



# Arms Export Regulations & Member State Preferences

A Case Study Research on the impact of Interests, Institutions, and Information on the National Preference concerning the Common Position on Arms Export



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## CHAPTER ONE

### EUROPEAN COOPERATION ON ARMS EXPORT REGULATIONS: THE REVISED CODE OF CONDUCT ON ARMS EXPORT

In June 1998, the European Union adopted the first regional Code of Conduct on Arms Export (CoC). The adoption of the Code was the first step towards a harmonised European export policy. Since then eight criteria, under which the human rights situation in the recipient country and the risk that exported goods will be used in an internal conflict, have restricted the export and transfer of *strategic goods*<sup>1</sup> of the EU countries. This was the first step towards a regulation system that helped to control illegal arms export and prevented arms to be sold to unstable counties.

Although this first common policy to tackle undesirable arms trade was a good step in the right direction, the Code of Conduct regime did not function without flaws. The Code only includes physical exports and Member States differ in the interpretation of the criteria. Therefore, NGOs were pressuring Member States of the European Union for years to improve the system, making the rules clear, legally binding and applicable to a bigger scope of transfers. After the 1998 Code of Conducts' fifth jubilee a review process had begun.

At the end of February 2005 the review of text of the Code was finalised. One of the issues of the review was the change of status of the document from a politically binding Council Declaration to a Common Position. A Common Position status of the arms export regime that was established under the Code of Conduct, would make this regime juridical binding, which will enhance its profile. Because Common Positions fall under the Common Foreign and Security Policy (CFSP), they are excluded from the European Court of Justice jurisdiction (Griller and Weidel, 2002). Common Positions are juridical binding in the sense that Member States will have an *obligation* to ensure that national laws are in compliance (Hudson, 2006, 1). It took until December 2008 before the new regime, which was renamed the "*Common Position defining common rules governing the control of exports of military technology and equipment*", was adopted (Council of the European Union, 2008). This means that the issue of the juridical status of the arms export regime has been left unresolved for three years.

The decision-making on issues of arms export falls under the CFSP therefore; it is an issue that has to be agreed upon by the European Council. This means that each of the Member States is in the position to block the decision-making. At the time of the review process of the Code, the Chinese government had started a lobby to abolish the arms embargo on China. While the issue of lifting the embargo and the review of the Code were not formally connected, both issues became linked in the minds of many political decision makers. At the December 2004 China-EU Summit, the Dutch Presidency made clear that the embargo would not be lifted until a strengthened Code of Conduct was agreed upon (Anthony, 2005, 18). Over time, politicians and citizens came to believe that the adoption of a new Code will, consequently, lead to the abolishment of the embargo.

Connecting the lifting of the embargo to the review of the Code was intended to put pressure on France. They are an active proponent of lifting the embargo, and at the same time they were obstructing certain changes that were proposed in the reviewed Code (Anthony, 2005, 18). The debate became further entangled to other issues under which a debate with the United States, who threatened to limit EU access to sensitive technology if the embargo will be lifted. This is just one of the many motivations that

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<sup>1</sup> Arms and *dual-use* goods. The last are civil goods that can be used for military means.

proponents or opponents may have, when taking a stand in the debate about the Chinese embargo.

While both issues in the debate became interlinked, the discussion on the juridical status of the revised Code came on a hold. Now, three years after the completion of the review, the revised Code is finally adopted. This delay was not without its drawbacks, because the reviewed Code entails a number of adaptations that strengthen the common policy on export of strategic goods.

The first Code of Conduct can be seen as a breakthrough in the cooperation on the area of weapon export. What was not held possible before had happened. All member states came to an agreement by which they would not only cooperate on this issue, but also institutionalise this cooperation in the form of a common policy, that is political binding to all parties. Although the CoC regime was far from waterproof, cooperation had started and the regime grew out with additional elements, such as a users guide on the code. The long period of impasse, before the adoption of the Common Position status in 2008, could be seen as a setback on this path of the enhancement of cooperation on arms export control regulations.

Questions arise as for the reasons of this impasse. Why was it so hard for the Member States to continue along the steps of cooperation in this policy area? Was it because the preferences of the Member States towards cooperation on weapon export had changed over time? Or was this step ahead too far for some of the Member States? Why did reform-minded Member States not compromise on a new Code to which all Member States could agree upon? Did the linkage to the embargo negotiations change the set preferences of some Member States?

### **Problem analysis**

To understand why the decision-making process on the juridical status of the revised Code of Conduct on arms export was blocked by several states, it would be useful to obtain more insight about the reasons that some Member States vetoed the proposal of a Common Position status for several years. Therefore, research will be conducted on the following question: *Why did some Member States agree on the Common Position status of the Code of Conduct on arms export, whereas others opposed it?* In order to research this we must look at the preferences that Member States have on the Common Position status of the Code.

### **Overview of the thesis**

To find hypotheses that can be used in the analysis of this question, a literature review is conducted to explore the different type of explanations offered by different authors. The results of this review can be found in chapter two. The review gives an overview of the different approaches to explain preference formation of states. One of these approaches is the literature by Schneider, Baltz and Finke (2005. , 2007), which is about the question of universality of models of interest mediation, and presents its findings on the best model, the variance in discretion of the government, and the success of two different types of interest groups.

The main theory on which the analysis of the empirical findings is based on Milner's theory which she represents in her book "*Interest, institutions, and information*" (1997). According to this theory the interest of the legislator and the executive, the division of legislative power and the distribution of information, determines the willingness of the state to cooperate on international level.

According to Milner the division of legislative power determines the amount of influence that the legislature and the executive have to initiate, amend and veto legislative proposals, which form the basis of international agreements. Milner shows that the legislature finds itself often in a situation in which information is incomplete. In these cases one or more interest groups may act as endorsers of a proposal. They send out signals that help the legislature to determine whether to ratify a proposal of the executive.

In this model the role of interest groups is twofold, they act as supporters of the legislature and executive, and they act as endorsers. Because other authors (Gourevitch, 1978. Gourevitch, 2003. Moravcsik, 1993) state the importance of the influence of non-state actors, the literature found in the review will be used as a background to Milner's theory. The theory used in this research builds on findings of Moravcsik (1993, 483-484), who noted that governments act as agents of society and that only "*where societal pressure is ambiguous or divided, governments acquire a range of discretion*". Moravcsik (1993, 487) stated that "*governments are domestically both empowered and constrained by important societal groups*", which is a finding that corresponds with Milner's explanation of the double role of interest groups.

Six variables are deducted from Milner's theory. Together with four hypotheses that are abstracted from the different settings of variables, they form the basis for the analysis of the decision-making process on the Common Position status. In chapter four, the research design, the choice to conduct two case studies is explained. In the fifth chapter, the variables are operationalised and the strategy to collect data for the variables is explained. In chapter six, that case study of France, and seven, the United Kingdom, these variables are studied. A comparison between the outcomes of the model with the hypotheses, and of the outcomes of the model with the position that the Member State took in during the European negotiation process is made. In the last chapter the findings of the case studies will be presented, the value of Milner's model will be discussed and an answer on the research question will be given.

### **Theoretical relevance**

In the International Relations literature there are different movements providing explanations for the cooperation or non-cooperation of states. Different explanations are given about the systems and factors behind the formation and existence of preferences that states have which determine the states' willingness to cooperate. Some focus on explanations lying solely in the international stage, and some focus on the domestic stage.

In the literature on the preference formation of states, in respect to their behaviour as cooperating on non-cooperating states, there are different explanatory models. Each model points out other factors that are of importance. One of the reasons for existence of different theories might be that authors have analysed different cases of cooperation. One theory might only be valid for situations where there is a decision-making system of majority voting, whereas another theory can only be valid in a situation in which states have veto power over the issue.

This research on the negotiations concerning the Common Position status of the Code looks at the domestic factors that constitute the outcome, or 'national preference', on the international stage to provide explanations for the states' behaviour and ultimately the outcome of the international negotiation process. Milner has used the theoretical model in her book to examine the outcome of several international negotiation processes comparing a successful and unsuccessful case of cooperation with the help of her model. Other than these case studies, Milner's model has not been tested much. Because her

theory can be a valuable contribution to the literature on the connection of domestic and international politics, it is of value to examine the merits of this model.

Furthermore, it is valuable to examine whether the model can also be used to explain the outcomes of negotiation on agreements in the European Union. The subject used in this study, is somewhat different from the cases used in Milner's book. Although Milner does not explicitly imply that the model is intended to be used for the examination of the negotiation of international treaties, these are the sort of case studies that she uses in her book. An example is the case study of the Coal and Steel Community and the European Defence Community in the 1950s. The negotiations on the new Code of Conduct are of a different type. It builds on an earlier agreement, and it will be an agreement in the framework of the Common Foreign and Security Policy of the European Union. It will therefore still be a case in which countries decide on by veto. Therefore, an examination of this case, applying Milner's model to another field of negotiations, within the CFSP framework, will be a contribution to the research that has been done so far in this area.

### **Social relevance**

This research will provide the reader with a better understanding of the reasoning behind the positions that Member States take in on issues in the field of arms exports, and in specific the revised Code of Conduct. It might help explain why France was obstructing the ratification of this new agreement for so long, while the United Kingdom and Germany, who both have a large weapon industry, were in favour of the Common Position. Whereas at first sight it may look as if countries benefiting from less restriction on their weapon exports would be opponents of a judicially binding arms export regime, more factors might contribute to the preferences that Member States take in on this issue. Other explanations might be the difference in nature of destinations of weapon exports of the different industries present in Member States, the determination to abolish the Chinese weapon embargo, or need of politicians to satisfy interest groups that support them. Researching the preference positions of Member States will provide more clarity whether these issues that really play a role, and could give insight to what extent they determine the national position of the Member State towards cooperation on the revised CoC.

An understanding of these preferences and the way in which they are constructed would be useful to both citizens of the European Union as officials of the different Member States. Understanding the preference at stake and the process at play is the first step that is necessary to successfully be a part of the decision-making process.

## **CHAPTER TWO LITERATURE REVIEW**

To be able to answer the research question, literature that explains the preference formation of (Member) states is needed. In order to find the most suited literature from which to abstract hypotheses and to test the empiric findings, a literature review is conducted to give an oversight of the theories that would be able to function as a basis from which the empirical findings can be analysed. The results of this review will be presented below. This review leads to the use of a theory of Helen Milner. This theory, since it is the main theory used as a foundation of the analysis of the empirical findings, will be presented in the following chapter.

### **Theories on preference formation**

There is a broad range of literature that attempts to explain the preferences that countries have towards cooperation on the international level. Authors like Keohane and Nye (2001) focus mostly on external factors and argue that state behaviour is determined by: their place in the international economy; the place power structure of the world; the possession of power sources related to vulnerability; and the influence of and in international relations. They use the term “complex interdependence” and state that there are multiple channels of contact within the society, there is a clear lack of hierarchy of issues and military force is irrelevant. The political processes that affect their behaviour are: transnational and transgovernmental relations, linkage strategies, agenda setting and the role of international organisation (Keohane and Nye, 2001, 25-30). Their model is not universal, but gives insight in the relationship between the United States and its allies (Keohane and Nye, 2001, 195). It is therefore not suited to compare the preferences of EU Member States on issues of European cooperation.

Gourevitch also uses the impact of the international market and the international state system to explain the behaviour of states. Gourevitch argues that these factors are not only a consequence of domestic politics and structures, but also as cause (Gourevitch, 1978). He argues that economic relations and military pressure constrain an entire range of domestic behaviours (Gourevitch, 1978, 911). The relationship between international relations and domestic politics is therefore interrelated, so both sides should be analysed at the same time.

According to this view, by Gourevitch named “the second image reversed”, both external pressure on states as the examination of internal politics, which can be defined as a struggle among competing responses, are variables to be analysed (Gourevitch, 1978, 911). Although this theory gives valuable insight in the way preferences over international cooperation are formed, the “second image reversed” is more a metaphor than a guide to a research programme (Gourevitch, 2003, 322).

Moravcsik (1993, 481) argues that the foreign policy behaviour of states is shaped in two successive stages. First governments define a set of interests, on which they bargain among themselves to realise these and to come to a domestic preference. This process identifies the potential benefits of policy co-ordination, as is perceived by the national governments. At the second stage the supply, of possible political responses, is defined by a process of interstate strategic interaction.

According to Moravcsik the national preference formation is determined by underlying societal factors. Social ideas, together with interests and institutions determine the state's preference, which on its turn determines the behaviour of the state (Moravcsik, 1997, 513). Domestic societal groups impose a basic constraint on the government. This



constraint depends on the nature and tightness, which is determined by the strength and unity of pressures for social groups. Where societal pressure is ambiguous or divided, governments acquire more discretion (Moravcsik, 1993, 484). The distributional outcomes of the intergovernmental negotiations are shaped by unilateral and coalitional alternatives to the agreement, as well as the opportunities for compromise and linkage (Moravcsik, 1993, 517).

With respect to the European Community (EC) Moravcsik notes that these institutions increase the efficiency of bargaining, they delegate and pool sovereignty and structure a “two-level game” (Moravcsik, 1993, 517). This second implication makes decision about linkage less likely and because of the application of qualitative majority voting (in case of issues that fall under the EC) the political risks of domestic groups is bigger. The third implication provides national governments with legitimacy and domestic agenda-setting power for their initiatives (Moravcsik, 1993, 517).

Critics on Moravcsik’s theory, which he himself identifies (Moravcsik, 1993, 518), are that it can be argued that state behaviour is not purposive and instrumental. In this line of argument, this means that national preference formation does not precede the formulation of strategies. Secondly, preferences in this theory are perceived as deriving from economic interdependence. Other conceptions might be that preferences are based on ideology or geopolitics. Third, the underlying intergovernmental theory of bargaining, with it stress on bargaining power rooted in unilateral alternatives, competing coalitions, the possibilities for linkage, and the controlled delegation of power to supranational institutions, all under conditions specified by functional theories of regimes and “two-level games” is a view that can be debated.

Milner builds on some of the above theories in her book “*interests, institutions, and information*” (1997). Milner looks at the way the domestic policy itself is formed and the impact this has on the possibility and terms of international cooperation. While both Milner and Moravcsik stress the importance of societal ideas, interest, and institutions on the preference formation of the state (Milner, 1997, 16-17. Moravcsik, 1997, 513), Milner has formulated these claims in a model.

The model of Milner is built on a dependent variable consisting of two aspects: the possibility of international cooperation and the terms of the international cooperation. She argues that independent variables at the domestic level determine these dependent variables. According to her the preferences of political and societal actors, together with the balance of power determined by the state’s institutions, and the asymmetry of information, plus endorsement of proposals by interest groups determine whether and under what conditions international cooperation is possible (Milner, 1997, 15-23).

In this model, the interests of the political and societal actors are taken as given. Their preferences together with the institutional settings and the distribution and endorsement of information lead to the outcome: the behaviour of the state as a reaction on a proposal of an other state.

Frieden has a slightly different view on the role of actors and preferences in international relations. According to him, preferences and the strategic setting form the behaviour of actors. Given their preferences they form strategies based on the possibilities presented by the environment (Frieden, 1999, 44). Frieden notes that it is never inherently obvious whether action is the result of preferences or strategies, underlying interests, or the environment in which they play themselves out (Frieden, 1999, 46). He notes that there are few theories of preferences at the national level, which determine the national preferences. He therefore argues that the best solution is to deduce the national preference from theories of the preferences of subnational units, along with

theories of preference aggregation at the national level (Frieden, 1999, 54). After the preferences of the domestic actors are determined, it must also be showed how they are aggregated to the national level (Frieden, 1999, 65).

Essentially the way in which Frieden and Milner try to explain states preferences and behaviour in international politics is the same. They both use preferences of domestic actors and strategic setting, or institutions, as a variable. The difference is that Milner adds a third variable, the distribution of information. And, more importantly, she presents a model in which the impact of these three variables lead to a range of outcomes, within which the states' behaviour lies. This last point, the multiple equilibria as an outcome of the model, is also one of the comments that Gourevitch (2003, 322) makes with regard to Milner's model. Other critique Gourevitch has on this model is that it is hard to specify the objectives of all players, and the general formula does not model interaction of the domestic politics of different countries (Gourevitch, 2003, 322). There are not many authors who actually explore the role of domestic politics in international relations as a research programme. Gourevitch praises Milner as the "most careful application" on this terrain (Gourevitch, 2003, 321).

Next to literature that explains the preference formation of the state by looking at internal factors such as societal ideas, interest and institutions, there is also another branch of literature that focuses on other aspects of national preference formation. Schneider and Baltz (Schneider and Baltz, 2003. Schneider and Baltz, 2005. Schneider et al., 2007) focus on models of interest mediation, which affect the domestic decision-making process. They identify eight possible models and discuss which model gives the best insight in the pre-negotiations of Member States. Following this research they examined the factors that determine the amount of discretion the government has and they found which type of interest groups are most influential in the domestic decision-making.

The approach of Schneider and Baltz is completely different compared to the other authors named so far, and is less known than these theories. In this research, it would be favourable to focus on the factors constituting domestic policies, because a comparison is made between different Member States. External factors shall therefore play a minor role in the explanation of the differences between the policy choices of the two Member States, because they are comparable in their position in the international economy and the international state system.

Of all the literature providing internal factors as an explanation for preference formation of the state, Milner (1997) presents her theory in a model, which explains how different settings of institutions, information distribution, and preferences of social and political actors affect the terms and possibility of international cooperation. Moravcsik, Frieden, Schneider and Baltz also provide valuable insights, but this literature lacks a clear model that can be applied to study the outcomes of the preferences of Member States. Therefore, Milner's model is chosen to analyse the preferences of Member States towards the Common Position.

In the following chapter, the theory behind Milner's model will be explained in further detail. The independent variables underlying the model will be used to hypothesize the outcome that should result from their presence or absence. The possibility to come to an agreement can be translated to the central dependent variable in this research; the preference of a Member State to come to an agreement on the Common Position status of the Code. The terms of the agreement needed for ratification, will tell use something about the why part of the research question. Thus, under which conditions is agreement possible for the Member States in question

**Conclusion**

Following the literature review, a choice is made between competing theories that try to explain state preferences and actions towards international cooperation. The theory of Keohane and Nye and Gourevitch is not chosen because of their focus on external factors. These are assumed to play a minor role, because variance among Member States for the external variables these authors use is small. Both Milner and Moravcsik use domestic factors to explain state preferences. Of these two theories, Milner models the impact of the independent variables in a model, which can be tested, therefore this model will be used as a basis of this research. Milner's theory will be presented in the next chapter.

## **CHAPTER THREE**

### **THEORETICAL FRAMEWORK: MILNERS'S MODEL**

Milner's model gives a detailed insight in the terms and possibilities of international cooperation between states by studying the impact of domestic variables. Therefore, this model will be used to function as a basis for the analytic study on the Member States who negotiated on the juridical status of the revised Code of Conduct. Through the abstraction of hypotheses from this model and a test of their validity, the explanatory power of this model will be tested and an answer to the research question can be given.

In this chapter the independent variables used by Milner and their affect on Milner's dependent variable, the possibility and terms of agreement, will be laid out. The independent variables central in the model are the 'structure of domestic preferences', the 'nature of domestic political institutions' and the 'distribution of information internally' (Milner, 1997). Each of these variables will be explained below and thereafter the impact of these variables will be studied. Milner displays the impact of the variables in a domestic ratification game. The impact of the variables on the outcome of the game is studied by introducing the variables one-by-one. Firstly, the impact of the asymmetry of information and the presence of endorsers will be demonstrated. Secondly, the impact of divided government is analysed. Thereafter the effect of multiple endorsers will be discussed and finally the impact of the last variable, the impact of different institutional settings will be shown.

#### **Structure of domestic preferences**

The structure consists of the relative positions of the preferences of important domestic actors on the issue at hand. Most important actors in the analysis are the executive, the legislature, and interest groups. Each actor is assumed to be rational, meaning that it seeks to maximise its interest. For the political actors, the executive and the legislative, this means retaining office. For the societal actors this means maximising net income (Milner, 1997, 33). Not all societal actors gain or lose income as a consequence of the policies the issue at hand. Some are involved to gain other merits, like the pursuit of idealistic bases motive. Therefore, the goal to maximise net income should be seen as a broad goal, including the continuation of the organisation and the policy gains that cannot be expressed in money.

To simplify the analysis it is assumed that each group is unitary. This means that 'executive' includes the complete executive branch of the government or cabinet. For the 'legislature' the focus will lay on the median legislator, because this is the member who casts the deciding vote. The same goes for 'interest groups' of which median members' preference is taken as the preference of the whole group (Milner, 1997, 34).

The relative positions of the preferences of each group can be arranged on a line. The preference points on the line are the "ideal points", or the policy choice in that maximises the actors' basis interest (Milner, 1997, 33). To categorise the actors' preferences the concepts of "doven" and "hawkish" are used. In Milner's theory, these concepts are used to give an indication of the relative position of an actors' preference given the relationship to those of the foreign country. They do not function as normative or pejorative terms (Milner, 1997, 37). "Dovish" are the actors whose preferences are closer to those of the foreign country and "hawkish" are those further away (Milner, 1997, 17).

### *Policy preferences of the political actors*

The main concern for political actors is to be re-elected so they can stay in office. Milner (1997, 42) argues that the state of the economy plays a crucial role in re-election. Politicians will be judged on the impact of their policies on the economic growth, employment and inflation. Therefore the willingness to co-ordinate a policy will depend on: the degree of the nations' economic openness; and the type of externalities that are created by the policy (Milner, 1997). Greater interdependence and bigger externalities generate demand for cooperation because policies of one country affect the other and vice versa. In order to have a positive stance on cooperation, a politician must believe that the political benefits from cooperation outweigh the costs. These costs do not only comprehend the distributional consequences of the cooperative policies, but also the loss of unilateral control over policy, to be used as an instrument.

Most demand for cooperation will exist where the benefits for the home country of the current policy are low and the externalities are high. Least demand will exist where the home benefits are high and the externalities are low (Milner, 1997, 48). Home benefits are influenced by the country's level of economic openness. Increased trade and capital openness will reduce the home effectiveness of policy instruments.

Because the state of the economy is important for the re-election of politicians, they will be inclined to favour policies that will produce positive results on the economy in the short run. There is, however, a second aspect regarding re-election that politicians keep in mind. They are constrained in their policy choices by the preferences of interest groups that support them. Interest groups can produce contributions, votes, campaign organisation, media attention, and so on. Because leaders need the support of these interest groups they will choose policies that optimize both the state of the national economy and the interest of their supporting interest groups (Milner, 1997, 35).

### *Preferences of societal actors: interest groups*

Because each policy has different distributional consequences, interest groups are motivated to influence these policies. Hereby they try to maximise their own benefits. In reaching this goal they play two roles (Milner, 1997, 60), firstly they function as pressure groups and secondly they act as information providers. In their first role, they pressure politicians through their ability to contribute to campaign funds and mobilise voters. In this role they directly shape the preferences of executives and legislatures. Their influence in the second role is indirect; they function as signallers, by providing information to political actors who do not have all the information on the situation at hand. The legislature will take this information into account when they form their opinion on whether or not to ratify the agreement made by the executive (Milner, 1997, 22-23). The role of interest groups as endorsers will be further discussed in the paragraph on the distribution of information internally. This section explores how interest groups' preferences are likely to be shaped and where they are likely to fall relative to the executive and the legislature.

Societal and political actors often find themselves in an interdependent relationship, behind which there are two logics (Milner, 1997, 61). First by taking into account the preferences of supporting interest groups, a sort of informal ratification takes place, making the policy accepted to a broader range of actors and thus preventing resistance in society later on when the policy is implemented. Second, this is an efficient way to ensure that political leaders maintain enough "business confidence". This is crucial because businesses control the majority of private investment and job growth, which are necessary to stimulate the economy. Political leaders are thus constrained by

the preferences of businesses, because they cannot afford to undermine business confidence or even capital flight, because this will cost them votes.

On the issue of arms export policy, the main businesses affected by the decision-making on the Code will be the defence industry and technological companies that produce military and dual-use goods. The exports of products of these industries are regulated, which means that they cannot be freely traded on the international market. More restrictive policies in this field will possibly effect the export of certain goods and those with certain end-users. It is therefore to be expected that companies that rely more heavily on trade of these goods will have a bigger stake on the issue and will be inclined to favour less restricting policies.

### *Divided government*

Where the preferences of the legislature and the executive differ, we can speak of “divided government”. This condition can be present in each type of constitutional system. In presidential system, it prevails when the presidents’ party is not the one in control of the majority of the legislature. In semi-presidential systems, when the executive comes from a different party than the one that controls the legislative majority. And in parliamentary systems when no single party controls a majority of the seats and where there is a dispute between the coalition and the executive (Milner, 1997, 37). Divided government can also be in place in a situation in which there is unified control, but where there is a lack of “party discipline”. This means that legislators do not vote along the lines set out by the executive, even if she is from the same party (Milner, 1997, 41).

Summing up, the likelihood and the extent of divided government depend on the preferences of the actors and the political institutions. The influence of this factor will be discussed later on.

### **Nature of domestic political institutions**

The way power sharing between the executive and the legislature is arranged on the national level has an impact on the possibility and terms of the cooperation. The more the preferences between both actors are divided, the bigger the impact of the domestic power sharing arrangements. In case that the executive and the legislature have the same preferences, power sharing does not matter. The balance of power is affected by the legislative power and the ‘origin and survival powers’ (Milner, 1997, 99-100). Legislative powers are: the possibility to set the agenda and initiate policies; the power to amend; the power to ratify or veto; the use of referendums; and the power to make side payments. Underlying these powers lay the origin and survival powers, which are usually based on the constitution. They determine who can appoint and censure cabinet members, whether the executive can dissolve the legislature and under what conditions the legislature can vote the executive out of office.

To examine the power sharing relationship it is not useful to look at a country’s system categorised as either presidential or parliamentary, because this does not say anything about the relationship between the executive and the legislature (Milner, 1997, 117-122). In general there are three types of systems: two-party systems, where political executives will operate within the legislature and will lead the biggest party; multiparty parliamentary systems, where a range of ‘parallel’ executive-legislative relationships tend to fall at various points of ‘fusion’ and ‘separation’; and presidential systems, where executives will be separated from the legislature. In all multiparty and presidential systems a situation of power sharing exists, but the legislature’s influence varies greatly

across constitutional systems and depends on the distribution of legislative powers (Milner, 1997, 121).

Because institutions are a crucial factor in the policy outcomes, they themselves will be part of the political struggle. Milner's research (1997) on several cases brought to the understanding that the ratification process was an important stage of the domestic decision-making process. Altering the ratification process after the executive made an international agreement is a key tactic used by opponents of the policy to hinder ratification of the agreement. Therefore the choice of the ratification process involves strategic behaviour on the part of the executive and the opponents of the international agreement (Milner, 1997, 238-239).

The impact that the interest of political and societal actors, combined with the domestic political institutions have, is determined by a third variable, which is the 'distribution of information internally'. After this variable is explained below, the impact of different configurations of the domestic institutions will be examined.

### **Distribution of information internally**

Which actor controls information at the domestic level plays an important role in the outcome of the domestic game. In most cases a situation will exist in which not all actors possess complete information about the issue. In most cases, the executive and several interest groups are well informed and the legislature and electorate know less about the issue. This asymmetry of information creates both inefficiencies and political advantages. This usually favours the executive, but in certain institutional configurations combined with uncertainty on the part of the legislature, a rejection of the executive's policy is more likely (Milner, 1997, 20-22).

Because the legislator is usually the party that knows less about the issue, domestic uncertainty will lead to a situation in which the legislature does not fully know what agreement the executive has negotiated, but they must decide if they are willing to ratify the agreement (Milner, 1997, 20-22). In making their choice, they are helped by well informed interest groups that signal the legislature. In this role, interest groups act as endorsers. They function as a source of information to the legislature, and by knowing the interest group's preference and hearing their views on the agreement, the legislature is better able to comprehend what this agreement might mean for them electorally (Milner, 1997, 248). Besides interest groups, there are also other domestic groups that can serve as endorsers, these might also be: legislative committees, independent central banks, or other independent governmental agencies (Milner, 1997, 240).

Contrary to pressure groups who seek to influence the policy choices that political actors make, endorsers act as information providers to the political actors (Milner, 1997, 23).

The more the endorser is an outlier and has a biased position on the scale of preferences, the more it helps the legislature to make a decision on the ratification. However, the closer the position of the endorser to the preferences position of the executive, the more likely an international agreement will be ratified (Milner, 1997, 91).

The effects of incomplete information depend on both institutions and preferences. Below the effects on the dependent variable of different configurations of the three independent variables will be presented. Here it will be shown that a situation in which information is asymmetrically distributed will not automatically have a negative affect on the possibility of cooperation, and that it can even induce cooperation in some cases.

### **Impact of interest, institutions, and information on international agreement**

The revised Code of Conduct on arms export was prepared and discussed in the COARM working groups in Brussels. Although the national parliaments were informed about the developments and content of the proposal most information on the issue was distributed asymmetrical. Most knowledge was concentrated in the executive and several interest groups and the legislature in the Member States was less informed. Therefore, models presented here will concentrate on a situation in which the information is asymmetrically divided and endorsers are present.

With Milner's models the interaction of the variables can be examined among four sets of players in a two-level game: the political executive of the home country (P), a foreign executive (F), the home countries' legislature (C), and the interest groups within the home country which functions as endorsers (E). Because it is assumed that are all rational, they will try to obtain the policies closest to their ideal point, which are indicated by:  $p$ ,  $f$ ,  $c$ , or  $e$ . These ideal points are presented on both axis of the model. The horizontal axis portrays all the possible values for the status quo. The vertical axis portrays the continuum of the policy outcomes on a single issue. The dark line in the model represents the equilibrium policy choices given the value of the status quo, as it is shown along the horizontal axis.

#### *Domestic politics with asymmetric information and an endorser*

In the case that information is unevenly distributed among domestic actors and there are endorsers who can provide the legislature with information, the outcome of the game is decided in a three step model. First P and F negotiate an international agreement, hereby they are aware that C must approve it and will get information from E. Secondly this agreement is revealed to E, which sends its signal to C. Lastly the legislature updates its beliefs about the agreement and votes on the ratification (Milner, 1997, 86). The outcome of this game depends on the position of the players, which can have different configurations, the outcome of each configuration is explained below.

In the first configuration of preferences, the endorser is less hawkish than the legislature ( $p < e < c$ ), see figure 3.1 below (Milner, 1997, 87). If in this situation the status quo,  $q$ , lies more to the left than the ideal point of E ( $q < e$ ), then C will endorse any agreement which E will endorse. If E does not endorse, then C has to guess where the proposal lies. Therefore, P and F will either play it safe and offer a proposal that E will ratify ( $q$ ) or they will offer  $p$  and hope C will ratify it. When  $q > c$ , and P and F believe that endorsement is necessary they will offer a proposal that lies on  $e$ 's indifference point,  $2e-q$ . If they believe C does not need an endorsement they will offer  $p$  and hope it will be ratified, however C will then most probably reject it because they prefer the status quo (Milner, 1997, 87-88).

When the preference point of the endorser lies on one side of the status quo and the legislator on the other ( $e < q < c$ ), then C will never listen to the endorser and depending on C's beliefs about the agreement they will sway their judgement. Because F and P know that C cannot thrust E, they will put forward  $p$ . The outcome will be either  $p$  or  $q$  (Milner, 1997, 88).



E: Endorsement; A: Accommodating; R: Recalcitrant

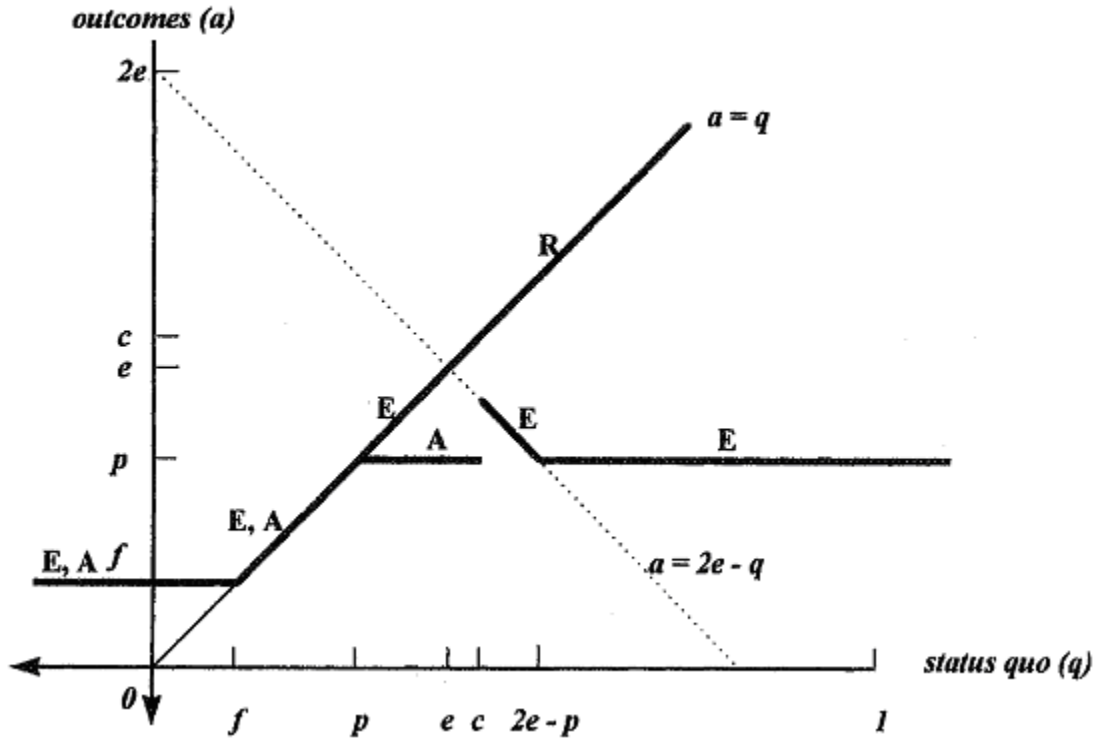


Figure 3.1: incomplete information game, with  $p < e < c$

In the second configuration of preferences E is more hawkish than C ( $p < c < e$ ), see figure 3.2 below (Milner, 1997, 88). In this configuration only a part of C's preference point will be endorsed by E. This means that if E fails to endorse a policy, C's will reject it immediately. But if E endorses the agreement, C will still be uncertain. If  $q < c < e$ , then the legislature will reject the agreement if they are pessimistic. In this case both executives know this and will either play it safe and offer a proposal that will be endorsed or offer their ideal point  $p$ , of which they know it will be rejected. In both cases, this will lead to the status quo. When  $q > e > c$ , an endorsement equilibrium is possible. The executives will offer  $2e-q$  which will be endorsed and ratified (Milner, 1997, 88-89).

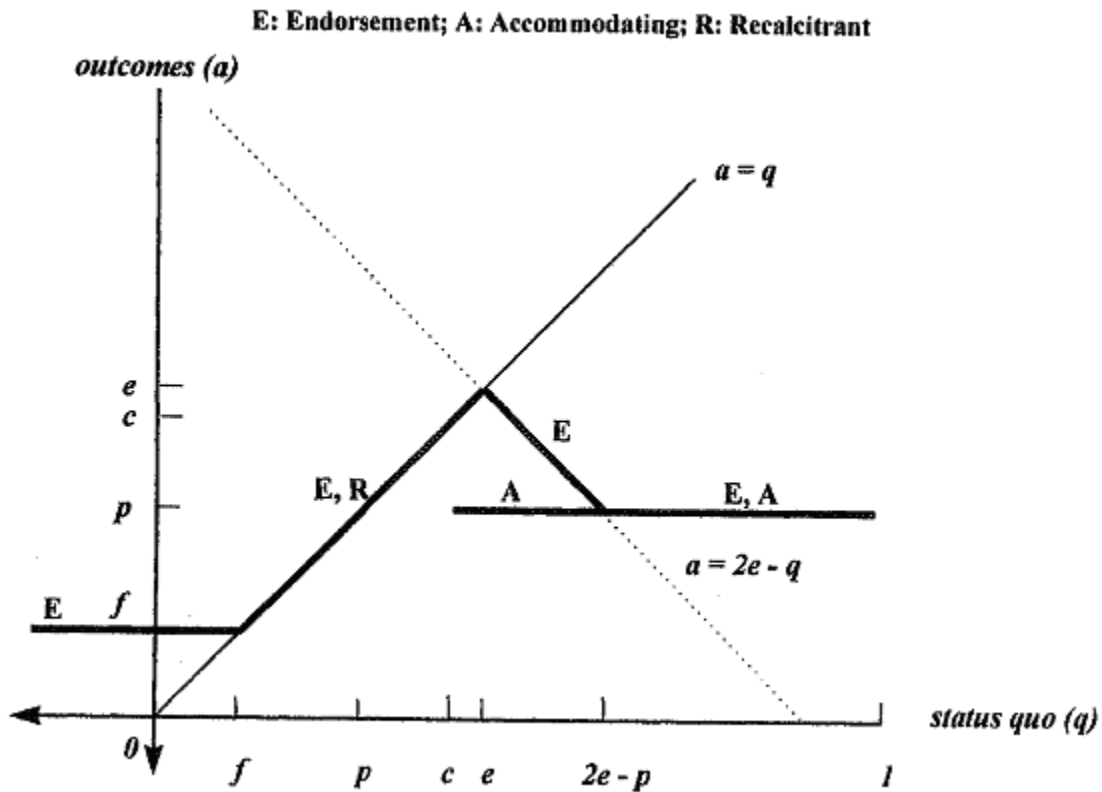


Figure 3.2: incomplete information game, with  $p < c < e$

Summing up, in all cases when the status quo lies between the ideal points of the foreign executive and the home country executive ( $f < q < p$ ) the status quo is the outcome, because there are no joint gains to be achieved. When the status quo lies between the ideal point of the home country executive and the legislature ( $p < q < c$ ), the ideal point of the executive ( $p$ ) is a possible outcome. In the situation in which the status quo lies between the legislature's ideal point and the indifference point of the endorser ( $c < q < (2e-p)$ ), mutual gains are possible, which means that outcomes that differ from the status quo are possible. The presence of an endorser will make agreement more likely, because the legislature will rely on the endorser in some cases, and if useful information is given the proposal will be ratified. In the case that the status quo lies between  $c$  and  $2e-p$ , or when the status quo lies between the ideal point of the endorser and its indifference point ( $e < q < 2e-p$ ), cooperation is possible when the executives send a proposal that lies between the ideal points of the legislature and the executive ( $2e-q$ ) (Milner, 1997, 89).

*The effect of divided government on cooperation*

The effect of divided government when there is an endorser depends on whether the endorsers' preferences are assumed to remain constant or to change with the degree of divided government. When the preference of the endorser lies between those of the executive and the legislature ( $p < e < c$ ), and the position of the endorser remains constant along with the position of the executive and the proposal of the foreign country, but the legislature moves away from the position of the executive, the constrain that the endorser has on the legislature shrinks. Thus as the government is more divided, endorsers are less helpful to the legislature, so the legislature has to guess what to do, which leads to maintenance of the status quo in much of these cases and a more powerful position of the

executive. If the endorser moves along with the legislature (C), the constrain on C will grow and the legislature can make better decisions under divided government (Milner, 1997, 93).

When the preference of the legislature lies between those of the executive and endorser ( $p < c < e$ ), and the preference of the endorser ( $e$ ) remains constant while the area between  $p$  and  $c$  will grow, the likelihood of non cooperation will increase with divided government. Increasing division implies a greater likelihood of failure to cooperate, but when cooperation does occur, the agreement will reflect the legislature's preferences more closely. In the case that  $e$  moves away from  $p$  together with  $c$ , the constrain on  $p$  and  $f$  will grow even larger. This means that more extreme endorsers will give the legislature greater leverage (Milner, 1997, 93).

Concluding, in three out of the four scenarios in which divided government is present, increased divided government will limit the possibilities of international agreement. In the cases where agreement is possible, the legislature will have more influence. There is however one case in which divided government will result in the increased leverage of the executive, because the legislature will be unable to depend on the endorser (Milner, 1997, 93-94).

#### *Multiple endorsers*

In the previous models, only one endorser was present. In reality, it would be more likely that there will be multiple endorsers present. In this case the legislature will only listen to the one closest to its ideal point on the right and the one closest on the left, because these will provide the most informative signal. Having multiple endorsers will demise the autonomy of the executive and will enhance the legislature's ability to achieve an agreement closest to its ideal point. In cases where both endorsers endorse the agreement, the legislature will follow. In the case that only one endorses the agreement, ratification of the legislature will depend on the preference position of the endorser. When the group nearest to the status quo endorses the proposal, ratification will follow. When it is endorsed by the group farthest from the status quo, ratification will only follow if the legislature is optimistic in its belief about the proposal (Milner, 1997).

#### *Impact of different settings of legislative powers*

Until now the impact of varying preferences sets of actors and different distribution of information has been studied under the assumption that the executive has the power to initiate a policy and the legislature can only veto it. Now the impact of a different spread of the power to set the agenda, to amend and to ratify will be studied. Milner (1997, 113) argued that only where the status quo is bigger than  $p$  or  $c$ , institutional structure does matter. In this area a shift of legislative power from the executive to the legislature means that the legislature's ideal point becomes more likely to be the outcome. If on the other hand the power is concentrated in the executive's hand, the executive's ideal point will most likely dominate the outcome (Milner, 1997, 113). Below the different outcomes for the different configurations of legislative power in complete information game will be discussed.

In the situation where the legislature cannot amend or ratify, its preference does not matter because the executive does not have to consider its position. In a game where both have the power of initiative and the legislature can only ratify, the executive will dominate in most cases. However when the legislature is hawkish, the executive will be forced to moderate her proposal to obtain the legislature's ratification. This means that the legislature has greater influence on the outcome if it will arise, because this setting

leads to less chance on cooperation. A game in which the legislature can amend and the executive can still veto this amended proposal afterwards, the outcomes will lie closer to the legislature's preferences relative to the other games. So even though C is a dove, it is able to influence the outcomes because of its amendment power. A last game setting is an amendment-no veto game, in which amendment by the legislature is possible, but the executive will not be able to veto it. This will result in maximum influence for the legislature (Milner, 1997, 115-116).

### *Conclusion*

In every setting of the game, the preferences of the different actors set the boundaries of the outcome. The equilibrium outcome in cases where the executive's or legislatures' preferred point lies more to the right of the status quo will always lie in between. Cooperation will become more likely when the legislative powers are concentrated in the hands of the most dovish domestic actor (Milner, 1997, 117).

### **Using Milner's model: variables, indicators and hypotheses**

To use the theory and model of Milner to analyse the empirical findings, the different variables that affect the national preference on international cooperation should be singled out. By defining these variables and indicating how these can be measured a framework can be build up, on which the analysis of the case studies can be based. From these variables, hypotheses can be drawn. These hypotheses will be tested in the case studies, so the explanatory power of Milner's theory on the type of decision-making under examination can be valued. The choice for the case study method shall be in the research design.

### *Variables*

The independent variables correspond to the three groups of variables from Milner's theory, which is presented above. Below each of the separate variables are described, together with the values each variable can have.

1. The preference of the executive, which can vary on a scale from hawkish till dovish.
2. The preference of the legislative, which can vary on a scale from hawkish till dovish.
3. The preference of the endorser(s), which can vary on a scale from hawkish till dovish.
4. The executive-legislative relationship. The values can vary on a scale from all power in hands of the executive, to a relatively balanced relationship in which the executive has the power of initiative and the legislature can veto the proposal, to all power in the hands of the legislature.
5. The division of information over the actors. Information can be either symmetrical or asymmetrical divided. In the first situation, all actors possess complete information about an issue, in the latter information this is not the case, and some possess private information unknown to others.
6. The existence of endorser(s). They can be either present or absent.

### *Indicators*

The first three variables follow from the policy preferences that the domestic actors have. The preferences of the actors should not be confused with the interest an actor has. With 'interest' the fundamental goals are mean, the policy 'preference' derives from this basis

interest, but varies according to the situation (Milner, 1997, 15, 33). These preferences can be classified on a relative scale from dovish to hawkish, with dovish meaning the closest preference to the foreign country, and hawkish the opposite (Milner, 1997, 17).

The executive-legislative relationship can be measured by the possession of the following powers in the hands of each actor:

- I. the power to set the agenda;
- II. the right to initiate policies;
- III. the power to amend;
- IV. the power to ratify or veto;
- V. the possibility to organise referendums;
- VI. the power to make side payments;
- VII. the relative power of the actor, laid down in the constitution.

The total package of power that each actor has determines the relationship between the executive and legislature.

The division of information is indicated by the level of openness of the meetings and documents on the issue. Another indicator is the amount and quality of information exchange between the actors.

An indication of the presence of endorsers will be information exchange between one of the social actors, or interest groups, and the political actors. These groups will act in a role as endorsers if they will present their view on the policy or act in another way to influence this policy.

### *Hypotheses*

The variables can appear in a number of different settings. Milner makes assumptions on the effect of the possibility and terms of international cooperation that the combined value of the independent variables will have. Some of these assumptions are more straightforward than others. Therefore we will focus on settings of values of which the assumed predictions are not as straightforward. The presence of a divided government and the effect of endorsement are hypothesized to have interesting implications. This selection leads to the following hypotheses:

- Divided government will limit the chance on a national preference towards cooperation, unless there is an endorser present and the ideal point of the endorser lies closer to that of the executive than that of the legislature. In this setting, the national preference will strongly reflect the executive's ideal point, which ensures a national preference towards cooperation in case the executive is a dove.
- A national preference towards cooperation will be the result of the domestic decision-making process in case information is asymmetrically divided and an endorser signals the legislature. This will be the outcome unless the status quo lies between the ideal points of the endorser and the legislative. In this case this may either lead to non-cooperation or cooperation based on the executives preferences. It will also not happen in case the endorser is the most hawkish actor and the status quo lies between the ideal points of the executive and the legislature.
- A national preference of non-cooperation will be the result of the domestic decision-making process in case information is asymmetrically divided and there are no signals from endorsers. This will be the outcome unless the ideal point of the endorser lies between that of the executive and the legislature and the status quo is small. If in this case the executives believe that endorsement is not needed for ratification, a national preference towards cooperation based on the preferences of the executive will be the outcome.

- The presence or absence of endorsement has no impact in case the ideal point of the endorser lies between that of the executive and the legislature and the status quo is bigger than the ideal point of the legislature. In this case, the outcome depends on the estimation that the executives make about the likelihood of the ratification by the legislature. A national preference towards cooperation will be the outcome in case they believe ratification is likely.

These hypotheses predicts what will happen in a situation of divided government, in which the executive holds the power of initiative and the legislature has the power to veto the proposal. In case the institutional power is highly skewed towards one of the political actors, this actor sets the national preference. In case both actors have the same preference, this will be reflected in the national preference.

The case studies will be used to test these hypotheses, but given the fact that each case study reflects only one setting of independent variables only the hypothesis that predicts the outcome of this particular set can be tested.

### **Conclusion**

The independent variables that are central in the theory of Milner correspond to the independent variables that are singled out for this research. The preferences of the executive, legislature and endorser(s) are each taken as a single variable and the presence of endorsers and the division of information are studied as two variables. The executive-legislative relationship is taken as a single variable. The effect of the variables on the national preference will be measured in the case studies. The first hypothesis shows the effect of divided government on the national preference towards cooperation. The other hypotheses show the impact of asymmetrical information in combination with the presence or absence of endorsement.

## **CHAPTER FOUR RESEARCH DESIGN**

This research focuses on finding explanations for the varying outcomes regarding the positions that Member States took in regarding the Common Position status of the revised CoC. In the assumption that this variation can be mainly explained by domestic factors, and because Milner presents a complete model of the way in which domestic factors influence their actions regarding international cooperation, Milner's theory is used. Therefore the causal analysis between six of the independent variables following from Milner's model and the dependent variable central in this thesis; the national preference towards the Common Position status of the Code, will be tested.

The research will be done by the examination of case studies, because this method allows for in-depth analysis of the variables, which is necessary because the collection of data and measurement of the variables requires a qualitative approach. The need for a qualitative study and in-depth of the research subjects, together with the fact that some of the data will be difficult to collect, will constrain the number of possible case studies. Therefore, the number of case studies is confined to two.

For the selection of case studies, a positivist account is chosen. This means that co-variation is only accepted as a basis for causal inference. The analysis will focus on comparable cases (Lijphart, 1971) which are similar in a large number of important characteristics which are treated as constants, but dissimilar on the ones that are under investigation. This allows for the establishment of relationships among few variables while many other variables are controlled for, to enhance the internal validity (Lijphart, 1971, 687).

The "Method of Difference" (Lijphart, 1971. Mill, 1904) will be applied on the selected cases. Using the Method of Difference means that two cases, Member States, with a different preference on the Common Position (Y) are picked, which are similar in other regards, except for the dependent variables. This allows for the six independent variables to be tested and measured, to investigate their relation with the dependent variable. This means that two cases are chosen which are similar in other regards, to control alternative relationships.

Variables that are controlled for in the selection of the case studies are related to the external factors often mentioned in the literature on state behaviour. These alternative variables are the size and power of the Member States in the European Union, and the size of the economy and national arms export. These relate to the factors of the international market and the international state system, which are studied by Gourevitch (1978).

### *Case selection*

The first requirement of the selected cases is that they score different on the dependent variable, or outcome. Because only one Member State, France, was clearly holding of the ratification of the revised CoC this Member State is chosen as a case study.

This means that the second case study should be a Member State that is comparable to France in all other respects except for the independent variables under examination. Both the United Kingdom and Germany can be used in this respect, because they are similar to France regarding their position in the European Union as "big Member State". All three are big political countries in the European Union as well as in the world. Although the decision-making process under examination is decided on by unanimity, it is useful to look at the number of votes they have under the Qualitative Majority Voting

normally applied in the Council. Each of these countries 29 votes, which indicates that they are the most powerful and similar in regards to population and GDP. Secondly, these three countries are the three biggest weapon exporters of the European Union and take in position close to each other in the international ranking list.

Both being equal candidates to serve as the second case study, the United Kingdom is chosen as a second case, because of practical concerns. Data and documents in English will be more available for the UK case than in the German case.

### **Conclusion**

The case study method is selected, because in-depth analysis is required to test the variables. The “method of difference” will be applied to select two similar cases with different dependent variables. France and the UK have been chosen, because their dependent variables are different and they are similar on all other factors, except the variables that will be tested in this research.



## **CHAPTER FIVE OPERATIONALISATION AND DATA COLLECTION**

In the previous chapters the hypotheses that will be tested, together with the relevant variables that will be analysed, were indicated. Data on each of these variables need to be gathered for the two case studies. This chapter provides information on which data are needed and which strategy is used in order to collect this data.

### **Data on the variables**

The primary data necessary to conduct the research is data that indicates which preferences the executive, legislature and endorser(s) have towards the Common Position status of the revised Code of Conduct. To research this, a qualitative study of documents published by and about these actors will be gathered.

The nature of the research subject, the decision-making on the revised Code on arms export, makes it difficult to find sufficient data coming from primary sources that directly indicates the actors' preference. Negotiations about arms export regulations are technical in content and the news coverage about this policy area is low. Moreover, the meetings on these issues in the COARM working group and in the Council are closed. Consequently, "direct data" on all of the actors' preferences might not always be fully available. As result, it will be necessary to collect "indirect" information on the actors' preferences. More on this strategy can be found below.

Data on the fourth variable, the executive-legislative relationship in the Member State can be found by a study of the literature regarding this subject. Many studies are already done to determine the relative power of the government, executive and parliament. The only challenge will be to determine the specific balance in the relationship on decision-making on this specific issue.

It will not be necessary to collect data on the fifth variable, the distribution of information. Due to the nature of the issue, a topic of the European security policy, data will be distributed asymmetrical by definition. This will occur in any Member State because of the confidentiality of the documents on arms export policy and the closed COARM and Council meetings. Therefore, this variable will not be studied.

This leaves the last variable, the existence of endorsers, as the variable necessary to test the last two hypotheses. The third variable, the preference of the endorser(s), can only be determined if these endorser(s) is or are actually present. Therefore, information on this variable should be collected before an analysis of this variable can be made. The presence or absence of endorser(s) can be studied by examining the relations and interactions between interest groups and the parliament. Whenever these groups signal the legislature by sending information on the juridical status of the revised CoC they are acting as endorsers.

In general, data on arms export policies and regulations consist of annual arms export reports of the government to the parliament, answers to parliamentary questions, reports made by NGOs and studies conducted by research institutes specialised in conflict and peace studies, international or European politics.

The data collection strategy used for the first three variables consists of the study of documentation and the conduct of interviews. By using multiple sources of evidence, strong points of both strategies will be used (Yin, 2003, 86, 97). Documentation that will be studied includes the sources named above. Next to this the media and parliamentary parties will be scanned for publication of relevant articles, notes and reports.

### **Direct and indirect information on preferences**

The most relevant data will be data published by the actors themselves, in which they express their preference, or data in which their preference comes forward in a direct way. An example of the latter is news articles citing political actors. Therefore, the collection of data will be targeted on finding this “direct” information in the first place. Whenever this type of data is not available, or insufficient to draw conclusions, a secondary approach will be taken. This approach aims at finding data that provides information from which the preference of the actor can be deduced. Hereby the aim is to find sufficient relevant data on the components constructing the actors’ preference. For the executive this means the collection of information on the share and interest of supporting interest groups and the effect on the economy of the new policy (see chapter three on Milner).

### **Case study database**

In the following chapters the results of the case studies will be given. It is important to know how these findings are constructed, which sources are consulted and with what result (Yin, 2003, 101). To provide this information a case study database has been made on both case studies, which provides rough information on the sources that were addressed. This database can be found in the annex. The database takes the form of a report of the sources that are investigated and of the presence or absence of findings in these sources. The sources that are found will be indicated in the following way: “Author (year). Title”. Full references of the sources that are used in the case studies can be found in the bibliography. A short summary of both databases will be given here.

#### *Summary of the French case study database*

No information was found which serves as direct information on the executive’s preference. Information found is mainly based on indirect information in the form of information from NGOs and arms companies. These written documents were complemented by two interviews, one with a director of a research institute and one with an officer of a NGO.

There was no data that provided for direct information on the legislature’s preference. Therefore this preference is derived indirectly from information on the impacts of the policy on the economy and interest groups. Information necessary to collect data on the legislature’s preference was found amongst the data that was collected for the preference of the executive.

For the executive-legislative relationship, eight sources have been found. Seven of these sources are expert papers on the power of the French president and parliament, most of them in the context of the EU. The other source, by the National Assemblée, provides information on the relevant articles in the French constitution about the parliaments’ rights related decision-making in the European Union.

Information needed to determine the presence and preference of endorsers could be found in the data collected in the search of the other variables’ data.

#### *Summary of the United Kingdom case study database*

For the collection of information on the executive’s preference, both direct and indirect information was used. Direct information contained government reports to the parliament. Indirect information comprises studies by authors publishing on arms export control and the UK defence industry.

Data on the legislature's preference found on the Parliaments' website in the form of reports of committees active in the decision-making and scrutiny of the governments' policy on arms export and the defence industry.

For the executive-legislative relationship, similar methods of data collection were used as in the French case. This resulted in three articles on the power of the UK's national parliament in EU decision-making and two sources by a committee of the House of Lords on scrutiny of EU legislation.

Data on the presence and preference of endorser(s) were found during the data collection on interest groups, as part of the indirect strategy to collect information on the executive's preference. Additional information on endorsement was found in the data collection process of the legislature's preference. Several sources have been found on the preferences of interest groups. Three sources from the House of Commons indicate which of these groups serve as endorsers.

### **Conclusion**

The case study databases confirm the assumption that it is difficult to gather information on this decision-making process, due to its technical nature, the low news coverage, and the closed doors on the COARM and Council negotiations. Gathering both direct and indirect information provided an outcome to these difficulties. For the French case study, the reliance on indirect information was higher than for the UK. Apart from the collection of written documentation, as is presented in the case study database, other sources of evidence have also been used. Two interviews were conducted, which provided additional information on the French case study.

## **CHAPTER SIX**

### **CASE STUDY: FRANCE**

France is chosen as a case study because it is the Member State responsible for blocking the adoption of the revised CoC as a Common Position until the end of 2008. France stated that it would not sign the Common Position until the Chinese weapon embargo would be lifted. Three years later, however, the revised CoC was adopted as a Common Position under the French presidency without lifting the Chinese embargo.

The variables, indicated in chapter three, will be used to examine the national preference of France on Common Position. The preferences of the political actors and the relationship between these actors will be examined. Thereafter the presence and preference of endorsers will be examined. This leads to a test of the hypotheses, whereby the results of the outcomes of the application of Milner's model will be compared to the hypothesized outcome and the position France took during the European negotiation process.

#### **Preference of the executive**

Before starting the analysis of the preferences of the French executive, the actor itself should be defined. In the analysis, the assumption of unity of the actor is used. This means that with 'executive' the complete executive branch of the government or cabinet is meant. In the case of France, a semi-presidential republic, this means that it consists of both the President, who is head of state, and the Prime Minister, who is head of government and additionally the cabinets of the both the President and Prime Minister.

Although foreign politics was for a long time the sole domain of the President, its powers are nowadays diminishing in the European day-to-day politics. The main reasons for this is that the Elysée's information provision is insufficient and the SGCI<sup>2</sup>, which is part of the governments administration, acts as a coordinating office for inter-ministerial issues related to European affairs drawing more power and information to the government (Szukala and Rozenberg, 2001, 228).

#### *Determining the executive's preference*

Since there is virtually no 'direct' information indicating the executive's preference, the preference is found by a study of the components that make up the executive's preferences. The central concern for the executive will be to stay in office. This drives the executive to make choices within the accepted boundaries. In the third chapter, this drive has already been discussed. Briefly, the executive should consider how policy choices would affect the state of the economy and keep interest groups satisfied.

#### Economy

Cooperation in the field of arms export policies has some consequences in terms of costs and benefits. Acceptance of the revised CoC means further cooperation in this area, by which these costs and benefits will be amplified. Further cooperation would mean not just lost in profits, in monetary terms, but would also affect negatively the control of arms exports as a national policy instrument.

Firstly, let us look at the implications for the economy of France in terms of money and profits. The biggest share of the arms produced in France is sold to national

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<sup>2</sup> Secrétariat général du Comité interministériel pour les questions de coopérations économiques européennes

end-users. However around 30% (in terms of value of the military sales) is exported to foreign countries (SIPRI, 2005). Hardly 15% of these exports is exported to countries within the EU (République Française, 2005, 49). A wider application of the CoC and more strict compliance with these rules limits the possibilities of export to non-European countries. In the framework of the old CoC Member State had a greater liberty to interpret the CoC and making it fit to national policies. Over the period that the 1999 CoC was in place, France repeatedly interpreted the guidelines differently. The revised CoC will limit the possibilities for France to give out export licences, in the first place because the scope of the Code is extended to brokering, transit and transshipment, and transfers of intangible software and technology (Anthony, 2005. The Working Party on Conventional Arms Exports, 2005). Secondly, the possibility of undercutting<sup>3</sup> other countries will be demised because the “political costs” of not respecting the interpretation of other Member States will be higher, since the arms export regime will get a legally binding status – a Common Position. In other words, this means fewer exports and thus less profit for the French defence industry, which would reflect on the economy. Thirdly, the legal status of the revised Code and withering of the application of the Code means that the French government is limited further in the use of arms export licenses as national policy instrument. When the Common Position is adopted, Member States will be obliged to have legislation in place, indicating in which cases a license is required for different export activities. Member States would however be allowed to apply more restrictive export standards. Even so, in the case of France, which had a less strict export protocol before the implementation of the 1999 CoC, this would not be favourable.

Pressure from NGOs and the constituency can be seen as externalities of the maintenance of the revised CoC without a Common Position status. The policy dissatisfies those who would like to see stricter rules on weapon export. A group of the important French and international NGOs (Oxfam France, 2002) demanded stricter export rules. They see the Common Position status as a necessity in coming to a better policy and in taking the next step toward the Arms Trade Treaty, which they advocate.

### Support of interest groups

To stay in office it is of vital importance to the executive to keep the encouragement of interest groups that support the government. In the first place, it is necessary to get as many parties “on board” so to avoid electoral trouble later on. Secondly, the executive must make sure to keep the confidence of the business because of their crucial role for the economy. Therefore, both societal actors like NGOs and other civil organisations, and the industry act as pressure groups on the executive. The executive is forced to give in to some of their interest to keep enough support to stay in office and be able to execute policies.

Pressure from societal organisations came mainly from the group of NGOs who combined their efforts in the “Control Arms” campaign. This group of NGOs consists of both French based and international NGOs and is lead by Amnesty International, “International Action Network on Small Arms” and Oxfam International. The French “Control Arms” platform consists of nine NGOs and has on official list of 28 supporting organisations and committees (Oxfam France, 2002).

With all of the NGOs working together in the “Control Arms” campaign they play a significant role as a pressure group because they represent a big stake and draw on a lot

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<sup>3</sup> An “undercut” is the passage of an export license for an “essentially identical transaction” which another Member State has denied.

of media attention. The main goal of the campaign was to achieve that legally binding instruments will be created, which will stop all transfers of arms in cases in which there is a clear risk that they may facilitate violations of human or international humanitarian rights. Supplementary to this the campaign demands more transparency and more means of control on arms transfers (Oxfam France, 2002).

The French branch of the campaign demanded from French Prime Minister that he exerts pressure on the European institutions to make the arms export regime legally binding and to strengthen its criteria (Oxfam France, 2002).

Because the NGOs combined their effort and spoke with a clear voice, both in France as in the rest of Europe, they were able to mobilize citizens and get media attention (Oxfam France, 2002). This means that the executive will be forced to respond and at the least give in to some of the points the NGOs made.

Next to the support of NGOs, the executive must keep the “business confidence”. This means that the executive should take into consideration the interest of the arms industry, which contains all industries and companies producing weapons, military technology and equipment. France has six big companies, which are specialised in one of the following terrains: defence sector, naval defence, high-technological systems, aviation, weapon systems, and missiles. Most of these companies are partially owned by the French state: Thales for 27% (Thales, 2007), DCNS for 75% (DCNS, 2008, 11), SAFRAN group for 30% (SAFRAN, 2009) and Nexter is fully owned by a holding company of the state (Nexter, 2008). The remaining two companies, Dassault Aviation (Dassault aviation, 2009) and MBDA (MBDA, 2009) are owned by holding companies, of which the state is one of the shareholders. Another important actor is CIDEF<sup>4</sup>, which represents about 80% of the defence industry and acts as an umbrella organisation for three sectoral defence industry organisations on the area of Aeronautics, ground defence, and naval construction (CIDEF, 2007).

The arms industry is important for France because it is one of the biggest suppliers to the French defence forces and additionally it provides a source of employment for about 160.000 employees (SIPRI, 2005). Maintaining these companies in France is not only of importance to the economy, but has also a political and military aspect. Keeping in these industries and businesses is a prerequisite for powerful French armed forces and military autonomy, In order for the French businesses to keep up with other (foreign) companies they should be able to produce a certain amount of goods to be able to stay in business and invest in research and development and this requires export (République Française, 2005, 39). Thus, it is of great interest to the arms industry and related businesses that the possibilities to export military technology and equipment are not further limited by new treaties and agreements.

Concluding, the executive has a great interest in keeping these businesses content and in keeping them profitable. This is because of the following reasons: the French government benefits from this as a major shareholder; the arms industry is a major source of employment and its business substantially adds to the French economy; and, perhaps the most important reason, the arms industry has a political and military strategic value.

#### Deliberation of the stakes

The stakes of supporting interest groups are clearly to be divided in to two camps, therefore it seems that the executive has to deliberate which supporting interest groups are most important to keep, or the executive has to find a standpoint, which is acceptable

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<sup>4</sup> Conseil des Industries de Défense Française

for both groups. Although earlier on it is argued that stricter European export rules means that the French exports will demise, these are not the conclusions of the French government. The government is convinced that the French legislation is already very high (Vercken, 2009), a conclusion that can be tied to this is that the government argues that once the Common Position is adopted the practice does not have to change much. Considering that the government has this view on the issue, the most logical position to take in will be to favour the Common Position, because this will largely satisfy the NGOs and this move will seem very sympathetic from the point of view of the constituency. France can on the other hand keep the business content, because as a government they state that the adoption of the Common Position will not change France's export policy.

This line of argument is consistent with the experience of an expert working on arms export issues for Oxfam France (Vercken, 2009). According to him, France has always been in favour of the revised CoC, and agreed to the Common Position status in principle. The reason why France stalled the formal adoption of the Common Position had according to him to do with the timing and requisite. Shortly after the revision of the CoC the United Kingdom was against the Common Position and France was in favour, but France's position changed over time because France wanted to finalise the Users Guide<sup>5</sup> before the adoption of the Common Position (Vercken, 2009).

Later on, the French government had given notice that they would not formally adopt the Common Position status as long as China is under weapon embargo. Over time, it became clear that there was no majority amongst the Members of the European Union to abolish the embargo and France found itself in an isolated position. According to the Oxfam expert (Vercken, 2009) France did not change its policy of linking the issue of the embargo on China and the juridical status of the Code, because of an internal discussion within the government. France's Ministry of Defence was in favour of the abolishment of the embargo and wanted to keep the link between the two issues. The Ministry of Foreign Affairs on the other hand was not in favour of this linking and wanted to adopt the Code as a Common Position (Grand, 2009. Vercken, 2009).

### **Preference of the legislature**

There is no direct information on the preference of the legislature, because the French parliament never discussed the juridical status of the revised CoC (Vercken, 2009) and the government never asked for their opinion. Therefore there are no documents on the issue and parliamentarians that were contacted were unwilling or unable to answer questions on the issue. The preference of the legislature is therefore derived indirectly, in the same way that has been done for the executive.

The central interest of legislators is to maintain office and seek re-election. To get re-elected they will usually choose policies that will enhance the economy and gain the support of their interest group constituents (Milner, 1997, 35). Thus, they have to take into account the same factors as the executive, but because both actors represent different constituencies, the type and importance of special interest in their constituency may differ, resulting in different preferences (Milner, 1997, 36).

In this case, it will be very likely that the preference of the legislature and executive lie very close to each other. The 12<sup>th</sup> National Assembly consisted of 47 percent of UMP and 35 percent of the Socialist party (Assemblée nationale, 2009a). The government consisted of a cabinet of ministers from UMP and both the president as the prime minister came from the UMP. Although a different preference can follow from the

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<sup>5</sup> The Users Guide sets out guidelines for the interpretation of the Code of Conduct on Arms Export.

difference in constituency of the executive and legislature, the most likely cause for a difference will be the power of the Socialist party in the parliament.

To get a better understanding of the legislature's preference the information on the economy and support of interest groups of the executive can be used. The interest groups that support the legislature are largely the same, but the difference in the deliberation of these interest and the effects of the policy on the economy are slightly different for the legislature. The links with the defence industry are somewhat less important for the legislature, because the Parliament does not play a role as stakeholder of these companies. For them the stake of NGOs weighted heavier, because these NGOs were able to draw a lot of media attention and mobilise citizens (Oxfam France, 2002). It will be even more likely that the legislature rather than the executive will favour a legally binding arms export regime. Reasons behinds this argument are: that the government only states that the policy practice will not change; economic effects of the new policy will have affect on the long term (Grand, 2009) and will mainly be invisible for the constituency; and there is high pressure from NGOs who managed to get public attention for the French arms export policy. A difference between the governmental UMP and parliament's division between the UMP and Socialist party does not change this. Therefore, it can be concluded that the legislature takes in a dovish position.

### **Executive-legislative relationship**

The power of the parliament vis-à-vis the government is constitutionally as well as historically weak since the Fifth Republic. The parliamentary power is especially limited on issues involving foreign policy, which has been the sole domain of the president since the beginning of the Fifth Republic. After the Maastricht treaty, some constitutional changes had to be made in France that changed supremacy of the executive. A new article that strengthens the parliament's power in the formulation of the French position during Council negotiations was added to the constitution, although the French Constitutional Council subsequently adjudged that parliament could not undermine the governments' prerogatives in negotiating European laws (Cole and Drake, 2000, 29). Article 88-4 "*oblige the Government to submit to Parliament every draft or proposal of Community instruments which contains provision which are matters for statue*" (Assemblée nationale, 2009b). This means that both chambers of parliament have the right to vote on proposals for European instruments before their adoption by the Council of Ministers of the EU. Motions passed by the parliament are not legally binding, but do have a political impact. These motions may strengthen the government's position, by using it to defend its position as an issue of national interest. A motion may also modify the government's position when the parliament adopts a position which is more bold than that of the government (Assemblée nationale, 2009b).

These new powers of the legislature can be seen as a complete break with French tradition (Ladrech, 1994. Rizzuto, 1995, 48), because the executive is no longer a sole player in international negotiations. On the other hand, this is not what can be seen in practice, where the dynamics of executive-legislative relation did not change (Ladrech, 1994, 76,77).

Although the parliament formally has the right to scrutinise Community instruments and has to be informed about all EU legislation under negotiation, this is often not the case. The French government applies a narrow interpretation of article 88, which means that they do not provide the parliament with legislation on second and third pillar issues. The government uses those resolutions that are useful to them in



negotiations on the EU level, but ignores those who are less convenient (Rizzuto, 1995, 56-57).

This results in a situation in which only a few European instruments are actually debated on in the parliament. Proposals for European instruments are first filtered on relevance by the Council of State and subsequently by the delegations of the National Assembly and the Senate. Of those proposals that pass through this process and become resolutions, only half have been debated on the parliament's floor. Moreover since June 1999, all resolutions have been approved without debate (Szukala and Rozenberg, 2001, 238).

The legislative powers of both actors in the decision-making on the Code of Conduct are as follows. The executive has the power to set the agenda and has the right of initiative. The legislature does not have these powers, but has the right to be informed on European proposals and to ratify them. This does not mean that they have a veto power or the right to amend the government's decision, because their motions do only have political effect (Rozenberg, 2002, 8). There are no possibilities to organise referenda by the legislature and the parliament is not in the position to make side payments. Although the formal rules give the legislature a number of instruments to counter the executive's power, the balance of power leans in the direction of the executive. A good example of the discrepancy in power, formally and practically, is the right of the Parliament to be informed of the evolution of the bargaining in Brussels. In practice information is not systematically given and it can be said that "*the more delicate a project is, the more difficult it is to obtain written information*" (Szukala and Rozenberg, 2001, 238).

Concluding, although newer laws gave the legislature more powers, in practice the executive still holds the strains. These findings are supported by studies on presidential and parliamentary. Kendall Metcalf studied six semi presidential Member States and scaled the power of the French executive as very high (Kendall Metcalf, 2000, 675). Saalfeld (2000, 370) measured the overall power of the legislature by looking at the rules and practices of resignation of the government; France score very low on a European scale. The lack of parliamentary involvement in EU affairs can also be seen as a sign that they do not have a lot of power on this area. France scored three on a scale of six in this behave (Rozenberg, 2002, 9). These findings echo through on the decision-making on the CoC. During the whole period of negotiations by the French government, no parliamentary discussion was held (Vercken, 2009).

### **Presence of endorsers**

None of the interest groups that have a stake in the French arms export policies or its regulations signaled the Parliament. The main cause for this is the lack of involvement of the Parliament. This is due to their limited power in the decision-making and monitoring process of decisions falling under the Common Foreign and Security Policy. Because none of the potential endorsers signaled the legislature, no endorsers were present.

### **Test of hypotheses**

In chapter three, the impacts of the variables on the national preference towards cooperation have been hypothesized. Now the predictions from these variables will be set off against the outcomes that follow from applying Milner's model. Summing up, the values of the variables are as follows. Both the executive and legislature can be characterised as dovish actors. The balance of power is highly skewed in favour of the executive. There were no endorsers present.

The findings on the preferences can be indicated schematically by placing the ideal points of the actors on a horizontal line. This line represents all possible values for the status quo ( $q$ ). Point  $f$  represents the draft EU proposal on the Code of Conduct. For this proposal, the “*Draft Council Common Position defining common rules governing the control of exports of military technology and equipment*” is taken as a basis. The text of this draft was agreed by the Permanent Representatives’ Committee on 30 June 2005 (Council of the European Union, 2006). This is the version of the text on which the Council negotiated on in July 2005 and December 2006.

The ideal point of the executive,  $p$ , is positioned close to  $f$  because the French government was in favour of endorsing the Common Position status of the Code. The ideal point of the legislature is placed between  $f$  and  $p$ , because it is assumed that this actor will be slightly more dovish than the executive. Figure 6.1 below represents the results.

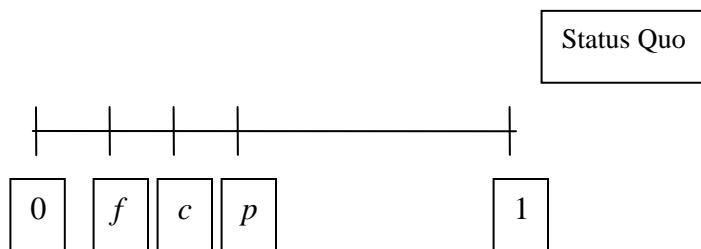


Figure 6.1

For such a setting of variables it is possible to test the third hypothesis, which indicated that a national preference of non-cooperation would be the result of the domestic decision-making process in case information is asymmetrically divided and there are no signals from endorsers. The exception named in this hypothesis does not apply for this setting because there is no ideal point of any endorser. To test if the hypothesis is correct and the national outcome will be non-cooperation, the model of Milner will be applied. Figure 6.2 below indicates the ideal points of the actors and the position of the EU proposal on the horizontal axis. All possible outcomes lie on the vertical axis.

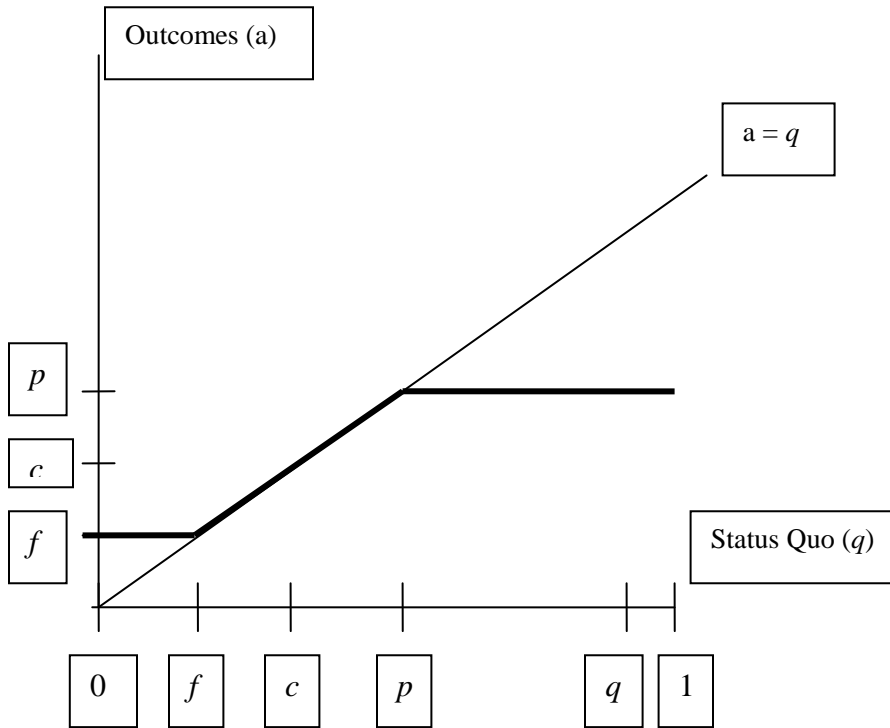


Figure 6.2

The thick line in figure 6.2 represents the equilibrium policy outcomes given the value of the status quo. The outcome of the model depends of the value of the status quo. In this model  $q$  is placed to the right of  $p$ . The distance between both points is larger than the distance with  $f$ . The executive is in favour of the EU proposal but based its opinion on their interpretation that this proposal will not mean a change in its policy practice. Therefore, the executive's ideal point lies more to the right of  $f$  and  $c$ . The legislature lacks the power of initiative, amendment and ratification. This means that the legislature has no real influence and the ratification game will look like an international game without domestic politics (Milner, 1997, 76-77). Thus, the French executive will initiate a proposal based on its ideal point  $p$ . This proposal lies closer to  $f$  than to the status quo. According to Milner the player with an ideal point closest to the status quo exerts greater influence (Milner, 1997, 76). Thus, cooperation will occur and the agreement will be based on the ideal point of the executive.

The findings from this model do not correspond with the assumption laid down in the third hypothesis. The main reason for this is that this hypothesis is based on a national decision-making process in which the legislature has some powers. In the case study we could already see that the legislature is no real player in the domestic decision-making process. The executive is the only actor necessary for domestic ratification. That yields the need to test another assumption in this case study. Based on Milner's theory on international negotiations without domestic politics (Milner, 1997, 76-77) we should assume that: *agreement is possible where the status quo takes in extreme values and the other actor's ideal point lies closer to the actor's own ideal point, compared to the status quo*. When this hypothesis is tested on the French case it corresponds with the outcome of the model. In this model  $p$  lies closer to  $f$  than  $q$ , which means that cooperation will occur.

When we compare the outcome of the model to the position that France took during the European negotiations we see that there is no one-on-one correspondence

between the outcome of the model and the French position. France did at first agree with the European proposal of the Code as a Common Position. However, later on it took a hawkish position and refused to sign the agreement as long as the weapon embargo on China applies.

### **Conclusion**

The test of the hypothesis from Milner's theory with the model of the French case study showed that there is a correspondence between the two. The outcome that follows from these findings is that cooperation will happen based on the preference of the French executive. These findings do not correspond to the position that France took during the European negotiations.

France had taken in a hawkish standpoint during the negotiations due to considerations of the executive which were not directly tied to the issue itself (Grand, 2009. Vercken, 2009). Internally the French executive balanced between improving its relationship with China and moving further in the field of arms export control cooperation. The executive was the only actor involved in the decision-making on national level; it was therefore possible to sustain this position for three years.

A change of government and a new president after the 2007 elections made it possible to change this policy. The new president had listened to both the arguments of the Ministries of Defence and Foreign affairs and decided to set out a new course. In making this decision two factors are of importance. Firstly, France did not want to block an EU policy during its leading role as president of the Union. Secondly, a strong link between the CoC and the Arms Trade Treaty and the upcoming meeting on the last issue made it impossible of holding a favourable position towards an ATT while blocking the Common Position status of the European Code of Conduct (Vercken, 2009).

From these findings, it can be concluded that the model predicted the national preference France had on the Common Position. The factors that are taken into account in the model are not the only factor that determined the behaviour of France during the EU decision-making process. This is the reason that there is a difference between France's national preference and the behaviour of the country.

The United Kingdom was among the first Member States to actively lobby for the first Code of Conduct in 1998 and the UK tried to assure that a revision of this Code would lead to a strengthening of the arms export policy. The question remains why the United Kingdom was a proponent of the revised CoC with a Common Position status whereas France opposed it, while both countries are comparable in other aspects, such as their large defence industry. To find the answer to this question, the case of the UK will be studied. We will examine the preferences of the executive and legislature; the relationship between these actors; and the presence and preference of endorsers. After these variables are described, the hypotheses will be tested by comparing the results of the outcomes of the application of Milner's model to the hypothesized outcomes and the position that the United Kingdom took in during the EU negotiation process.

### **Preference of the executive**

As the information directly referring to the preference of the executive is scarce both direct and indirect sources are used. A study of the executive's preference by looking at the economy and support of interest groups gives more insight in this preference and provides a valuable addition to the direct information.

The executive as an actor is assumed unitary; in practice, this is often different. In the case of the UK, the executive consists of: the Prime Minister, as head of government and head of the majority party; the cabinet; and the King. The Prime Minister is most influential; therefore, a study of the executive actor will mostly focus on the Prime Minister. From 1997 until 2005 Tony Blair, of the Labour party was Prime Minister. Before entering in office he launched a campaign to modernise the Labour Party and his party the "New Labour" won the elections in 1997 (Number10).

New Labour set out an ethical foreign policy. The foreign secretary promised to "*put human rights at the heart of our [the UK's] foreign policy*" and he said to be committed to stricter controls on arms sales (Richard Little and Mark Wickham-Jones, 2000). An analysis of the case will show if the position of the government on the new regulations on arms export are in line with this policy.

#### *Direct information on the executive's preference*

In diverse reports to the parliament, the executive has made statements about the revision of the CoC and the delay in the adoption of the Common Position. In the annual export report for 2002 the government stated that it is their objective to come to a more convergent European export control policy (Government of the United Kingdom, 2004). Written evidence of the "UK Working Group on Arms"<sup>6</sup> in a parliamentary report stated that "*there is no dispute among Member States regarding the content of the draft Common Position*" (The Defence Foreign Affairs International Development and Trade and Industry Committees, 2007, ev. 44). Another parliamentary report stated that the "*implementation of the revised Code of Conduct is stalled because of opposition from certain Member States, (not the UK which has been a keen supporter)*" (The Committees on Arms Export Controls, 2006).

The statement mentioned above shows the executive has been in favour of the Common Position. This was also brought forward in the annual arms export report on 2007, in which the government states, "*Unfortunately, COARM was not able to reach*

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<sup>6</sup> This group consists of the following NGOs: Amnesty International, BASIC, Christian Aid, International Alert, Oxfam, and Saferworld.

*consensus on the adoption of a Common Position to change the legal status... The UK stands ready to adopt this as soon as agreement can be reached, and in November 2006 subjected the Common Position to parliamentary scrutiny. The government continues to discuss the issue with other Member States in the hope of reaching consensus...*" (Government of the United Kingdom, 2008, 11). When the document on the Common Position was first put forward to parliament, the government stated in its Explanatory Memorandum *"The adoption of legally binding set of Rules by all Member States therefore represents a strengthening of common principles on defence export across the EU. The UK supports this strengthening of arrangements for exports worldwide"* (House of Commons, 2005b).

All direct information on the executive's preference indicates that the executive can be characterised as a dove. A study of indirect information on the factors constituting the executive's preference will be constituted in order to ground this finding. This will be done through analysing the impacts of the indirect information, which consists of an analysis of the impacts of the new policy on the economy and the influence of the presence or absence of support of societal groups.

### *Economy*

Over the last ten years several studies have been conducted which examine the impact of arms export on the British economy. There is no one-on-one relation between the effects of arms export on the economy in general and the impact of the new Common Position on arms exports. However, these studies give useful insight in the stakes of interest groups and considerations of the executive in making a decision on the Common Position.

The York report, a study conducted by experts of the Ministry of Defence (MoD) and experts at the university of Bradford and York (Chalmers et al., 2002). This study examines the economic costs and benefits of a 50% reduction in defence exports from the average level of 1998 and 1999. Their main finding was that the economic effects of a reduction in defence export are relatively small, and that arguments made on UK defence exports should be determined mainly by non-economic factors. This undermined the argumentation often made by the government, namely that defence exports are good for the British economy. The findings of the study were therefore undesirable, so they were published by the university of York in stead of by the Ministry of Defence (Brittan, 2003). In response to the York report the government said in the House of Commons that the *"Governments' policy supporting legitimate exports orders"* is *"primarily based on their contribution to our defence and security interest"* and help *"support a strong UK defence industry and contribute to our friends and allies"* (Curtis et al., 2007, 26).

Before the 1997 general election, Tony Blair had told workers at British Aerospace; *"the defence industry base is an integral part of Britain's overall manufacturing capacity, and Labour's commitment to a strong defence industry is an integral part of our security thinking"* (Little and Wickham-Jones, 2000, 10). The government did not let go of this way of thinking. In the MoD's "Defence Industrial Policy" of 2002 the government stated that *"We will continue strongly to support defence exports...address export promotion and improved access for UK industry in foreign markets"* (Government of the United Kingdom, 2002, 11). The government has made it clear that it aims to assist the local defence industry by improving market access and support exports, arguing that this will lead to reductions in unit production costs and help other exports (Dunne and Freeman, 2003, 7). Other arguments of the MoD to encourage exports are that the support of the defence industry brings benefits to other industry sectors. The application of military technology to civil products and exports can also

improve the economic strength of the defence industry (Government of the United Kingdom, 2002, 11).

Although the economical impacts are widely used by the government to ground their support for arms exports, the MoD stated that there are “*a very small number of capabilities which for national security reasons we would place a high priority on retaining within the UK industrial base. Examples exist in the fields of nuclear technology, defence against biological, chemical and radiological warfare, and some counter-terrorist capabilities*” (Government of the United Kingdom, 2002, 11).

Dunne et al. (2003) analysed the impact that a more ‘ethical’ arms export policy would have on Britain’s economy. According to their research, the importance of the defence industry to the economy as a whole has been diminished. They calculated the impacts of a stricter export policy by categorising the export destinations and calculating the amount of export licences given out for each category. Of the exports licences - in 2001 - 27,5 percent were given out for ‘highly sensitive’ destinations and 30,4 percent went to ‘intermediate sensitivity’ destinations. Based on these figures they argued that a moderate tightening of the export policy would cut arms export 19 to 27 percent, and a rigorous tightening would mean a 29 to 58 percent reduction (Dunne and Freeman, 2003, 14). However, a reduction of the export volume does not automatically mean that this will be bad for the economy. The researches join the conclusions of Chalmers et al. in their argument that a 50 percent reduction will lead to a so called modest one-off adjustment costs to the economy and job losses on the short term (Dunne and Freeman, 2003, 6). This means that a more restricted arms export policy would not lead to substantive effects on the economy as a whole. However, this does not take away the fear of the British voters to loose their job on the short term. Some regions and employers will be more affected by a change in policy than others will. These include those employed in the South-East, South-West and North-West region and those in the aerospace industry (Hartley, 2006).

In addition, costs are made in the government support of the defence industry. Costs include the alternative-use value of UK resources involved in arms exports, public subsidies, the costs of the Defence Export Services Organisation (DESO), and externalities (Hartley, 2006, 3-4).

UK resources include those of labour. Hartley (2006, 3) calculated that defence workers moving to other jobs because of a cut in production as a result of lower arms exports, move to lower productivity jobs. Thus, the employers in the defence export industries are likely to earn more than in an alternative job, which points to net benefits to labour from the UK defence exports, instead of net costs. The second category of costs, assistance provided by the governments to the arms industry, are the costs of: DESO, financial assistance for exports, military assistance and training, promotional support, and the possible use of overseas aid to support UK arms export (Hartley, 2006, 3). The total amount of subsidy for defence exports is estimated to be almost £230 million according to a study by Hartley (2006, 4) and between £453 and £936 million according to a study by Close et al. (2007, 4). For the last category of costs, externalities, estimations of value in money are even harder to make. Costs would include those of externalities such as a regional arms race, regional conflict, political and ethnical costs, and adverse effects of development programmes. Stricter export controls will mean that the costs of these externalities will be reduced, since the chance that exported goods will be “misused” will be smaller.

Different opinions have been expressed about the overall balance of payment and impact on the economy of a reduction in arms exports. Hartley believes that the

impact of the balance of payments of a one-third reduction in exports is relatively small. Other researchers like Close et al., who conducted a study for Saferworld (Curtis et al., 2007) even believe that a 50 percent reduction of exports would have a relatively small effect on the economy. The York report concludes that a 50 percent reduction in defence exports would result in a loss of around £40 to £100 million a year. This adjustment would involve a one-off cost adjustment of £0,9 to £1,4 billion. More speculatively, if the terms-of-trade<sup>7</sup> costs are included the costs of economic adjustment would increase to £2 to £2,5 billion. The biggest share of these cost will fall in the first years after the adjustment (Chalmers et al., 2002, 366).

Next to the overall economical impacts, keeping business confidence is also an important issue to consider in making policy choices. This aspect will be discussed in the section of interests groups in which the relation between the defence industry and the stakes of this industry are discussed.

The studies discussed above might have been used by the executive to get a better understanding of the implications that a more restrictive arms export policy, as a consequence of the Common Position, can have on the British economy. Summing up, consequences of a stricter export policy, resulting for the Common Position, will most likely be job losses and economic losses on the short term and a small negative impact on the economy on the long term. Hereby it should be noted that some regions and industries are more heavily impacted than others.

#### *Support of interest groups*

Although the British arms producing companies are privatised, the government still has a great interest in keeping these companies in the United Kingdom. Arguments made by the MoD in favour of exporting defence products are: exports can be used as a means of defence diplomacy; they enhance the interoperability with the Defence forces because exports contribute to building local operational capability; exports make longer production runs possible and thus spread fixed overhead costs making purchases cheaper; this also helps to maintain key sovereign capabilities in both the capacity and systems engineering skills (Government of the United Kingdom, 2005, 46).

The UK has six big companies that produce military equipment and technology. BAE systems is the largest defence company in Europe, and ranks third on a worldwide scale. Of the company's sales 75 percent is military equipment. BAE specialises in aerospace and defence and directly employs 100.000 people of which 34.000 in the UK. Other companies producing military equipment and technology are: Cobham, specialised in aerospace and defence with 9.000 employees; MBDA, a missile company with 10.600 employees; Rolls-Royce, specialised in defence aerospace with 38.000 employees; GKN, specialised in vehicles and aircrafts with 42.000 employees; and QinetiQ, a defence research company with a government share of 18,9 percent and around 4000 employees in the United Kingdom.

The government wants to “*provide the Armed Forces with the equipment which they require, on time, and at best value for money for the taxpayer*” and “*seek to maximise the economic benefit ... development of a high value technologically-skilled industrial base*”, they have chosen to “*strongly to support defence exports*” (Government of the United Kingdom, 2002, 4). The government tries to buy from British producers whenever possible, 85 percent of the MoD's procurement went through British

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<sup>7</sup> Terms-of-trade: increased costs of imports and reduced value of export earnings, in foreign currency terms, from the depreciation of the exchange rate that might result from loss of defence exports.



companies (Corporate Watch, 2002). Following this strategy, it is of vital interest to preserve competitive arms producing companies within the UK. The small number of producers and the monopoly that some of them have on the production of specific defence goods made the government amenable to comply with wishes of these companies.

BAE Systems is a good example of this; the company owns most of the surviving shipbuilding capacity, which puts them in a monopoly position. BAE has used this status on several occasions to influence the MoD (Corporate Watch, 2002). The government is sensitive to treats of relocation and job cuts, because BAE accounts for two thirds of all UK employees that are directly dependent on military exports (Goudie, 2002, 2). The relation between BAE and the MoD has become a concern for the British government. The government feared that investments, which they regarded as strategically important, would fail to occur because of the dominant position of BAE (Ward and Hackett, 2006).

The special relationship the government has with BAE systems stems from the links of the corporation with Members of Parliament, ministers, and Labour peers. And furthermore from the of funding that BAE provides for the Labour Party, the provision of staff to the MoD, representation in government Task Forces, the use of lobbying groups, and involvement in de education sector (Stravrianakis, 2005, 52-53). These links not only suggest that there is an overlapping interest, but also that there is an integrated elite that share a mutually beneficial relationship (Stravrianakis, 2005, 53). Stravrianakis (2005, 53) goes even so far to conclude that *“the arms industry has been incorporated into the UK state in such a way that, along with particular segments of government, it controls the direction of arms export policy”*.

It is clear that the interests of Britain’s defence companies are important to the executive. Obviously, it is in the interest of these companies to prevent further limitations in the form of a stricter arms export policy. However, it is unlikely that these companies have protested against the planned Common Position. Dunne and Freeman (2003, 6) found that in the time of the first CoC there have been hardly any complaints about the restrictions that were placed by the export criteria of the CoC. Neither did the effect that these restrictions may have on the economy. Their analysis is that the policy introduced in the late 1990s had hardly any significant impact on the level of arms exports. This is consistent with the findings from other sources (Curtis et al., 2007, 6. Stravrianakis, 2008, 13. Wheeler, 2003), which indicate that there is a difference between policy and practice in the field of arms export control. Therefore, there is no reason to assume that defence companies are interested in this new policy, because the do not expect there to be any changes in practice. This corresponds with the view of the government, which said that *“adoption of this common position would require amendment to this guidance, but not to any UK primary or secondary legislation”* (House of Commons, 2005b).

The discrepancy between the proclaimed ‘ethical arms export policy’ and the practice is often criticised by NGOs, including Amnesty International, British American Security Information Council (BASIC), Campaign Against Arms Trade (CAAT), Oxfam, and Saferworld. Stravrianakis (2005), who studied the influence of these NGOs on the governments arms export policy in relation to sustainable development, found that NGOs have more access to government under Labour than before. The less influential government departments appear to be most receptive to NGOs. Stravrianakis concludes that where arms companies influence the government from the inside, the NGOs lobby for influence from the outside and have to rely more on personal relationships and windows of opportunity to extort influence. According to her, this results in policy making driven by the interests of an elite network of actors, in which the concerns of NGOs are put in the second place (Stravrianakis, 2005, 53).

Although it is hard for the NGOs to influence the government, their opinion on the revision of the Code of Conduct and the changes of its juridical status does matter. All British NGOs are on the same side; all of them have called for a revised CoC with stricter rules, including more types of transfers, and for a Common Position status to make the Code enhance the profile of the Code (Curtis et al., 2007. European Union non-governmental organisations, 2004. Isbister and Kirkham, 2005. UK Working Group on Arms, 2004 . UK Working Group on Arms, 2006). They also join efforts, such as their communally published “Taking Control” report (European Union non-governmental organisations, 2004), which strongly recommends that the Code should transform into a Common Position. Being a proof of certain influence, the UK Working Group on Arms has also had evidence sessions with the Foreign Secretary.

#### *Impact on the executive’s preference*

To get a better understanding of the outcome which the factors “economy” and “support of interest groups” have produced, literature by Potters and Sloof (1996, 420-422) will be used. They analysed which factors contributed to success of interest groups in influencing political actors. In the core, these factors are: the strength of the group, the presence or absence of oppositional and coalitional groups, and the electoral pressures on the policy. These are used to analyse the decision made by the executive based on an assessment of the effects of the decision on the economy and on the relation with supporting interest groups.

Beginning with “strength of the group”, both groups of supporting interest groups are strong. They both represent a well-organised and highly represented group, actively pursuing their interests. Secondly, groups can be studied as oppositional and coalitional groups. On this policy there was a clear coalitional group of NGOs working together to influence the executive. An oppositional group was missing, because the group of companies did not show interest in this specific issue and refrained from actively influencing the executive on this decision. Thirdly, from the policy choice can be seen as a trade-off between the benefits from compliance with the wishes of interest groups supporting the executive and costs in the form of potential electoral damage. In this case there was a clear demand from the group of NGOs to strengthen the arms export policy and strive for a Common Position. Electoral pressure was however low and diffuse, the issue did not enjoy a lot of media attention and only came up when the issue of the Chinese arms embargo was discussed.

#### *Conclusion*

The evaluation of the three factors, as mentioned above, implied for the executive that it is most beneficial to take a dovish standpoint on the Common Position. Namely, the effects on the economy will be small, the businesses and industry are not concerned with the new policy, and NGOs would be pleased to see the government taking the next step. These findings based on indirect information on the executive’s preference do comply with direct information on the executive’s preference, and thus reinforce the conclusion that the executive can be characterised as a dove.

#### **Preference of the legislature**

It is hard to investigate what the ideal preference point of the median legislator is. For this case study there is a lot of useful information on the reaction of the Houses of parliament. It is much harder to determine who the median legislator is, and which

preference this Member of Parliament has. Because the parliament has already scrutinised the proposal, this procedure will be studied to examine the preference position of the legislature as a whole.

#### *Scrutiny by the legislature*

The government has put forward a proposal on the Common Position in parliament twice. First in March 2005, when the topic was on the agenda of the EU's 'General Affairs and External Relations Council' (GAEREC) meeting on 18 July. The second time was in November 2006, just before the GAEREC meeting in December.

In 2005, the Explanatory Memorandum was studied by the Select Committee on European Scrutiny. They noted that there was no mention of the controversial elements of the proposal. With this they particularly referred to the opposition of the US administration to the proposed lifting of the arms embargo on China. On this issue the Committee said that Member States would favour lifting the embargo once the revised Code is in being. Because of its controversial nature, the Committee decided to recommend it for debate in European Standing Committee B (Select Committee on European Scrutiny, 2005).

During the discussion in the European Standing Committee, three members (of the conservative party) questioned Minister Howells about the link between the decision on the Common Position and the lifting of the Chinese arms embargo. In this discussion the minister made clear that the government did no longer linked the two issues (European Standing Committee, 2006). Because this was the main concern, one of the Members of Parliament of Conservative concluded the discussion by saying that "*if this code of practice—adopted as a common position or otherwise—can be effective in helping to prevent that [ensuring that the more advanced and developed weapons technologies do not fall into the wrong hands], it will be performing an important function*" (European Standing Committee, 2006). A few days later the House of Commons "*agrees with the Government that the Common Position will be an improvement to EU arms control*" and agrees with this decision (House of Commons, 2005a).

When the proposal was put forward a second time, a year later, the House of Commons cleared it within a few days (Select Committee on European Scrutiny, 2006). The scrutiny procedure by the House of Lords resulted in a letter of the 'Select Committee on EU' to the minister. They did clear the proposal, but put forward some comments on the Common Position, which they entrusted the government to take into account during the negotiations. Member of the Committee preferred some changes in the wording of the text on of some of the Common Positions criteria, intended to strengthen the criteria and make them less ambiguous (Select Committee on European Union, 2006a).

#### *Other sources*

The Committee on Foreign Affairs recommended the government in 2004 to set out for a Common Position status of the Code. The UK government did not want the Code to be a legal document, subjected to Qualified Majority Voting and enforceable by the European Court of Justice (Select Committee on Foreign Affairs, 2005, 96). Regarding the content of the revised Code and Common Position, the same Committee recommended the government to use the presidency of the EU to initiate a review on Criteria two (Select Committee on Foreign Affairs, 2005, 103).

Following the above information and the outcome of the scrutiny procedure it is clear that the legislator can be characterized as a dove, taking in a preference point close to the proposal at the EU level (point f).

### **Executive-legislative relationship**

The overall executive-legislation relationship in the United Kingdom differs greatly from France. The doctrine of ‘parliamentary sovereignty’, which means that statutes passed by parliament are supreme and functions as the final source of law. This is slightly different for international law; procedures for national scrutiny of EU legislation have developed over the last two decades.

The Parliament has the right to scrutinise European agreements and proposals. Since New Labour this also includes those of second pillar issues (Carter, 2001, 406). Scrutiny in this context is; “*process of examination and analysis of the proposals and actions of those responsible for government, with a view to ensuring they are accountable to Parliament for their actions*” (Select Committee on the European Union, 2002, 9). There are two aspects of parliamentary control in this process. Firstly, by ex-ante control on the content of legislation. Before a government’s decision reaches the Council of the European Union, the parliament can influence this decision. Secondly, the scrutiny reserve ensures accountability from the part of the government (Carter, 2001, 401).

Until the proposal is scrutinised the government cannot agree on any legislative proposal in the Council of Ministers, except if there are special reasons for doing so. The government can override this procedure, but these overrides are published twice a year and have political implications (Select Committee on European Union, 2006b).

Both Houses of Parliament scrutinise the proposal after the government has presented the document together with an Explanatory Memorandum. If the parliament differs from the opinion of the government, they have the ability to retain the proposal under scrutiny and call for evidence. This can lead to correspondence with the Minister, a short report, or a full analysis in the form of a substantial report which will be debated in the House (Select Committee on the European Union, 2002).

Looking at the procedures, the UK scrutiny process is similar to the procedures in France. Rozenberg (2002, 8) categorises both national parliaments as having scrutiny over EU legislation and the ability to express its views, but having no legal ability to change to government’s position. There are however differences in the impact and influence of the parliament’s scrutiny. Whereas Bergman (1997, 377) assesses the French process as weakly binding, because it only entails the exchange of information, he assesses the UK process as moderately binding, because the level of scrutiny extends beyond the exchange of information. Bergman (1997, 379) writes about this that “*the process of scrutiny is more substantial and it is largely assumed that a government will not depart from the position of the parliament unless there are compelling reasons to do so*”.

The UK parliament does not have the legislative powers to set the agenda, to initiate policies, or even to amend or veto the proposal on the Common Position on arms export. While looking at the institutional powers, the executive is the most powerful. The executive-legislative balance on the decision-making process under examination is different. One should take into account that there are political costs tied to overriding the scrutiny procedure. This means that the parliament can informally amend proposals by the executive, but the executive will still be able to use a veto to this amendment. According to Milner, the outcomes in such a setting will lie closer to the legislature’s preference, relative to other settings (Milner, 1997, 115-116).

### **Presence and preferences of endorser(s)**

One batch of interest groups clearly acts as endorser on the proposal. This is the UK Working group on arms (UKWG), giving out a unified signal to parliament. The UKWG has provided the legislature with information on several occasions. Most clearly, this can be observed by their reports and briefings to parliament committees, and secondly by their presence at these discussions. The one interest group, most actively informing and influencing the parliament is Saferworld, who on several occasions also acted alone. For purpose of this research the UKWG and Saferworld will be studied as one endorser, because Saferworld is one of the five partners in the UKWG and, for the action they have taken separately, they took in the same stance.

Over the period of March 2004 until January 2006, six briefings or submissions of the UKWG/Saferworld have been presented to parliament. Most of these went to the ‘Committees on Arms Export Controls’, the former ‘Quadripartite Select Committee’<sup>8</sup>. Two other documents are briefings to all parliamentarians of debates on “defence in the world” (Saferworld, 2004a) and “defence procurement” (Saferworld, 2004b).

The early contributions, of 2004 were about strengthening the criteria of the Code of Conduct and enhancing its impact, since the document was still under revision (Saferworld, 2004a. Saferworld, 2004b. UK Working Group on Arms, 2004 ). In 2005 and 2006 the contributions were about the revised CoC and the link with the Chinese embargo (Saferworld, 2005. UK Working Group on Arms, 2005. UK Working Group on Arms, 2006). UKWG/Saferworld recommended the embargo not to be lifted and that “*The Government must demonstrate firm leadership in insisting that unrelated political disagreements do not in future disrupt EU export control initiatives*” (UK Working Group on Arms, 2006, 14). On the content of the Code, they tried to focus the attention on criteria 8, which they believed needed improvement.

Minutes of Proceedings of the Committee (The Committees on Strategic Export Controls, 2004-2005. , 2005-2006. , 2006-2007) show that representatives of Saferworld, Amnesty International and Oxfam presented oral evidence to the committee several times.

Concluding, the involvement through the “formal” channels with the parliament provides clear evidence of the provision of information to members of the parliament. In this role, UKWG/Saferworld positions itself as an endorser. Based on the study of the UKWG and Saferworld as interest groups it can be concluded that this endorser takes in a dovish position on the Common Position status.

There is no clear evidence that other interest groups also functioned as endorsers on the issue of the Common Position. Although representatives of various British companies from the defence sector have provided oral evidence at some of the ‘Committees on Strategic Export Controls’ meetings, it is not clear if they provided information on the Common Position itself or other subjects that were also discussed at these meetings. There are also no documents of written evidence of these companies to the parliament. The paragraph on the executive’s preference showed that these companies did not take in a clear stance on the Common Position. Therefore, they shall not be seen as endorsers.

### **Test of hypotheses**

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<sup>8</sup> The QSC consists of the Select Committees of; Business and Enterprise, Defence, Foreign Affairs and International Development. They have worked together since 1999 to examine the Government’s policy on strategic export controls.

In chapter three, the impacts of the variables on the national preference towards cooperation have been hypothesized. Now, the predictions from these variables will be set off against the outcomes that follow from applying Milner's model. Summing up, the values of the variables are as follows: the political actors have a dovish preference, there is an endorser present, who has a dovish preference, and the balance of power is skewed towards the legislature. Therefore, none of the hypotheses selected in chapter three can be tested, because they assume that there is divided government and a specific institutional setting.

The balance of power between the executive and legislature can be categorised as an 'amendment-veto game'. The outcomes that might follow from such an institutional setting depend on the ideal points of the actors. In this case, the legislature is slightly more dovish than the executive, which makes the executive a hawk. These relative positions will be explained in the analysis below. Based on this configuration, Milner's assumptions on the outcomes of such an institutional setting can be tested. The outcomes that are assumed to result from such a setting will lie on the thick line indicated as #3 in the model depicted in figure 7.1 below (Milner, 1997, 114).

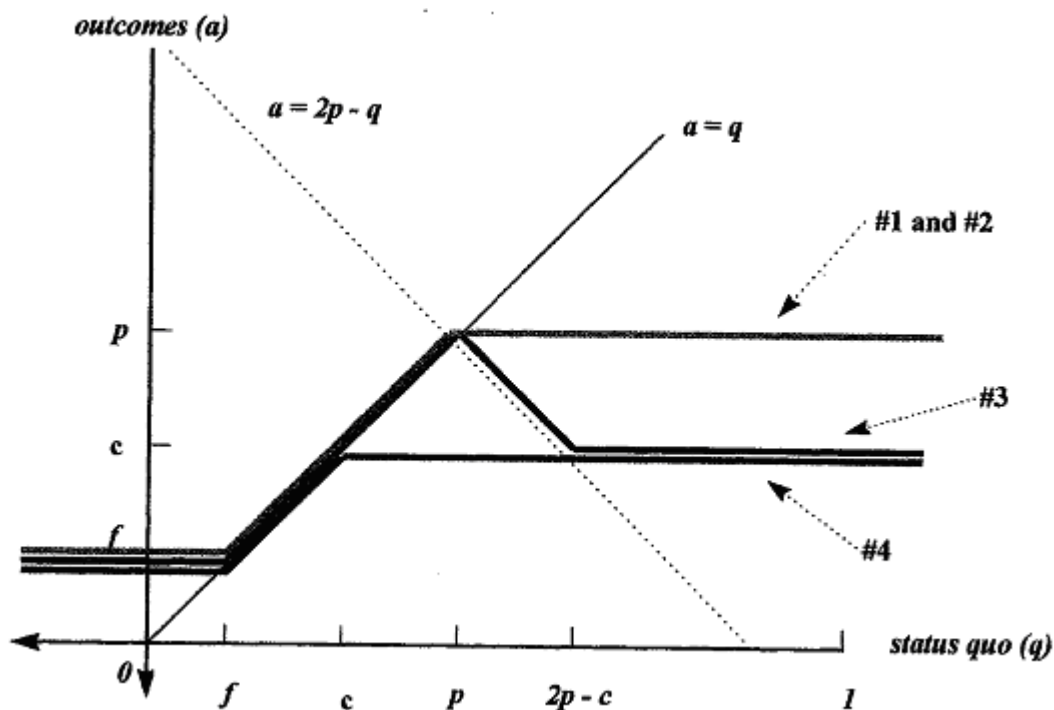


Figure 7.1: four institutional games,  $c < p$

If Milner's model is correct, such an institutional setting leads to the maintenance of the status quo, where the value of the status quo is low. In case the value of the status quo is large, the outcome can be either  $p$ ,  $c$ , or somewhere in between, depending on the value of  $q$ .

To see if the national preference results to cooperation in the UK case, the preferences of the actors will be put on a singular line to create a model predicting the outcome of the national ratification game.

The horizontal line, on which the ideal points are indicated, represents all possible values for the status quo ( $q$ ). Point  $f$  represents the draft EU proposal on the Code of Conduct. For this proposal the "Draft Council Common Position defining common rules

*governing the control of exports of military technology and equipment*” is taken (Council of the European Union, 2006).

The ideal point of the executive,  $p$ , is positioned somewhat to the right of  $f$  because the UK government was clearly in favour of endorsing the Common Position status of the Code, but wanted to give it another juridical status in an earlier stage of the negotiation process. Although the parliament had some questions about the link between the decision to be made on the CoC and the arms embargo on China, they have always been in favour of the contents of the EU proposal. The legislature proposed to negotiate for a Common Position status. The ideal point of the legislature is therefore placed between  $f$  and  $p$ . The endorser strongly favours any improvements on the CoC. It has taken in a position in which the Common Position status and the extension of criterion two will be a minimum precondition if any new agreement is made. Therefore, the endorser,  $e$ , is placed to the left of  $f$ , because ideally they would favour more strict rules on export of military equipment and technology, when politically possible. Figure 7.2 below represents the results.

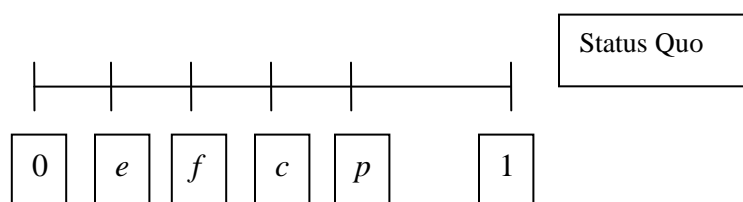


Figure 7.2

This constellation of ideal points matches that of the figure presented above. If Milner is correct we can, with the knowledge of the place of the status quo ( $q$ ) on the horizontal line, predict what will be the outcome. The value of the status quo,  $q$ , will take in a place on the far right of the horizontal scale, because all ideal points of the domestic actors lie relatively close together and close to the proposed agreement under  $f$ . Because  $q$  is much bigger than  $2p-c$ , the outcome will not be a proposal based on the executive’s ideal point. It will be an agreement based on the ideal points of the legislature, as is presented by the horizontal line for values of  $q$  bigger than  $2p-c$ .

This model is based on a setting of variables in which information is symmetrically divided. Milner does not provide for a model, which combines these institutional settings with a setting in which information is asymmetrically divided and an endorser is present. The assumption that is made here is that the outcomes of the ‘amendment-veto game’ are not affected by a change in the settings off the division of information and the presence or absence of endorsers. This can be shown if we put the variables for the UK case in the model below.

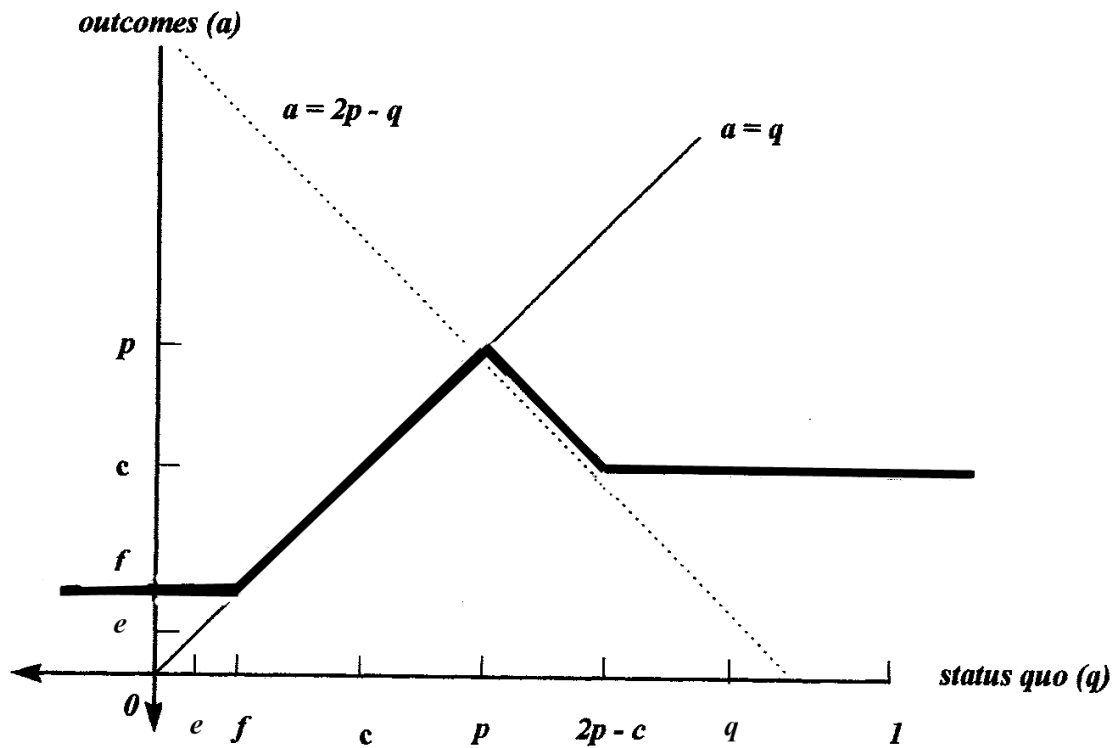


Figure 7.3

This model showed that the executive would most likely initiate a proposal based on  $p$ . This proposal will not be endorsed by  $e$ , because it lies too far away from its ideal point. If the endorser does send a signal to the legislature, it will be too amend the proposal. When the legislature sets the proposal on its own ideal point, this will be endorsed, because it lies close enough to  $e$ . The executive will not veto this proposal because it lies much closer to its own ideal point than to  $f$ .

According to the hypothesis based on Milner's theory, the outcome will be a national preference to cooperate in case the new agreement includes a Common Position status of the old Code of Conduct on Arms Export. These findings correspond to the position that the United Kingdom took during the EU negotiation process over this document.

### Conclusion

In this case study the assumptions from the hypotheses correspond with the outcomes that follow from Milner's model and the position that the United Kingdom took during the negotiation process. Two conclusions can be drawn from these findings. Firstly, the theory and model of Milner have proven to be of value, because they can be applied on this case and provide explanations for the dependent variable. Secondly, the literature of Milner helped to analyse the case itself. It gave more insight in the domestic factors and processes that resulted in the cooperative behaviour of the UK in the EU decision-making process on the revised CoC.

A comparison of these findings with the case study of France will allow a comparison of the results of the explanatory value of Milner's theory. It also allows for a comparison of the results of the national preferences in relation to the difference in outcome of the position that Member States took in during the decision-making on the juridical status of the Code of Conduct.



## CHAPTER EIGHT

### CONCLUSION

The purpose of this research is to find out why some Member States agreed on a Common Position status of the original Code of Conduct on Arms Export, and why others refrained from doing so. The ‘national preference’ of Member States is chosen as a dependent variable. After conducting a literature review the theory of Milner is chosen. This theory indicates interests, institutions, and information as independent variables that influence the possibilities and terms of international cooperation. The choice for this theory is made, because of its focus on domestic factors and processes, which are assumed to be essential for the difference of agreement between Member States.

Six independent variables are singled out from Milner her theory. The impact of these variables depends on the different settings of these variables. Because the impact of some of these settings are more straightforward than others, and not all could be summed up, a few settings have been selected. These settings are casted into hypotheses.

The case studies were conducted to test the hypotheses. This was done by an analysis of five of the dependent variables. The findings were illustrated by positioning the different preferences of the actors on a horizontal line. For both case studies, it became clear that the four selected hypotheses could not be applied. Both cases had a different setting of variables, therefore new hypotheses were drawn from the theory of Milner.

Both case studies resulted in different findings. In the case study on the United Kingdom correspondence was found between the hypothesis, the outcome of the model, and the position that the UK took in during the European negotiations. In the case study of France, there was no correspondence of the outcomes of the model, with the position France had taken during the negotiations.

In the case studies itself, two conclusions were drawn. Firstly, in the French case there were other factors influencing the *position* France took, during the negotiation process. Secondly, Milner’s theory did predict the ‘*national preference*’ of both Member States, and it provided valuable insight in the way it is constructed.

Based on a comparison of the outcomes of the two case studies, it can be concluded that Milner’s theory is not suited to give a full explanation of the terms and possibilities of European Union negotiations. There are two arguments for this. Firstly, the model predicts the national preference and the different choices of action that the home country’s government will make given a fixed proposed agreement. Therefore, the model does not take into account the specific characteristics of EU negotiations. In practice the ‘proposed agreement’ is often not a fixed proposal that is offered by one Member State, and that can only be accepted or declined by another. Often it is a proposal, which is open for amendment and will change over time, until all Member States can agree on its form and content. Secondly, in reality the negotiation process over an international agreement rarely takes place on a single issue. Often some form of ‘issue linking’ takes place, by which a Member State’s agreement over one issue is secured in exchange for the other Member States agreement over a second issue.

Despite the finding that there are limits of the application of the theory of Milner, the research on the case studies did result in finding the preferences that these two Member States have on the Common Position status of the CoC. Generalisation from two cases to 25 (Member States) is not possible, but these findings do give an insight in the reasons why some Member States did and did not agree with the proposal. Based on the national preferences, it can be concluded that both Member States wanted a Common

Position on arms export. Based on the difference with the position that one of them took in, it can be concluded that the reason of non-agreement is not based on the national preference, but on other factors.

This does give an answer to the research question, to the extent that we have examined some of the factors that might explain the difference. We learned that they did not explain the different outcomes. In the French case study some assumptions were made about the 'external' factors that were not taken into account. The most important factor is 'issue linking'. Further research on the Code of Conduct decision-making process should therefore focus on this aspect, and test if this gives a viable explanation for the differences of agreement between Member States.

## ANNEX ONE CASE STUDY DATA BASE

### **Database of the French case study**

#### *Preference of the executive*

For the case of France, it was very difficult to find information on the preference position of the executive. Through a search of different instances of the government, the parliament, newspapers, specialised journals, publications of research institutes, data was scanned for information on the preference of the executive. It proved very hard to find direct information on the preference position. Underneath an overview of the different sources is given to provide an oversight of the research conducted to gather data. The main strategy used to scan the sources for relevant information is scanning the website on relevant key words with the use of Google. Keywords that were used are “Code of Conduct”, “arms”, “export”, “revised”, “government”, “policy”, “European code”, “Common Position”. For each website different combinations of the keywords were used and in case the website contained information in French, the French equivalent of the keywords was used. The search was further specified by examining only those documents published between 2003, the beginning of the review process, and 2006, the year after the review was finalised.

The first starting point was a research of different instances of the government. Hereby the following websites were scanned:

- Ministry of Defence ([www.defense.gouv.fr](http://www.defense.gouv.fr))
- Ministry of Foreign Affairs ([www.diplomatie.gouv.fr](http://www.diplomatie.gouv.fr))
- Government Portal of the Prime-Minister ([www.premier-ministre.gouv.fr](http://www.premier-ministre.gouv.fr))
- Présidence de la République. “Archives de la Présidence de M. Jacques CHIRAC 1995-2007”. ([www.elysee.fr/elysee/elysee.fr/francais\\_archives/actualites/a\\_1\\_elysee/2007/mai/declaration\\_televee\\_de\\_m\\_jacques\\_chirac.76615.html](http://www.elysee.fr/elysee/elysee.fr/francais_archives/actualites/a_1_elysee/2007/mai/declaration_televee_de_m_jacques_chirac.76615.html))
- Présidence de la République. ([www.elysee.fr/fr](http://www.elysee.fr/fr))

This search brought out two useful sources giving indirect information on the governments preferences. These are the following sources:

- o Premier-Ministre (unknown). Fiche no. 12.7
- o Ministère de la Défense (2005). Rapport au parlement sur les exportations d’armement de la France en 2004.

Other reports by the government on the French arms export policy were found, but these reports did not provide any information on the government’ preference on the CoC regime. These reports are:

- o Ministère de la Défense (2006). Rapport au parlement sur les exportations d’armement de la France en 2005.
- o Ministère de la Défense (2008). Rapport au parlement sur les exportations d’armement de la France en 2007.
- o Chirac, J (2005). Lutte contre la prolifération, maîtrise des armements et désarmement : l’action de la France. / Fighting Proliferation, Promoting Arms Control and Disarmament: France’s contribution

The second starting point of the research is the documentation of the ‘*Centre du Documentation et de Recherche sur la Paix et les Conflits*’. Their website (CDRPC) provides a list of revues in the area of defence, defence industry, economy and society, development, international politics, peace and conflicts and international organisations. In

total this list consists of 54 sources, of which 23 were scanned on their contents. Another 14 could not be found or were no longer in order. Because this did not result in any relevant direct information on the preference of the actors and the remaining items on the list seemed less relevant, the remaining items were not used. Below there is a list of the reviews that have been scanned, however this did not result in any relevant data sources.

- Arès ([www.aviationweek.com](http://www.aviationweek.com))
- Défense Nationale ([www.defense.gouv.fr](http://www.defense.gouv.fr))
- Air & Cosmos ([www.aerospacemedia.com](http://www.aerospacemedia.com))
- Jane's defence weekly
- Journal Rotor ([www.eurocopter.com/wi/jroter](http://www.eurocopter.com/wi/jroter))
- Planet Aerospace ([www.aeropresse.com](http://www.aeropresse.com))
- Revue Aérospatiale ([www.aeropresse.com](http://www.aeropresse.com))
- Alternatives Economiques
- Impact Entreprises
- Agir ici ([www.agirici.free.fr](http://www.agirici.free.fr))
- Peuples en marche
- Alternatives Internationales
- Le Monde Diplomatique
- Agir ensemble pour les droits de l'homme ([www.aedh.org/agir](http://www.aedh.org/agir))
- Les Cahiers de la réconciliation
- Les Chemins de la Paix
- Chronique d'Amnesty International
- Combat pour la Paix
- Courant Alternatif ([www.aclibertaire.free.fr](http://www.aclibertaire.free.fr))
- Le Journal de la Paix ([www.paxchristi.ccf.fr](http://www.paxchristi.ccf.fr))
- BASIC reports
- Disarmament Diplomacy
- Disarmament Times

To find research institutes that may have published articles and studies on the arms export policies of France, Google France was used to find these institutes. The following institutes were scanned for relevant publications:

- IRIS (Institut de Relations Internationales et Stratégiques)
- IEHEI (Institut Européen des Haute Études Internationales)
- IIES (Institut International d'Études Stratégiques)
- IRENEES (Institut de Recherche pour la Paix)
- IFG (Institut Français de Géopolitique)
- IRGEI/CEDRE (Institut de Recherche sur la Gouvernance et l'Économie des Institutions / Centre d'études sur la défense et ses retombées économiques)

IRIS is the only source of publications on the subject that might be possible to use as indirect information and contained information on the case of the UK in stead of France.

- Maulney, J (2006). Politique industrielle ou patriotisme économique dans l'armement?
- Blance, G. le and S. Matelly (2006). Vers de nouveaux régimes de contrôle des exportations d'armements : la case du Royaume-Uni

Another institute, found early on in the research process, that serves as a source of information is SIPRI (Stockholm International Peace Research Institute). For the case study the "military expenditure and arms production project" data were used as indirect information on the actor's preference (SIPRI, 2005).

The last step was to scan the media and political parties for articles and press releases for any direct information on the preference of the executive. A hand full of French newspapers and weekly or monthly magazines were scanned. The only reverence to the subject were some articles on the revision of the CoC and weapon embargo, which were very general and did not give any information on the point of view of the executive or political parties. On the websites of the political parties there was hardly any reverence to the French arms export policy and no information was given on their points of view or that of the government. The following websites were searched:

Media :

- La Croix
- Le Monde
- L'express
- Le Monde Diplomatique
- The Connexion

Political parties:

- UMP
- Group Socialiste
- UDF
- Group de députées communistes et républicaines

As expected, it proved very difficult to find data serving as direct information on the actors preferences. Therefore an indirect approach is taken in the French case study to explain the executive's preference. Data that was used to explain this is found on the websites of companies in the French arms industry, the syndicates of these companies and on the websites of NGOs. To find the relevant information on the stake of the defence industry and the impact on the economy, company information was taken from the websites of the biggest companies. Websites of well known NGOs provided information on a collective campaign of these NGOs and a number of smaller NGOs and organisations. Oxfam France co-ordinated the campaign in France and their website provided information relevant for the case of France. Sources that are used are:

- Thales (2007)
- DCNS (2008)
- Safran (2009)
- Dassaut Aviation (2009)
- MBDA (2009)
- CIDEF (2007)
- Oxfam France (2002)

To get more information from experts working topic of arms control, Oxfam France was contacted as a representative of the French 'Control Arms' platform. This resulted in a telephone interview with Nicola Vercken, a conflict advocacy officer at the Paris office. He gave an expert insight in the governments' position on the Code. The results of the telephone conversation are represented in Annex 3.

After the search for written documents on the preferences of the French executive and the first analysis of the case efforts were made to contact journalist who wrote articles on the subject for newspapers. Therefore, journalist writing on the topic of the French arms industry and arms export at Le Monde Diplomatique, L'Express, La Tribune and Le Monde were contacted. One of these journalists referred me the director of the 'Fondation

pour la Recherche Stratégique' (FRS). Before any contacts were made documentation of this institution (<http://www.frstrategie.org>) was scanned for relevant publications, but without any result. It was difficult to contact these journalist and not all of them were able to give information. Therefore only one interview resulted out of these contacts. This is the interview with the director of the FRS, Camille Grand. The notes of this interview can be found in appendix 4.

#### *Preference of the legislature*

To get direct information on the legislature's preference the website of the National Assembly ([www.assemblee-nationale.fr](http://www.assemblee-nationale.fr)) was searched for documents published by the Parliament or parliamentarians. There are no documents published by the legislature on the issue of the juridical status of the Code. To inquire for further information contact was made with the committees of European affairs, international affairs and defence. The only information they were willing, and able, to give are two documents on defence exports, which did not provide for the right information. Contact was made with one of the parliamentarians who wrote a report on the French defence exports. This parliamentarian did not give any relevant information.

Because of this lack of direct information, the preference of the legislature is derived in indirectly from information on the impacts of the policy on the economy and interest groups. Information that was needed to do this could be found amongst the data that was collected for the preference of the executive.

#### *Executive-legislative relationship*

To find information on the division of power between the French government and parliament, literature on the French division of power and the French parliament and the European Union was searched for on Google Scholar. Key words that were used are: "division of power", "power president", "power parliament", "EU legislation", "national parliaments decision-making European legislation". Secondly information on the website of the French National Assemble is used. This resulted in the following sources:

- Assemblée nationale. (2009). The national assembly in the French institutions.
- Cole, A. and H. Drake (2000). The Europeanization of the French polity: continuity, change and adaption.
- Kendall Metcalf, L. (2000). Measuring Presidential Power.
- Ladrech, R. (1994). Europeanization of Domestic Politics and Institutions: The Case of France.
- Rozenberg, O. (2002). The Involvement of National Parliament in European Union Affairs. An empirical test of two variables.
- Rizzuto, F. (1995). The French parliament and the EU: Loosening the constitutional straitjacket.
- Szukala, A. and O. Rozenberg (2001). The French Parliament and the EU: Progressive Assertion and Strategic Investment.
- Saalfeld, T. (2000). Members of parliament and governments in Western Europe: Agency relations and problems of oversight.

### **Database of the United Kingdom case study**

#### *Preference of the executive*

To find the preference of the executive both direct and indirect information were searched for. The starting point was the website of the Ministry of Defence ([www.mod.uk](http://www.mod.uk)). Here the following sources came from:

- (2005) UK Strategic Export Controls. Annual report 2004
- (2006) UK Strategic Export Controls. Annual report 2005
- (2002) Defence Industrial Policy
- (2005) Defence White Paper
- (2003) First Review of the implementation of DIP
- (1998) The Strategic Defence Review

Additional information on the executives preferences came from the governments website “Number10” ([www.number10.gov.uk/](http://www.number10.gov.uk/));

- Biography Blair.

The website of the Ministry of Foreign Affairs ([www.fco.gov.uk](http://www.fco.gov.uk)) did not contain additional information on the governments’ position on the revised CoC.

Next to this information released by the actor itself, other sources giving indirect information on the executives preference have been found through using Google to find key words relating to ‘arms export policy’ and ‘code of conduct’. This resulted in the following sources:

- Dunne, P. and S.P. Freeman (2003). The Impact of a Responsible Arms Control Policy on the UK Economy
- Schofield, S. (2006). The UK Defence Industrial Strategy and Alternative Approaches
- James, A.D. (2002). Comparing European Responses to Defence Industrial Globalization.
- Goudie, L. (2003). The employment consequences of a ban on arms exports
- Brittan (2003). The free market case against arms promotion.
- Wheeler, B. (2003). How big is the UK arms trade? BBC.
- Comments, S. (2006). Britain’s Defence Industrial Strategy. Radical remedies?
- Little, R. and M. Wickham-Jones (2000). New Labour's foreign policy. A new moral crusade?

When the legislature’s preference was being examined through searching the parliamentary website ([www.parliament.uk](http://www.parliament.uk)) for documents on arms export policies the documents also contained information about the executive’s preference.

- Reports from the Defence, Foreign Affairs, International Development and Trade and Industry Committees (2004). Strategic Export Controls: HMG’s Annual Report for 2002, Licensing Policy and Parliamentary Scrutiny. Response of the Secretaries of the State for Defence, Foreign and Commonwealth Affairs, International Development and Trade and Industry.
- Reports from the Defence, Foreign Affairs, International Development and Trade and Industry Committees (2005). Strategic Export Controls: HMG’s Annual Report for 2003, Licensing Policy and Parliamentary Scrutiny. Response of the Secretaries of the State for Defence, Foreign and Commonwealth Affairs, International Development and Trade and Industry.

To acquire further information on the executive’s preference a list of research institutes was made by Googleling for institutes that publish studies on arms and defence policies. The following institutes were searched for publications on the UK arms export:

- SIPRI (Stockholm International Peace Research Institute)
- IPPR (Institute for Public Policy Research)
- World Security Institute

- Harvard University Institute of Politics
- Netherlands Institute of International Relations Clingendael
- Centre for Defence Economics. University of York  
(<http://www.york.ac.uk/depts/econ/research/associated/index.htm>)
- IISS (International Institute for Strategic Studies)
- European Research Institute. University of Birmingham ([www.eri.bham.ac.uk](http://www.eri.bham.ac.uk))
- University of Sussex (<http://www.sussex.ac.uk/>)
- Institute for Security Studies ([www.iss.europa.eu](http://www.iss.europa.eu))

The resulted in the following articles that might give indirect information on the executive's preference.

- o Chalmers, M. and N.V. Davies et al. (2002). The Economic Costs and Benefits of UK Defence Exports.
- o Hartley (2002). Defence Economics and the Industrial Base
- o Hartley (2006). The benefits and costs of the UK arms trade
- o SIPRI (2005). Arms Transfer project. UK national arms industry, 1990-2004. On: [http://www.sipri.org/contents/armstrad/gov\\_exp\\_04-05.xls](http://www.sipri.org/contents/armstrad/gov_exp_04-05.xls)
- o Stravriianalis (2005). (Big) business as usual. CAAT
- o Stravriianalis (2008). The façade of arms control. How the UK's export licensing system facilitates the arms trade. CAAT
- o Ward, A. and J. Hackett (2006). "Britain's defence-industrial strategy. Radical remedies?"

A number of journals in the field of defence or arms control have also been studied, but without success.

- Defence and Peace Economics
- Defence Studies
- Defence Analysis
- Arms Control Today (Arms Control Association)

The following media were scanned for articles related to the government's arms export policy and the CoC;

- Daily Telegraph
- Sunday Times
- Guardian
- Times
- Daily Express
- The Spectator
- The Tribune
- The Liberal
- Standpoint
- BBC
- Sky News

Most of the articles in the Media led to the same reportage of issues, which mainly contained the discussion on the lifting of the arms embargo on China. The articles did not provide further insight in the preference position of the government, except for the article below:

- o Guardian (2005). UK pushes for tighter EU arms code. 14 January



The websites of some political parties were scanned to see if they contained documents from which the governments point of view on the CoC or arms export policy as a whole can be seen.

- Labour (<http://www.labour.org.uk>)
- Conservatives (<http://www.conservatives.com>)
- Liberal Democrats (<http://www.libdems.org.uk>)

The websites did not contain documents on the UK's arms export policy or any standpoints that the parties have on the issue.

### *Preference of the legislature*

For the collection of information on the legislature's preference the parliament's website was scanned for documents on the decision-making on arms export policy. This resulted in the following sources:

- o Select Committee on Foreign Affairs, House of Commons (2004). First Joint Report Strategic Export Controls - Annual Report for 2002, Licensing Policy and Parliamentary Scrutiny. Select Committee on Foreign Affairs Sixth Report. On: <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmcaff/390/39002.htm>
- o Select Committee on Foreign Affairs, House of Commons (2005). First Joint Report. On: [www.publications.parliament.uk/pa/cm200405/cmselect/cmcaff/145/14502.htm](http://www.publications.parliament.uk/pa/cm200405/cmselect/cmcaff/145/14502.htm)
- o House of Commons, Committees on arms export (2006). Common voices concerns "gaps" in strategic export controls. On: [http://www.parliament.uk/parliamentary\\_committees/quad/quad0506pn07.cfm](http://www.parliament.uk/parliamentary_committees/quad/quad0506pn07.cfm)
- o House of Commons, Defence Foreign Affairs, International Development and Trade and Industry Committees (2007). Strategic Export Controls: 2007 Review. First Joint Report of Session 2006-2007.
- o Select Committee on European Scrutiny, House of Commons (2005). First Report.
- o Select Committee on European Scrutiny, House of Commons (2006). Third Report.
- o European Standing Committee, House of Commons (2006). EU arms export control.

### *Executive-legislative relationship*

To find literature on the division of power and the powers each actors have regarding decision-making in the second pillar the same search criteria as in the French case were used. Complementary information was found on the website of the House of Lords.

- o Select Committee on the European Union (2002). Review of scrutiny of European Legislation.
- o Select Committee on European Union (2006). Nineteenth Report.
- o Rozenberg, O. (2002). The Involvement of National Parliament in European Union Affairs. An empirical test of two variables.
- o Carter, C. A. (2001). The Parliament of the United Kingdom: From Supportive Scrutiny to Unleashed Control?
- o Bergman, T. (1997). National parliaments and EU Affairs Committees: notes on empirical variation and competing explanations.

### *Preference of interest groups and endorsers*

Because the above search did not provide enough direct information about the executive's preference, documents of interest groups were scanned for information about the executive's preference and to get a better understanding of the executive's reference through analysing these groups as 'supporting interest groups'. The following organisations are all active on the issue of arms export policies and arms control:

- Campaign Against Arms Trade (CAAT)
- Amnesty UK
- British American Security Information Council (BASIC)
- Oxfam UK
- Saferworld
- Control Arms

The following documents were found:

- o Amnesty UK (2004). UK: Government urged to get tough on arms. 14 May
- o BASIC (2004). Escaping the subsidy trap
- o CAAT (2005). Who calls the Shots? How government-corporate collusion drives arms exports.
- o European NGOs (2004). Taking control. The case for a more effective European Union Code of Conduct on Arms Exports.
- o Saferworld (2004). Defence procurement. Document for the House of Commons, 4 November.
- o Isbister, R. and E. Kirkham (2005). An independent audit of the UK Government Reports on Strategic Export Controls for 2003 and the first half of 2004. Saferworld.
- o Saferworld (2005). The quadripartite select committee and arms export controls
- o Curtis and Close (2007). The good, the bad, and the ugly. Saferworld
- o UK Working Group on arms (2004). Submission of the Quadripartite select Committee – The Review of the EU Code of Conduct
- o UKWG on arms (2006). Submission to the UK QSC

On the websites of companies in the arms industry, no information was found on the companies view towards the governments arms export policy. Only the websites of the biggest companies have been searched:

- BAE Systems
- Rolls Royce
- Qinetiq
- GKN
- VT Group
- Cobham
- Smiths

A search assignment on Google linking BAE Systems and the CoC has resulted in the following source:

- o Corporate Watch (2002). BAE Systems. A Corporate Profile.

The Parliaments' website has also been searched for documents concerning signals of endorsers to the parliament or parliamentarians. This has been done in the same search under 'legislature'. The following sources have been found:

- o The Committees on Strategic Export Controls (2004-2005). Minutes of proceedings.

- The Committees on Strategic Export Controls (2005-2006). Minutes of proceedings.
- The Committees on Strategic Export Controls (2006-2007). Minutes of proceedings.

**ANNEX TWO**  
**NOTES OF THE INTERVIEW WITH NICOLA VERCKEN**

Who: Nicola Vercken of Oxfam France

Date: 5 March 2009

France has always been in favour of the CoC and of Common Position (CP) status. France supports the strengthening of the EU rules and is a proponent of the ATT (Arms Trade Treaty). France is convinced that its own legislation is already very strict.

The problem with Common Position status was one of timing and requisite. Shortly after the revision of the CoC the UK was against the Code and France was in favour. This changed, because France wanted to finalise the Users Guide.

Within the French Government, there was an internal discussion about the link between the CoC and the embargo on China. The Ministry of Defence was in favour of the abolishment of the embargo and wanted to keep the link between the issues. The MFA was not in favour of this link and wanted to adopt the Common Position.

Last year the French policy on this issue changed. They have chosen not to follow the line of linking the CoC to the embargo. This policy change happened because of the following factors:

- The new Government and President (the President listened to both sides),
- The French presidency of the EU, France did not want to block an EU policy during its leading role,
- The strong link between the CoC and ATT, as was advocated by NGOs. Secondly, a new ATT agenda and meeting was planned for 2008.

The discussion on the French policy was one within the government itself. There was no discussion in the Parliament.

French NGOs act as one actor in the platform. They take in the same position in 90% of the time.

**ANNEX THREE**  
**NOTES OF THE INTERVIEW WITH CAMILLE GRAND**

Who: Camille Grand, Director of 'Fondation pour le Recherche Stratégique'  
Date: 19 March 2009. 10:40

Link between Common Position (CP) and embargo issue was based on a trade off. Chirac and Schröder wanted to abolish the embargo and they have made promises to China. Their intention was to improve relations with China.

In the first instance pre-2005 to 2006, there was no issue linking. France was not eager to get a lifting of the embargo, so they did not put this as a precondition to the CoC review. There was a technical discussion.

From 2006-2008 the discussion about the Common Position involved the embargo issue, mainly because of France and Germany. The linkage between the issues of the revision of the CoC, the embargo, and the toolbox for post-embargo countries was a political and technical linkage.

After the election of Sarkozy [May 2007], France's push to abolish the embargo was gone and a technical discussion started.

The French industry was not interested. They have limited interest in arms trade with China. There was no business support for the abolishment of the embargo. On the contrary, some companies feared to lose the support of America. Their interests are at stake because of their exports to the USA.

Within the Government were different views on the CP issue. This resulted in a mixed position on the abolishment of the embargo.

Countries with significant export to China are France, the UK and Italy.

The costs/benefits of CP seen for France will have impact on the long term. It will attribute to a more coherent harmonised policy.

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