare Europe’s inability to manage or intervene in such crises on the European continent, let alone further afield. As a result, they concluded that the European allies needed to be better prepared to undertake peacekeeping or crisis management missions on their own in the event that the United States chose not to participate.

In 1998, Blair reversed Britain’s long-standing opposition to the development of an EU defense arm and threw greater support behind EU efforts to forge a common foreign policy. The 1999 NATO air campaign in Kosovo further exposed Europe’s military weakness and gave added momentum to these initiatives. The British moves were widely interpreted as an attempt to demonstrate Britain’s leadership in Europe at a time when the UK’s influence had lessened due to its absence from the launch of the EU’s single currency. Blair maintained that any EU defense role should not undermine NATO, and argued that improving European military capabilities would enable the allies to better share the security burden. However, U.S. critics were suspicious that Britain’s policy reversal on an EU defense arm indicated that the UK was inclined to support French ambitions to develop the EU as a counterweight to the United States.

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<sup>14</sup> As quoted in “Britain Tough on Human Rights,” Associated Press, May 12, 1997; also see Rachman, *op. cit.*

## Relations Post-September 11

Following the September 11, 2001 terrorist attacks on the United States, some analysts contend that Prime Minister Blair hewed more closely to Washington than to his other EU partners. Many argue that this was because Blair, unlike other European leaders, immediately grasped how September 11 changed everything, both for the United States, but also with regard to the international threat posed by terrorists, especially if they were able to acquire weapons of mass destruction. UK diplomats stress that Blair was deeply concerned about such threats, including the one posed by Saddam Hussein in Iraq, long before September 11, 2001.

Regardless, after September 11, the Blair government made a strategic choice to stand by the United States, and stuck with this choice as the Bush Administration began to pursue regime change in Iraq. According to an account of a March 2002 Cabinet meeting by Robin Cook, who was then Leader of the House of Commons, Blair stated that Britain's national interest laid in "steering close" to the United States because otherwise, the UK would lose its influence to shape U.S. policy. He argued that by seeking to be the closest U.S. ally, Britain stood a better chance of preventing Washington from overreacting, pursuing its objectives in Iraq in a multilateral way, and broadening the U.S. agenda to include what the UK and other EU partners viewed as the root causes of Islamist terrorism, such as the ongoing Israeli-Palestinian conflict.<sup>15</sup>

The degree to which the UK has successfully influenced U.S. policy choices in the war on terrorism, Iraq, and other issues has been a topic of much debate on both sides of the Atlantic. UK officials contend that Blair played a crucial role in convincing the Bush Administration to work through the United Nations to disarm Iraq, even though this initiative ultimately failed. They argue that the priority Blair placed on resolving the Israeli-Palestinian conflict helped encourage U.S. efforts in the immediate aftermath of the Iraq war in the late spring of 2003 to become more engaged in the search for peace. British officials also point to the 2001 war in Afghanistan, the 2002 Indian-Pakistani nuclear crisis, and the rehabilitation of Libya as issues where the UK has worked closely with the United States and affected U.S. policy choices. For example, the UK was instrumental in pressing for a meaningful international peacekeeping presence in Afghanistan, which resulted in the creation of the International Security Assistance Force (ISAF).<sup>16</sup>

In addition, British diplomats cite the close relationship and trust built between Prime Minister Blair and President Bush as a key reason why the UK gained U.S. acquiescence to the December 2003 NATO-EU deal to enhance EU defense planning capabilities. Many U.S. officials had worried that allowing the EU to develop its own operational planning cell would duplicate and compete with NATO structures, and be a first step in driving the alliance apart. However, Blair reportedly called Bush at least twice to discuss the issue and reassure him that the new EU planning cell would not weaken NATO, thereby securing U.S. support. President Bush

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<sup>15</sup> Ash, *op. cit.*, p. 49; and Glenn Frankel, "From Memos, Insights Into Ally's Doubts on Iraq War," *Washington Post*, June 28, 2005.

<sup>16</sup> Discussions with UK officials and experts, Spring-Summer 2005.

asserted publicly that he believed that Blair would “be true to his word” that the EU plan would not undermine the alliance.<sup>17</sup> Most recently, some point to the signing of a U.S.-UK treaty on defense cooperation as another tangible benefit of the close U.S.-UK relationship cultivated by Blair. Signed in late June 2007 on one of Blair’s final days in office, the treaty, among other measures, seeks to ease the export of sensitive U.S. defense technology to the UK, something long pressed for by British officials.

Critics contend, however, that Blair got little in return for his staunch support of controversial U.S. policies. Over the last few years, many British commentators have described Blair as the American president’s “poodle.” Blair opponents point out that he did not succeed in keeping the United States on a multilateral path with regard to the use of force in Iraq, and although Blair supported giving the United Nations a significant role in reconstructing Iraq, the Bush Administration initially opted for more limited U.N. involvement. Although President Bush made some efforts toward being more engaged in the search for peace in the Middle East in the immediate aftermath of the Iraq war, British critics claim that Bush has not made resolving the Israeli-Palestinian conflict a priority. UK critics have also suggested that U.S. responses to Blair’s initiatives on African development and climate change have often fallen short, and further demonstrate that Blair’s close relationship with Bush has yielded few benefits for Britain.<sup>18</sup>

Some British officials complain privately that many U.S. policymakers expect the UK to function automatically as the U.S. “water carrier” in the EU, that is, to fight for U.S. policy positions on political and security issues such as EU defense structures or EU relations with China. Although UK views on such issues often align with those of the United States, British diplomats assert that U.S. reliance on the UK to support U.S. interests in the EU or be the “peacemaker” often puts them in an uncomfortable position, causing some EU members to view the UK as little more than America’s Trojan horse. They argue that Washington must be more sophisticated in managing its relationship with the EU, and should engage robustly with other EU capitals, not just London, to argue for its point of view, especially when potentially divisive issues are concerned.<sup>19</sup>

## Future Prospects

UK officials argue that the conduct of British foreign policy has never been as simplistic as a black-and-white choice between the United States and Europe. They point out that UK foreign policy decisions have always been and will continue to be determined primarily by British national interests, and these would not be served by forcing a false and artificial choice between the United States and Europe. UK views

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<sup>17</sup> Judy Dempsey, “EU’s Big Three in Deal Over Defense,” *Financial Times*, December 11, 2003; Discussions with U.S. and European officials.

<sup>18</sup> Glenn Frankel, “Party Critics Urge Blair to Stand Up to Bush,” *Washington Post*, October 1, 2004; Richard Stevenson, “In Bush Talks, Blair To Push Africa Aid,” *New York Times*, June 7, 2005; “Enough Payback for Iraq?,” BBC News, June 8, 2005.

<sup>19</sup> Discussions with UK officials and experts, Spring-Summer 2005.



on certain international challenges may align more closely with one side of the Atlantic or the other; preserving the UK's position as a strong U.S. ally and leading EU partner provides UK foreign policy with maximum flexibility to promote its diverse interests in Europe and beyond. Consequently, the UK will continue to seek close ties with both the United States and EU for the foreseeable future, regardless of which party or personalities holds power in either London or Washington. Many experts also note that British instincts toward protecting UK national sovereignty from EU encroachment remain strong, and UK officials are not about to cede their freedom of action in foreign policy and defense matters to the EU anytime soon.

Nevertheless, some analysts suggest that the balance in the triangular U.S.-UK-EU relationship could change in the years ahead, with the UK ultimately drawn closer to Europe. They point out that geographically, the UK is much closer to continental Europe than to the United States, and over 50% of UK trade is with its other EU partners. As a member of the EU, the UK has already given up some sovereignty to the Union in certain areas, and is therefore bound to the EU in a much more fundamental way than it is to Washington. Many believe it is only a matter of time before the UK joins the euro, which would reduce the degree of UK exceptionalism within the EU. In addition, commentators suggest that younger Britons feel more European, and future generations of British policymakers, farther removed from World War II and the Cold War, may not share the same conviction as previous generations about the importance of the "special relationship."

Several analysts argue that the effect of the Iraq war on the 2005 British election may also make future British governments more hesitant about being as bold of a U.S. ally as Blair was to the Bush Administration. Blair's successors may be more inclined to ensure that UK policies are in line with those of other major EU partners. BBC correspondent John Simpson commented that, "For the first time since 1941, it may no longer be the automatic choice to stick close to Washington... None of Mr. Blair's successors for the next half-century will entirely forget what happened to Tony Blair [in the 2005 election] when he chose to support an American president in preference to most of the rest of Europe."<sup>20</sup> Some suggest that the internal EU crisis over Iraq also convinced Blair of the need to forge a more common EU foreign policy, in part to help bolster the UK's clout in Washington. In March 2003, during Blair's statement opening the debate on Iraq in the House of Commons, he asserted that Europe, "with one voice," should have firmly committed itself to backing the United States in addressing the threats posed by Saddam Hussein, but demanded in return that "the U.S. should choose the U.N. path and...recognize the fundamental overriding importance of restarting the Middle East peace process."<sup>21</sup>

At a minimum, some experts suggest that U.S. policymakers should not take future British support for U.S. foreign policy choices for granted. They say the United States will need to devote greater attention to managing the "special relationship" and be willing to take British concerns on board. Several UK analysts

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<sup>20</sup> "Costly Victory for Chastened Blair," BBC News, May 9, 2005. Also see William Kristol, "An Electoral Trifecta," *Weekly Standard*, May 16, 2005.

<sup>21</sup> Prime Minister Tony Blair, Speech to the UK House of Commons, March 18, 2003.

point out that Brown and successor governments may make more explicit demands of the United States in the future as the price for its support of U.S. policies.

Other UK-watchers maintain that the United States will retain an edge in the triangular U.S.-UK-EU relationship, arguing that there is no place in British politics for a UK foreign policy that does not put strong relations with the United States at its center given the UK public's euroskepticism and U.S.-UK cultural and historic ties. Many also point out that the UK's more liberal, free-style market economy is more in line with the U.S. economic and social model than with the highly protectionist, statist social systems that exist in much of continental Europe. Furthermore, they suggest that the balance of power within the EU has shifted in favor of the UK vision for the EU, which is outward-looking and Atlanticist. They assert that following EU enlargement, France and Germany are no longer able to drive the EU forward alone; this will make it easier for the UK to ensure that the EU evolves in a U.S.-friendly way, minimize U.S.-EU tensions, and decrease pressure on the UK to have to choose between Washington and Brussels.<sup>22</sup>

## **Current Issues in U.S.-UK Relations**

As noted above, U.S.-UK cooperation is extensive and mutually beneficial on a wide range of foreign policy, defense, and economic issues. At times, however, UK national interests come into conflict with Washington and/or its EU partners. This section examines some of the most prominent issues in U.S.-UK relations. Although not exhaustive, the issues chosen seek to demonstrate instances of close U.S.-UK cooperation as well as differences, and serve to evaluate the extent to which some UK policy choices are influenced by competing U.S. and EU preferences.

### **Countering Terrorism**

UK officials assert that London is Washington's leading ally in the fight against terrorism. UK forces participate in the U.S.-led military operations in Afghanistan and Iraq (see below), and British law enforcement and intelligence agencies serve as key investigative partners for U.S. authorities in the fight against terrorism. Since September 2001, the UK has sought to strengthen its counterterrorism legislation, stem terrorist financing, and enhance its border controls.

In the wake of the deadly July 2005 terrorist attacks on London's mass transport system — carried out by four British Muslims — the former Blair government began placing greater emphasis on promoting Muslim integration and combating extremism. Approximately 1.6 million Muslims live in the UK, out of a total UK population of almost 60 million. At the same time, the Blair government also introduced legislation to make it easier to deport or exclude foreign individuals who advocate violence and incite hatred. Other new security measures included extended detention times for terrorist suspects and increased police surveillance powers over mosques and other religious institutions. The June 29-30, 2007 failed car bomb attacks on London and Glasgow have led to another review of UK security,

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<sup>22</sup> Discussions with U.S. and UK officials and experts, Spring-Summer 2005.

immigration, and border control measures. The failed attacks came two days after Gordon Brown assumed the prime ministership. The Brown government is largely expected to continue Blair's efforts to both strengthen UK security measures against terrorism and promote Muslim integration.<sup>23</sup>

Despite the ongoing close U.S.-UK cooperation against terrorism, some tensions exist. Some U.S. critics assert that UK measures to clamp down on Islamist extremists and Muslim clerics who espouse terrorism are long overdue. They charge that traditionally liberal asylum and immigration laws in the UK, as well as the country's strong free speech and privacy protections, have attracted numerous radical Muslim clerics claiming persecution at home. As a result, some say the UK has become a breeding ground for Islamist terrorists, such as airplane "shoe bomber" Richard Reid and the "20<sup>th</sup>" September 11 hijacker Zacarias Moussaoui, both of whom were apparently indoctrinated at radical mosques in London. Until recently, UK authorities have emphasized extended surveillance of extremists as a way to gather intelligence, but some U.S. officials have expressed frustration with what they view as dangerous delays in arresting terrorist suspects or instigators in the UK.<sup>24</sup>

The UK has been trying to balance its counterterrorism policies against well-established civil liberty protections and democratic ideals. At times, this has also created tensions with the United States. For example, British courts have rejected some U.S. extradition requests for terrorist suspects on the grounds of insufficient or inadmissible evidence. Like its EU partners, London has also expressed serious concerns about some U.S. practices in combating terrorism, such as the terrorist detentions at Guantánamo Bay, U.S. rendition policy, and the CIA program to detain and question terrorist suspects outside the United States. British officials fear that such policies weaken Washington's hand in the battle for Muslim "hearts and minds." However, U.S. and British officials discount worries that frictions over such issues could impede future law enforcement cooperation, arguing that both sides remain vulnerable to terrorist attacks and cooperation serves mutual interests. The UK also supports EU efforts to improve police, judicial, and intelligence cooperation both among its 27 members and with the United States.<sup>25</sup>

## Afghanistan

Prime Minister Brown has reaffirmed the UK's commitment to promoting security and reconstruction activities in Afghanistan. The UK views doing so as crucial to fostering stability in the region and protecting British national interests; UK Foreign Secretary David Miliband has noted that many terrorist plots by Islamist extremists uncovered in the UK can be traced back to the borderlands between

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<sup>23</sup> Stephen Fidler, "UK Forced To Confront Wider Threat," *Financial Times*, July 2, 2007.

<sup>24</sup> Steve Coll and Susan Glasser, "In London, Islamic Radicals Found a Haven," *Washington Post*, July 10, 2005; "Different Approach To Tackling Terrorism Exposed," *Financial Times*, July 12, 2005.

<sup>25</sup> For more on UK efforts against terrorism, CRS Report RL31612, *European Counterterrorist Efforts since September 11: Political Will and Diverse Responses*, and CRS Report RL33166, *Muslims in Europe: Integration in Selected Countries*, both coordinated by Paul Gallis.

Pakistan and Afghanistan. The UK shares U.S. concerns about Pakistan's perceived ineffectiveness both militarily and politically in curbing Al Qaeda and Taliban elements on its territory. At the same time, British officials worry about nuclear-armed Pakistan's own stability, and some privately criticize the United States for not developing a comprehensive strategic policy to engage Pakistan and other neighboring countries in a regional stabilization effort.

UK forces participate in both the U.S.-led combat mission Operation Enduring Freedom (OEF) against Al Qaeda and Taliban remnants and in the NATO-led International Security Assistance Force (ISAF) that aims to stabilize the country and assist in reconstruction efforts. About 7,800 British service personnel are deployed in Afghanistan; most are combat units in ISAF and operate in the south of the country. British combat aircraft support both OEF and ISAF. The UK, with Denmark and Estonia, leads a Provincial Reconstruction Team (PRT) in Helmand province that concentrates on promoting good local governance and economic development. Although UK officials were initially hesitant about ISAF engaging in combat operations as well as reconstruction activities, the British government has adopted a more aggressive stance since summer 2006 following a resurgence of Taliban activity. Like the United States, the UK has been urging fellow NATO allies to increase their force contributions to better combat the Taliban and supports the appointment of a "strong" U.N. envoy to coordinate international security, governance, and developmental programs in Afghanistan.

The UK also leads international counternarcotic efforts in Afghanistan, and has a vested interest in poppy interdiction and eradication given that most heroin found in the UK comes from Afghanistan. The UK, however, is opposed to a U.S. proposal to begin an aerial eradication program. Like most other European allies, the UK argues that such an eradication effort would be ineffective and counterproductive. Instead, the UK emphasizes the need for enhanced economic development measures in order to curtail Afghanistan's opium production and trade.<sup>26</sup>

## Iraq

Like President Bush, Prime Minister Blair believed that Saddam Hussein and his quest to acquire weapons of mass destruction posed an immediate threat to international security. Although London would have preferred a second U.N. resolution explicitly authorizing the use of force against Iraq, it ultimately agreed with Washington to forego such a resolution given the opposition of veto-wielding members France, Russia, and China. As noted earlier, Blair backed the U.S.-led war in Iraq over significant public opposition and paid a political cost, especially within his own Labour party, which was severely divided over the use of force.

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<sup>26</sup> Philip Stephens, "Basra to Helmand: From the Frying Pan into the Fire," *Financial Times*, August 31, 2007; "Afghan Battle Being Won," BBC News, December 12, 2007; Jonathan Soble, "U.S. and Allies Split on Afghan Poppy Spraying," *Financial Times*, February 5, 2008. Also see CRS Report RL33627, *NATO in Afghanistan: A Test of the Transatlantic Alliance*, by Paul Gallis.

About 45,000 British forces served with U.S. troops during the major combat phase of the war. In June 2004, Washington and London worked together to gain unanimous U.N. Security Council approval of a new resolution endorsing the transfer of Iraqi sovereignty and giving the United Nations a key role in supporting Iraq's ongoing political transition. Echoing the view of other EU partners, the UK had been a consistent advocate for a significant U.N. role in rebuilding Iraq to help bolster the credibility of the international troop presence and the reconstruction process. The Bush Administration had initially favored a more narrow, advisory U.N. role in Iraq.

UK officials assert that current UK and U.S. goals in Iraq are the same: to root out the Iraqi insurgency, to support Iraqi efforts to establish democratic institutions, and to build up Iraqi security capabilities. The UK has supported a role for NATO in training Iraqi security forces. Despite the Bush Administration's decision in early 2007 to augment U.S. forces in Iraq, namely around Baghdad, with a troop "surge," the former Blair government announced plans in February 2007 to reduce its forces in southern Iraq to 5,500. UK officials insist that the drawdown was part of their long-standing goal to progressively turn over provinces under British control to Iraqi security forces, and that security conditions in the British areas in the south were better than those in Baghdad. In October 2007, Prime Minister Brown announced that the UK would further reduce its forces in Iraq to 2,500 by spring 2008.

Prime Minister Brown stresses that the UK remains committed to helping Iraq achieve security, political reconciliation, and economic reconstruction. UK officials also state that their force reductions are being carried out in consultation with U.S. military planners. Nevertheless, some U.S. critics question the British contention that security in southern Iraq is improving and thus makes the drawdown possible; they view the drawdown as an indication that Brown hopes to extricate the UK from Iraq as soon as possible, thereby distancing himself from his predecessor's unpopular policy ahead of the next UK election. According to media reports, some British officials suggest that all UK forces may be withdrawn from Iraq by the end of 2008.<sup>27</sup>

## Iran

The United States and the UK share similar goals with respect to Iran, including encouraging reforms, ending Iranian sponsorship of terrorism, and curbing Tehran's nuclear ambitions. However, Washington has generally favored isolation and containment, while London has preferred conditional engagement. The UK, with France and Germany (the "EU3"), has been working to persuade Iran to permanently end activities that could lead to nuclear weapons production in exchange for political and trade rewards. In late 2004, Iran agreed to temporarily suspend its uranium enrichment-related work, and Iran and the EU3 opened talks on a long-term agreement on nuclear, economic, and security cooperation. UK officials stressed that such engagement was the only practical option, argued that the EU3's negotiations were slowing Iranian nuclear progress to some degree, and urged U.S. involvement. London welcomed the Bush Administration's March 2005 decision to offer limited economic incentives if Iran agreed to cooperate with the EU3 on nuclear matters. In

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<sup>27</sup> Stephen Fidler, "UK on Glide Path Out of Iraq," *Financial Times*, October 8, 2007; Jane Perlez, "Britain To Halve Its Forces in Iraq," *New York Times*, October 9, 2007.

return, the Europeans pledged, if negotiations failed, to refer Iran to the U.N. Security Council, where Iran could face trade sanctions.

The EU3's negotiations with Iran have been stalled since August 2005, following Iran's resumption of uranium conversion, an early stage in the nuclear fuel cycle. In December 2006, and again in March 2007, the EU3 and the United States gained U.N. Security Council approval for limited sanctions on Iran related to its nuclear work. Despite the release in December 2007 of a U.S. National Intelligence Estimate (NIE) concluding that Iran halted its nuclear weapons program in 2003, U.S., British, and other European officials contend that Iran remains a threat given that it continues to enrich uranium. The United States and the EU3 are continuing to press for another round of U.N. Security Council sanctions on Iran. Press reports indicate that before the release of the NIE, the United States, Britain, and other EU members were also considering a separate U.S.-EU sanctions package on Iran, but that now appears unlikely in light of the NIE and some European concerns that a separate package could undermine U.N. authority and EU diplomatic efforts in Iran.

U.S. officials have been urging European countries — including the UK — to go even further than the U.N. sanctions and cut off bank lending and other financial interactions with Iran. British officials have so far responded tepidly to such calls, arguing that their legal system is more restrictive and does not permit quick action. Some British banks, however, have voluntarily cut back business dealings with Tehran and Iranian banks. For example, the UK's largest bank (HSBC), has announced that it will not conduct any new business with Iranian clients.

UK-Iranian tensions have risen following Iran's seizure in March 2007 of 15 British naval personnel off the Iraq/Iran coast. Like the United States, the UK is also concerned about Iran's growing influence in Iraq, and has urged Tehran to play a constructive role in bringing stability to that country and the region. Prime Minister Brown has asserted that diplomacy and economic sanctions remain the preferred course for managing the challenges posed by Iran's nuclear efforts, but he has refused to rule out military action. However, many analysts doubt that the UK would have much appetite for military intervention in Iran given the ongoing war in Iraq and amid UK force overstretch issues.<sup>28</sup>

## **Israeli-Palestinian Conflict**

The UK views a just and lasting settlement to the Israeli-Palestinian conflict as vital to promoting lasting stability in the region and diminishing the threats posed to both the United States and Europe by terrorism and Islamist militancy. Like its EU partners, the UK supports the two-state solution outlined in the largely stalled "road map" for peace developed by the diplomatic "Quartet" of the United States, the European Union, Russia, and the United Nations. Progress on the "road map" has most recently been complicated by the January 2006 Hamas victory in Palestinian

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<sup>28</sup> "U.S. Expected To Slap Sanctions on Iranian Bank," Reuters, January 8, 2007; "Brown Hopes for Diplomacy on Iran," BBC News, October 8, 2007; "Six Powers Back U.N. Draft on Iran," *Washington Post*, January 23, 2008.

legislative elections, Hamas' takeover of Gaza by force in June 2007, and the resulting collapse of the Hamas-Fatah coalition government.

UK officials have repeatedly urged the United States to become more engaged in the Middle East peace process. They argue that only sustained U.S. engagement at the highest levels will force the parties to the conflict, especially Israel, back to the negotiating table. Critics contend that Blair had little tangible success in this regard. At times, the Blair government sought to inject its own momentum into the peace process. In March 2005, for example, London hosted an international conference that focused on promoting Palestinian efforts to democratize and reform. Press reports indicate that London initially proposed a wider peace conference, but Washington preferred a narrower approach. Some analysts suggest that Blair's support for the U.S.-led war in Iraq and his government's reluctance to call for an early halt to fighting between Israel and Hezbollah in Lebanon in the summer of 2006 weakened London's influence and credibility as an honest broker in the region. Press reports indicate that Prime Minister Brown will likely emphasize economic development as key to resolving the Israeli-Palestinian conflict.<sup>29</sup>

The British government welcomed President Bush's decision to hold an international conference in November 2007 aimed at renewing the peace process. The Annapolis conference resulted in a pledge by the Israelis and Palestinians to work toward a final peace agreement by the end of 2008. Talks began in December 2007, but little progress has been made so far.

## **NATO and the EU**

The UK strongly supports NATO and continued U.S. engagement in European security. At the same time, the UK under Blair was a driving force behind EU efforts to create an EU defense arm, or common European Security and Defense Policy (ESDP), to enable the Union to conduct military operations "where NATO as a whole is not engaged" and to help boost European military capabilities. London insists that ESDP be tied to NATO, despite traditional pressure from Paris for a more autonomous defense arm. British officials stress that ESDP provides a more compelling rationale for European governments to spend scarce resources on improved defense capabilities that, in turn, will also benefit the alliance.

Some U.S. experts worried, however, that as the Blair government sought to burnish its European credentials in the aftermath of the Iraq war, it became more willing to cede ground to the French view on ESDP; they feared this could lead to a duplication of NATO structures and erode NATO in the longer term. They were critical of Britain's acceptance of French-German-led efforts in 2003 to establish an EU operational planning cell independent of NATO. UK officials counter that the new EU cell considerably scales back earlier proposals for a European military

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<sup>29</sup> Upon leaving the prime ministership, Blair was named as the international envoy for "Quartet." Some press reports suggest that the Brown camp was not happy with Blair's appointment, viewing it as detracting attention from Brown's plans to promote peace through economic means. See James Blitz, "Blair Set for Mideast Envoy Role," *Financial Times*, June 24, 2007.

headquarters, and that language in the NATO-EU agreement paving the way for the new EU cell reaffirms NATO as Europe's preeminent security organization.<sup>30</sup>

Some observers suggest that Prime Minister Brown is not as enthusiastic as Blair about ESDP. Reasons for Brown's attitude toward ESDP range from being a reaction to Blair's role in launching ESDP to a reflection of ESDP's limited capabilities and ambitions. News reports indicate that Brown weakened an intended statement on ESDP in a speech by his Foreign Secretary David Miliband. At the same time, new French President Nicolas Sarkozy has sought to downplay ESDP as a way to counterbalance the United States and as an alternative to NATO, thereby closing the gap between the traditional French and UK views of ESDP. Sarkozy still advocates, however, that the EU should develop a full military command and planning structure of its own — a position rejected by both U.S. and UK officials as needlessly creating a rival to NATO and wasting scarce European defense personnel and funding resources.<sup>31</sup>

UK policymakers, like the Bush Administration, have also been cool to suggestions from some EU members over the last several years that the EU, rather than NATO, should be the primary forum for discussions of international security and political issues, such as managing Iran or the rise of China. British hesitancy in this regard may reflect UK concerns that a formal U.S.-EU strategic dialogue could erode NATO or the U.S. role as Europe's ultimate security guarantor.<sup>32</sup>

## Defense Relations

As noted previously, close U.S.-UK defense ties date back many decades. During the Cold War, the UK served as a vital base for U.S. forces and cruise missiles. The United Kingdom currently hosts roughly 11,000 U.S. military personnel plus almost 1,000 civilians, as well as their dependents. Britain provides about \$134 million in host nation support, mostly in indirect contributions such as waived taxes and rents.<sup>33</sup> The United States has supplied Britain with the missile delivery systems for its nuclear warheads since 1963. In early 2007, former Prime Minister Blair announced plans to renew the UK's current nuclear weapons system by joining a U.S. program to extend the life of its U.S.-made Trident missiles into the 2040s and by building a new generation of submarines in the UK. The decision on Trident's future in the UK was controversial, especially within the Labour Party, and

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<sup>30</sup> For more information, see CRS Report RL32342, *NATO and the European Union*, by Kristin Archick and Paul Gallis.

<sup>31</sup> "La France Veut Profiter de sa Présidence de l'UE pour Relancer la Défense Européenne," *Le Monde*, October 17, 2007, George Parker and Laura Dixon, "Miliband Declares Death of EU Superstate," *Financial Times*, November 16, 2007; Conference on "Britain Beyond Blair: The Implications for Transatlantic Relations," sponsored by The Atlantic Council, Washington, DC, November 19, 2007.

<sup>32</sup> Discussion with UK officials, Summer 2005.

<sup>33</sup> See from the U.S. Department of Defense: *Allied Contributions to the Common Defense 2003*, [[http://www.defenselink.mil/pubs/allied\\_contrib2003/allied2003.pdf](http://www.defenselink.mil/pubs/allied_contrib2003/allied2003.pdf)]; and *Base Structure Report FY2005* [[http://www.defenselink.mil/pubs/20050527\\_2005BSR.pdf](http://www.defenselink.mil/pubs/20050527_2005BSR.pdf)].



Blair had to rely on opposition votes in Parliament to secure approval. Gordon Brown, however, endorsed Blair's decision to modernize the Trident nuclear weapons system, and will be expected to take early planning for it forward.<sup>34</sup>

**Missile Defense.** The United Kingdom has participated, albeit cautiously, since the 1980s in the U.S. Ballistic Missile Defense (BMD) program; about \$300 million in U.S. funding has been devoted to joint U.S.-UK missile defense activities since 1986, according to the U.S. Department of Defense Missile Defense Agency. In February 2003, the Blair government agreed to a U.S. request to upgrade the early warning radar complex at Fylingdales, a Royal Air Force base in northern England, for a possible role in the U.S. BMD system.<sup>35</sup> UK officials believe that the potential aspirations of North Korea or Iran to acquire nuclear weapons strengthen the case for BMD, but the issue remains controversial for many British parliamentarians and public activists. British critics doubt the technical viability of BMD, worry it could spark a new arms race with Russia and China, and claim that helping Washington will make the UK a more likely target of a ballistic missile attack. In June 2003, Washington and London signed an agreement to facilitate bilateral BMD information exchanges and help pave the way for further UK industrial participation in BMD.<sup>36</sup>

In early 2007, the Bush Administration began bilateral negotiations to base 10 missile interceptors in Poland and associated radar in the Czech Republic. The system is meant primarily to defend the United States, U.S. forces in Europe, and some European allies from a possible future ballistic missile attack by Iran. Although some European allies argued that the Administration should have sought to develop such a system under NATO auspices, rather than bilaterally with Prague and Warsaw, and expressed concerns about the vociferous Russian objections to the planned U.S. system, the Blair government offered support for the proposed missile defense project. Press reports indicate that the Blair government quietly lobbied Washington to base at least some U.S. interceptor missiles on British soil. Although the Bush Administration appears to remain focused on Poland and the Czech Republic as European basing sites, U.S. officials maintain they continue to value UK participation in missile defense and are open to discussions about further potential UK contributions to BMD.<sup>37</sup>

**Defense Industry Cooperation and Export Controls.** The United Kingdom and the United States are also key customers and suppliers of defense equipment for each other. U.S. government-to-government sales agreements of defense articles, services, and technology to the UK for FY2006 are valued at \$166

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<sup>34</sup> "Is This End of Trident Debate?," BBC News, March 14, 2007.

<sup>35</sup> Fylingdales is one of three long-range radar posts, along with similar installations in Greenland and Alaska, that comprise the U.S. Ballistic Missile Early Warning System. Data from Fylingdales feeds into the North American Air Defense Command headquarters in the United States and its UK counterpart.

<sup>36</sup> "UK to Help Son of Star Wars," BBC News, February 5, 2003; "U.S., Britain Pen Formal Agreement," *Defense Daily International*, June 20, 2003.

<sup>37</sup> "Blair Seeks British Role in U.S. Missile Defense," *Financial Times*, February 24, 2007; "U.S. Missile Deals Bypass, and Annoy, European Union," *New York Times*, April 18, 2007.

million.<sup>38</sup> However, the UK also acquires U.S. defense articles and services directly from U.S. defense firms; experts believe that these U.S. commercial defense sales to the UK are substantially higher than government-to-government sales. The British government estimates that total U.S. defense equipment sales to the UK average \$2 billion per year, while UK sales of defense items to the United States average around \$1 billion annually.<sup>39</sup>

Furthermore, the United States and Britain are engaged in major joint defense procurement projects, such as the Joint Strike Fighter (JSF) program, and British defense companies supply components for several U.S. weapons systems, such as the Patriot Advanced Capability (PAC-3) missile and the Predator unmanned aerial vehicle. British defense firms also have a significant presence in the United States. Most notable is British defense contractor BAE Systems. Since the late 1990s, BAE has acquired several sensitive U.S. defense firms; with BAE's acquisition of U.S. defense company United Defense Industries in 2005, the U.S. Defense Department replaced the UK Ministry of Defense as BAE's largest customer. BAE's U.S. branch employs roughly 45,000 in the United States, including 35,000 Americans.<sup>40</sup>

However, some British defense officials and industry leaders complain that while the UK defense market is relatively open, foreign access to the U.S. defense marketplace remains restricted and heavily protected. They point out that the U.S. military uses very little equipment bought from or developed outside of the United States, and this largely accounts for the U.S.-UK defense trade imbalance. Many UK policymakers are also frustrated that U.S. security restrictions hamper technology transfers, which they say impedes UK efforts to cost-effectively enhance British defense capabilities and improve interoperability with U.S. forces.

Some military analysts believe that U.S. technology-sharing restrictions may make the United States a less attractive defense supplier or industrial partner for the UK in the longer term. They note that the UK is already under some pressure from its EU partners to "buy European," in order to help create European jobs, to ensure a European defense base strong enough to support the military requirements of the EU's evolving defense arm, and to guarantee that European governments and defense industries are not left completely dependent on foreign technology. In March 2006, Britain's top defense procurement official warned that the UK would walk away from its \$2 billion investment in the JSF program if it did not receive access to JSF design data and weapons technology; the UK argued that such access was essential for Britain to be able to maintain or modify its own JSFs. In December 2006, the United States and the UK signed a memorandum of understanding effectively guaranteeing

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<sup>38</sup> See "Estimating Foreign Military Sales," in the Congressional Budget Justification for Foreign Operations, FY2008, available at [<http://www.state.gov>].

<sup>39</sup> Office of the British Defense Staff (Washington), "US/UK Defense Trade," March 2002.

<sup>40</sup> United Defense Industries is a key supplier of combat vehicles (such as the Bradley armored infantry vehicle), munitions, and weapons delivery systems to the U.S. Defense Department. "BAE Systems' Acquisition of UDI Clears Final Hurdle," *Jane's Defence Industry*, June 24, 2005.

that Britain would receive the sensitive JSF technology it demanded if it eventually purchased the JSF.<sup>41</sup>

For many years, the UK has also been pushing for an exemption from the requirements of Section 38(j) of the U.S. Arms Export Control Act to make it easier for British companies to buy U.S. defense items; this has generally been referred to as seeking a waiver from the U.S. International Traffic in Arms Regulations (ITAR). However, London has been unable to overcome Congressional concerns, especially in the House of Representatives, that UK export controls are not strong enough to ensure that U.S. technologies sold to or shared with Britain would not be re-exported to third countries, such as China. Although Congress granted the UK “preferred” ITAR status in October 2004 — intended to expedite the export licensing process for British defense firms — some in the British defense industry maintain that the process remains too time-consuming. UK officials also bristle at the U.S. refusal to grant a full ITAR waiver given the UK’s role as a key U.S. ally.

In an effort to address long-standing British concerns about U.S. technology-sharing restrictions and export controls, the United States and the UK signed a new treaty on defense cooperation in June 2007. The treaty seeks to ease the exchange of defense goods, services, and information — in part by ending the need for a separate U.S. export license for certain designated defense equipment purchased by the UK government and select British companies. The treaty is reciprocal and is intended to cover defense equipment for which the U.S. and UK governments are the end-users. The treaty also calls for the creation of “approved communities” of companies and individuals in each country with security clearances to deal with technological transfers.

The new defense cooperation treaty must be approved by the UK Parliament and the U.S. Senate. Analysts note that the treaty represents a change in approach by the Bush Administration, and that the Administration has effectively abandoned its pursuit of an ITAR waiver for the UK. U.S. supporters point out that the new treaty will also make the export of UK defense items, such as roadside bomb detection equipment for U.S. troops in Iraq, faster. However, some suggest that the treaty could still face hurdles in the Senate and may not be ratified for some time.<sup>42</sup>

## Economic Relations

The bilateral U.S.-UK trade and economic relationship is extensive and increasingly interdependent. The UK is the fifth largest economy in the world, with a gross domestic product of roughly \$2.2 trillion. The UK is the United States’

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<sup>41</sup> “Specious Relationship,” *Aviation Week and Space Technology*, July 17, 2006; “U.S., UK Resolve Technology Transfer Dispute, Sign JSF Agreement,” *Inside the Pentagon*, December 14, 2006.

<sup>42</sup> In September 2007, the Bush Administration transmitted the U.S.-UK defense cooperation treaty to the Senate for its advice and consent. Stephen Fidler, “Bush Signs Accord Easing Defence Exports to UK,” *Financial Times*, June 22, 2007; U.S. State Department, “U.S.-UK Defense Treaty Signed,” June 27, 2007; William Matthews, “UK-U.S. Trade Treaty Facing Uncertain Future,” *DefenseNews.com*, July 7, 2007.

largest European export market and fifth largest export market worldwide after Canada, Mexico, Japan, and China. In 2006, U.S. exports of goods and services to the UK totaled about \$92 billion, while U.S. imports of goods and services from the UK were roughly \$93 billion. The United States has had a trade deficit with the UK since 1998. Major U.S. exports to the UK include aircraft and parts, information technology, telecommunication equipment, pharmaceuticals, and agricultural products.

Even more significantly, the UK and the United States are each other's biggest foreign investors. U.S. investment in the UK reached roughly \$324 billion in 2005, while UK investment in the United States totaled \$282 billion. This investment sustains an estimated 1 million U.S. jobs. According to studies conducted by the SAIS Center for Transatlantic Relations, the UK accounted for almost 20% of total global investment flows into the United States in the first half of this decade, and the UK ranked as the single most important foreign market in terms of global earnings for U.S. companies — accounting for 11% of total affiliate income — from 2000-2005. The contribution of U.S. affiliates to the British economy is also notable. For example, in 2002, U.S. affiliates accounted for 6.7% of the UK's aggregate output. U.S. exporters and investors are attracted to the UK because of the common language, similar legal framework and business practices, relatively low rates of taxation and inflation, and access to the EU market.<sup>43</sup>

UK trade policy is formulated within the EU context, and U.S.-UK trade disputes are taken up within the EU framework.<sup>44</sup> Although most of the U.S.-EU economic relationship is harmonious, trade tensions persist. Current U.S.-EU trade disputes focus on aircraft subsidies, hormone-treated beef, and genetically-modified (GM) food products. Like elsewhere in the EU, UK public opposition to GM food products is high, in part because of a series of major European food crises over the last several years, including an outbreak of “mad cow disease” in the UK.

Despite such frictions, the UK has been a consistent supporter of U.S.-EU efforts to lower trade barriers and strengthen the multilateral trading system. Like the United States, the UK supported Germany's initiative during its 2007 EU presidency to enhance the transatlantic marketplace and further liberalize U.S.-EU trade by reducing non-tariff and regulatory barriers. At the April 30, 2007 U.S.-EU summit in Washington, DC, the two sides agreed to establish a Transatlantic Economic Council to tackle such trade obstacles. UK officials say they also continue to support efforts to conclude the ongoing Doha round of multilateral trade negotiations at the

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<sup>43</sup> Joseph Quinlan, *Drifting Apart or Growing Together? The Primacy of the Transatlantic Economy* (SAIS Center for Transatlantic Relations, Johns Hopkins University), 2003; Daniel Hamilton and Joseph Quinlan (eds.), *Deep Integration: How Transatlantic Markets Are Leading Globalization* (SAIS Center for Transatlantic Relations, Johns Hopkins University), 2005; U.S. State Department, *Background Note on the United Kingdom*, January 2008.

<sup>44</sup> A British official, Peter Mandelson, has been EU Trade Commissioner since November 2004. He is the U.S. Trade Representative's key interlocutor on U.S.-EU trade disputes. As a member of the European Commission, however, Mandelson serves the Union as a whole and does not represent the British government.

World Trade Organization (WTO). The Doha round is largely stalled, however, over a number of issues, including U.S.-EU differences over how and when to liberalize agricultural trade. The UK also supports efforts to reform the EU's Common Agricultural Policy, a perennial source of U.S.-EU trade disputes.<sup>45</sup>

## Climate Change

In 2005, the UK held the year-long rotating presidency of the G8 group of leading industrialized nations and made climate change one of its top priorities. Like its EU partners, the Blair government was dismayed with the Bush Administration's rejection of the U.N. Kyoto Protocol on climate change that set limits on heat-trapping gas emissions in an attempt to reduce global warming. The Bush Administration maintained that such mandatory caps would be too costly and that the Kyoto Protocol lacked sufficient developing country participation; instead, it has sought to promote research and technological advances to increase energy efficiency and decrease emissions. At the 2005 G8 summit, UK officials claimed that they succeeded in narrowing the gap between the United States and Europe on climate change. They pointed out that Washington agreed to language in the G8 communique acknowledging, for the first time, the role of human activity in global warming and the need for urgent action. Critics maintained that the final G8 statement on climate change was significantly weaker than earlier British versions, which had called for ambitious greenhouse gas reductions and committed G8 countries to spend a certain amount on new environment-friendly projects.

Some British critics also argued that the lack of a more positive U.S. response to Blair's climate change proposals in 2005 further demonstrated that Blair's close relationship with Bush had yielded few benefits. Others contend that Blair has played a crucial role in shaping the Bush Administration's evolving stance on climate change, and point to the most recent G8 summit in June 2007 as an example. At the June 2007 G8 summit — Blair's last as UK leader — the United States joined Germany (the current G8 presidency country), the UK, and other European states in agreeing to "seriously consider" halving emissions by 2050. Moreover, despite its previous reluctance, the Bush Administration committed to working toward a new climate change treaty within the U.N. framework by 2009.

European critics claimed that the 2007 G8 agreement fell short of Germany's goal of a firm commitment to a 50% cut in emissions by 2050. They also suggested that the Administration could still try to circumvent the U.N. process, noting President Bush's announcement in May 2007 that it would seek to forge a separate agreement by the end of 2008 on a reduction strategy with the world's top 15 greenhouse gas emitters. Blair tried to deflect such concerns, stating that he was "very pleased at how far we have come" since 2005 and that "we have an agreement that there will be a climate change deal, it will involve everyone, including the U.S.

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<sup>45</sup> For more information, see CRS Report RL34381, *European Union-U.S. Trade and Investment Relations: Key Issues*, coordinated by Raymond Ahearn; and CRS Report RS22645, *U.S.-European Union Relations and the 2007 Summit*, by Raymond Ahearn, Kristin Archick, and Paul Belkin.

.... and it will involve substantial cuts.”<sup>46</sup> At the December 2007 U.N. climate change conference in Bali, the United States essentially reiterated its pledge to work toward a new U.N. climate change treaty by 2009, but refused to bow to EU demands for industrialized countries to cut their greenhouse gas emissions by 25% to 40% below 1990 levels by 2020.

## Northern Ireland

The United States strongly supports UK efforts to implement an enduring political settlement to the conflict in Northern Ireland, which has claimed over 3,200 lives since 1969 and reflected a struggle between different national, cultural, and religious identities. Northern Ireland’s Protestant majority (53%) defines itself as British and largely supports continued incorporation in the UK (unionists). The Catholic minority (44%) considers itself Irish, and many Catholics desire a united Ireland (nationalists). For years, the British and Irish governments, with U.S. support, sought to facilitate a political settlement. The resulting Good Friday Agreement was reached in April 1998. It calls for devolved government — the transfer of power from London to Belfast — and sets up government structures in Northern Ireland in which unionists and nationalists share power. It recognizes that a change in Northern Ireland’s status as part of the United Kingdom can only come about with the consent of the majority of its people.

Despite a much improved security situation in the years since, full implementation of the Good Friday Agreement has been difficult. In October 2002, the devolved government was suspended for the fourth time amid a breakdown of trust and confidence on both sides. Decommissioning (disarmament), especially by the Irish Republican Army (IRA), and police reforms were two key sticking points.

As noted earlier, Blair was a key driver of the 1998 Good Friday Agreement, which the Bush Administration and many Members of Congress continue to view as the best framework for a lasting peace in Northern Ireland. Over the years, the Bush Administration and many Members repeatedly sought to support the efforts of London and Dublin to fully implement the Agreement and to broker a deal to reinstate Northern Ireland’s devolved government and power-sharing institutions. U.S. and British officials frequently asserted that the IRA and other paramilitaries must “go out of business” in order to move the peace process forward, and that Sinn Fein, the IRA’s associated political party, must join the Policing Board, a democratic oversight body. At the same time, U.S. and British policymakers pressed unionists to recognize Sinn Fein’s evolution and important steps taken by the IRA, such as its July 2005 decision to end its armed struggle and “dump” its weapons.

Efforts to fully implement the Good Friday Agreement culminated on May 8, 2007, when Northern Ireland’s devolved political institutions were restored following a power-sharing deal between Sinn Fein and the traditionally anti-Agreement Democratic Unionist Party (DUP). London, Dublin, and Washington view this deal as entrenching the political settlement embodied in the 1998 Agreement and believe

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<sup>46</sup> “Enough Payback for Iraq?,” BBC News, June 8, 2005; “G8 Leaders Agree To Climate Deal,” BBC News, June 7, 2007.

it has ushered in a new era in Northern Ireland politics, producing a permanent and politically stable devolved government.<sup>47</sup>

## Conclusions

Despite occasional tensions between the United States and the United Kingdom on specific issues, the so-called “special relationship” offers the United States certain tangible benefits and often serves to buttress U.S. international policies. UK support has been important to the global fight against terrorism, U.S. military action in Afghanistan, and the U.S.-led war to oust Saddam Hussein and efforts to stabilize and rebuild Iraq. UK military capabilities and resources have helped share the U.S. combat and peacekeeping burden in these conflicts, as well as in the Balkans. Britain has been a consistent proponent of developing a greater EU political and security role in a way that complements NATO and promotes a stronger EU as a better and more effective partner for the United States. The two allies also share a mutually beneficial and increasingly interdependent economic relationship, and UK policies within the EU and with the United States have helped to maintain and promote a more open and efficient world trading system.

Whether the UK position within the U.S.-EU relationship and traditional UK foreign policy tendencies are changing are questions that have vexed policy analysts for many years. But beyond the issue of whether changes are afoot lay perhaps two more profound questions: Does it really matter for the United States if the UK draws closer to Europe in the longer term? And in light of the EU’s ongoing evolution, how might a UK either more inside or outside of the EU affect U.S. interests?

Part of the answer to these questions depends on whether the EU evolves into a more tightly integrated body, especially in the foreign policy and defense fields. Some U.S. analysts say that if the EU becomes a more coherent foreign policy actor, this could make the UK a less reliable ally for the United States. If the UK increasingly turns toward its EU partners in formulating foreign policy decisions, this could make it harder for Washington to gain London’s support for its initiatives in NATO or the United Nations. The UK may also be more resistant to being the U.S. “water carrier” in Europe. Some fear that the UK may become less willing to deploy its military force in support of U.S. objectives, or be tempted to support traditional French aspirations to develop the EU as a rival to the United States.

Others argue that a more integrated, cohesive EU in which the UK plays a leading role could make the EU a better partner for the United States in tackling global challenges. Conversely, if a “core Europe” were to develop in which a vanguard of EU member states drove further integration — but which did not include economically liberal and pro-Atlanticist Britain — Washington could lose one of its key advocates within the EU and U.S.-EU tensions could increase. Many assess that further EU integration in the foreign policy and defense fields, however, is impossible without continued British participation, given UK global interests and

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<sup>47</sup> For more information, see CRS Report RS21333, *Northern Ireland: The Peace Process*, by Kristin Archick.

military capabilities. Thus, EU initiatives in these areas are unlikely to go forward in any significant way without British commitment and leadership. While the former Blair government was instrumental in EU efforts to develop a common foreign policy and defense arm, a future, more euroskeptic Conservative-led government might seek to slow these EU projects.

Others are skeptical about the EU's ability to play a bigger role on the world stage. Those of this view maintain that the EU is far from speaking with one voice on contentious foreign policy issues. If the EU does not move toward further political integration and remains a looser association of member states whose foreign policies continue to be determined primarily at the national level, little may change in the current state of the U.S.-UK-EU relationship, even if the UK moved closer to the EU by joining the euro. This may be the most realistic scenario, in light of the UK's own ambivalence toward deeper EU political integration; many experts contend that no British government would ever relinquish UK sovereignty in the foreign policy or defense fields to the EU.

The future shape and identity of the EU, however, does not rest solely in British hands. It will also depend upon the views and ambitions of other EU members, particularly France and Germany, and the political parties in power. As noted earlier, many point out that the new leaders of France and Germany are viewed as more economically-liberal, reform-minded, and Atlanticist than their predecessors. Consequently, Brown or future UK leaders may find themselves sharing more common ground with their French and German counterparts, thereby enabling the UK to promote its vision of a politically strong, economically vibrant EU working in partnership with the United States. An EU shaped more fully to the UK liking, and to that of the United States, may ease U.S.-EU tensions and the pressure on the UK to serve as bridge or peacemaker between the two. However, improved relations among London, Paris, and Berlin might also in the longer term lead the UK to turn more frequently to its other EU partners first — rather than Washington — on foreign policy concerns. As a result, Washington might not hold quite the same influence over London as it has in the past.

At the same time, regardless of whether the EU evolves into a more coherent actor on the world stage or whether the UK draws closer to Europe in the years ahead, the U.S.-UK relationship will likely remain an important factor in the conduct of British foreign policy. In general, the "special relationship" helps to boost Britain's international standing and often gives the UK greater clout in the EU and other multilateral organizations. British officials will persist in efforts to shape decision-making in Washington. However, the extent of U.S. influence on British foreign policymaking in the future may depend in part on British perceptions of the value that Washington places on the UK as an ally. Although British support for U.S. policies should not be automatically assumed, many UK policymakers and experts believe that it is not in British interests to choose between the United States and Europe, and thus, the UK will continue to try to avoid such a choice for the foreseeable future.