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National Preferences and the EU Presidency: The Case of German Energy Policy towards Russia

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Abstract

This article analyses the formation and development of Member State preferences and positions before and during the EU Presidency term. Our empirical analysis focuses on the Federal Republic’s policy concerning EU-Russian relations, especially regarding energy policy. We question the extent to which Liberal Intergovernmentalism (LI) further our understanding of state behaviour in the context of the EU Presidency. Our findings suggest that LI adequately explains the formation of German positions prior to assuming office, as German policy objectives are chiefly influenced by domestic producers’ interests. However, LI cannot satisfactorily account for German governmental action after taking on the Presidency role, during which time it largely downplayed domestic preferences. Instead, Presidency norms dominated its action. For a significantly enhanced understanding of governmental behaviour during the Presidency we draw on institutionalist approaches. Rational choice institutionalism (RCI) highlights Germany’s restraint from defending its original domestic preferences due to rational calculation embedded in normative Presidency constraints. Sociological institutionalism (SI) accounts for the reprioritisation of objectives through the taken-for-grantedness of thoroughly internalised Presidency norms.

Introduction

The objective of this article is to investigate Member State preferences and positions prior to and during the Council Presidency – a key institution within the EU negotiating infrastructure. We argue that the original German position (before assuming the Presidency) can be adequately explained through a liberal intergovernmentalist approach. The federal government’s choices were shaped by the interests of the most important economic constituents. But how can it be explained that Germany changed its position upon assuming the Presidency given the hitherto clear positioning of the German government on EU-Russian relations in line with its domestic preferences, the strength of domestic preferences and the priority that Germany had attributed to the Russia dossier? We hold that institutionalist

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approaches are much better suited to explicating the conduct of the federal government throughout its Presidency. During that time the impact of institutions on governmental action became an important factor, particularly the norms of ‘impartiality’ and ‘consensus-seeking/solidarity’ inherent in the Presidency role. Presidency norms influenced the German government in different respects: (a) instrumentally (as suggested by RCI), i.e. through cost-benefit calculations inducing norm compliance; (b) genuinely-normatively (as proposed by SI), i.e. because norms like impartiality were taken for granted.

An analysis of the key determinants of domestic preference configuration before assuming the Presidency role and what happens to domestic interests and national positions during its stint is of significant importance for the study of European integration. It touches upon, and can arguably be seen as a proxy for, the more fundamental question of whether, and the extent to which, (formal and informal) institutions may impact on ‘national interests’. This question has played a role in the traditional neofunctionalist-intergovernmentalist divide (Haas 1958; Hoffmann 1995; Niemann 2006), but has also been important in conceptual discussions surrounding the ‘new institutionalism’ and its application to EU Studies (Aspinwall and Schneider 2001). As a starting point of our analysis we have taken LI (Moravcsik 1993, 1998), as it can be regarded as the mainstream account when it comes to conceptualising domestic preference formation.

As a case study we have chosen the German 2007 Presidency concerning energy policy towards Russia. This arguably constitutes a crucial case for LI because bigger and more powerful Member States have been considered more likely to act in accordance with their national preferences during their term (Elgström 2003b: 39). In addition, relations with Russia and (external) energy policy have both gradually been gaining in political and economic salience in terms of the domestic and foreign policy objectives of both Germany and the EU (Singhofen 2007). Russia constitutes the largest outside supplier of oil and gas to the EU, and it is by far the biggest and most powerful neighbour of the Union (Kempe 2007b).

We proceed as follows: first, we outline the liberal intergovernmentalist account as well as two institutional approaches to analysing the EU Presidency. Second, we sketch out the actors, preferences and positions relevant to German energy policy prior to holding the Presidency. In the third and main part of this article we analyse the federal government’s behaviour during its Presidency and probe explanations based on LI, RCI and SI.

I. Conceptual underpinning(s)

**Liberal Intergovernmentalism (LI)**

LI is embedded in a wider rationalist framework of international cooperation. Rationalism stipulates an explanation of actor preferences and collective outcomes as a result of individual
actions. Actors weigh different courses of action and choose the one that maximises their utility. Within the rationalist framework LI contains three more focused theories: a liberal theory of national preference formation, an intergovernmentalist analysis of interstate negotiation, and a theory of institutional choice (Moravcsik 1998: 19-20).

The first stage of LI – which constitutes the focus of our analysis – accounts for national preferences. Drawing on liberal theories of international relations, which concentrate on state-society relations, the foreign policy goals of national governments are viewed as varying in response to shifting pressure from domestic groups, whose preferences are aggregated through political institutions. National preferences emerge through domestic political conflict as groups compete for political influence, national and transnational coalitions form, and new policy alternatives are recognised by governments. Preferences reflect the objectives of those domestic groups which influence the state apparatus; they are assumed to be stable within each position advanced on each issue by each country in each negotiation, but not necessarily across negotiations, issues or countries. The term (preferences) distinguishes such underlying goals from the particular transient bargaining positions and negotiating strategies that constitute the everyday currency of foreign policy (Moravcsik 1998: 20-24).

LI distinguishes two broad categories of motivation that might account for underlying national preferences. First, geopolitical interests reflect perceived threats to national sovereignty or territorial integrity; secondly, and more importantly, economic interests: these reflect the imperatives induced by interdependence and the increase in cross-border business opportunities, and mirror ‘primarily the commercial interests of powerful economic producers’ (Moravcsik 1998: 3, 26). The primary interest of governments is to maintain themselves in office. This requires the support of a coalition of domestic voters, parties, and interest groups. Governments’ external policy objectives are (therefore) regarded as varying in response to changing pressure from domestic groups, whose preferences are aggregated through political institutions (Moravcsik 1993: 481). The set of national preferences/goals that states bring to international negotiations emerge from such processes.

This brings us to the second stage of LI: states develop strategies and bargain with one another to reach substantive agreements that realise those national preferences more efficiently than unilateral actions do. This intergovernmental bargaining process is characterised by ‘credible threats to veto proposals, to withhold financial side-payments, and to form alternative alliances excluding recalcitrant governments’. In intergovernmental bargaining, outcomes ‘reflected the relative power of states – more precisely, patterns of asymmetrical interdependence. Those who gained the most economically from integration compromised the most on the margin to realize it, whereas those who gained the least […] imposed conditions’ (Moravcsik 1998: 3).

Moravcsik also formulated an account of institutional choice. Here, competencies are delegated to supranational institutions primarily to address problems of incomplete
contracting, compliance and monitoring. However, for Moravcsik, the role of supranational institutions is limited: he does not ascribe to them a significant influence on decision outcomes. Instead, they are used by governments as a platform to pursue their own interests (Moravcsik 1993). In his 1998 account, Moravcsik is arguably slightly less sceptical about the role of (supranational) institutions. Yet, even here he suggests that they tend ‘to be futile and redundant, even sometimes counterproductive’, thus still viewing the role of supranational entrepreneurship in the European integration process as marginal (Moravcsik 1998: 8, 490-494). Moravcsik does not explicitly link LI to the role of member governments holding the EU Presidency and the influence of national preferences on the Presidency. However, given LI’s substantial theoretical ambitions, we can extrapolate that the goals of a country holding the Presidency – aggregating the preferences emerging from domestic political interaction – should reflect the interests of dominant domestic interest groups. From a LI perspective the institution of the chair (and the norms attached to it) should not substantially influence the behaviour of the Member State in question.

The EU Council Presidency: different perspectives

The Member State holding the six-monthly rotating EU Presidency is responsible for chairmanship at different levels of the Council framework, ranging from working groups and committees of the Council to the level of heads of state and government in the European Council. The great significance of the Presidency in the EU’s institutional and decision-making architecture – placing the Member State in office at the centre of the EU negotiation process – is widely acknowledged (Tallberg 2006; Schout 1998). The main roles of the Presidency are commonly recognised as those of ‘administrator’, ensuring smooth and efficient functioning of processes; ‘representative’, internally vis-à-vis other EU institutions and externally in international negotiations; ‘leader’, providing a strategic perspective and ensuring progress; and finally ‘broker’, breaking deadlocks and mediating compromises. In addition, the Presidency stint is seen by many actors (especially in the domestic arena) as an opportunity to further particular national preferences, also referred to as the role of ‘bargainer’.

In the execution of its functions, the chair is constrained by both formal rules and informal norms. According to Tallberg (2004: 1005) formal constraints come in two shapes: institutional procedures for the office of the chair, and decision rules for the adoption of proposals. Informal constraints consist of established norms defining appropriate behaviour for the chair. They embody a quality of ‘oughtness’ and a shared moral assessment (Finnemore and Sikkink 1998: 892) that sets norms apart from other kind of rules. Three Presidency norms are regarded as particularly important: impartiality, solidarity/consensus-building and effectiveness (Elgström: 2003a, 2003b).

**The rational choice institutionalist perspective:** This approach generally perceives politics as governed by a ‘logic of consequences’ (March and Olsen 1998: 949-950; Aspinwall and Schneider 2001: 7-10). It regards EU negotiations as a strategic environment, in which rational actors, including the Presidency, seek to attain largely exogenously given preferences. The Presidency is thus conceptualised as a cost-benefit calculator, and the office of the Presidency is seen as an additional opportunity for the Member State in office to fulfil national interests (Elgström and Tallberg 2003). For that purpose, Presidencies enjoy significant informational power (due to privileged access to information) and considerable procedural powers (stemming from asymmetric control over negotiation procedures). From a rational choice institutionalist perspective formal institutions may enable or constrain Presidency action (Tallberg 2006: 33-37). Elgström and Tallberg (2003: 192, 196) in their formulation of a rationalist perspective have also included informal institutions (norms) as constraining the Presidency. Compared with LI, institutions (such as norms) are ascribed a somewhat more influential role in the rational choice institutionalist approach. They begin to matter, albeit rather (still) as ‘intervening’ variables (Tallberg 2006: 5). Hence, this perspective on the EU Presidency would see the office of the chair to have some bearing on the behaviour of the Member State at the helm. Norms are enacted as a result of cost-benefit calculations, because non-compliance could compromise one’s reputation or provoke non-cooperation from other governments (Elgström and Tallberg 2003).

**The sociological institutionalist perspective:** From a sociological institutionalist perspective, politics is ruled by a ‘logic of appropriateness’. The behaviour of actors is determined by what they think is expected from them, or by what they themselves believe is appropriate, rather than by cost-benefit calculations. Authority is based on social acceptance, legitimacy and trust rather than on hierarchy and formal/material power (March and Olsen 1998: 951-952; Checkel 2001). This approach thus emphasises the importance of norms, rather than fixed interests, for explaining Presidency behaviour. These stem, most substantially, from the institution of the Presidency itself, whereby any Member State in office is expected to act in a certain way. There is no one coherent sociological approach to the Presidency. Lewis (2006: 12, 15) emphasises the possibility of thorough norm internalisation arguing that the Presidency has an institutional mechanism that tends to foster processes whereby Presidency norms become internalised into self-conceptions of interest.\(^2\) Lewis accentuates that the office of the Presidency tends to lead to norm internalisation where Community/Presidency norms are accepted as ‘the right thing to do’ and instrumental calculation has been replaced by ‘taken-for-grantedness’.

\(^2\) On the processes and mechanisms of norm socialisation in general, see e.g. Risse and Sikkink (1999), and with regard to Presidency norms, see Wurzel (1996), Pedersen (2003) and Elgsröm (2003a).
The sociological institutionalist approach places more weight on the influence of Presidency norms on state behaviour than the rational choice institutionalist approach. Norms are complied with not out of an instrumental rationale, but because they are – following Lewis’ account – truly internalised and taken for granted. Norms do not merely ‘constrain’, but rather ‘constitute’ behaviour (cf. Hall and Taylor 1996). Given the existence of Presidency norms such as impartiality or consensus-building, the sociological line of reasoning would suggest that the chair is unlikely to pursue national interests, where these are different from the EU mainstream.

II. German energy policy: actors, preferences and positions

German domestic interest formation

Within the federal government external energy policy is primarily of interest to the ministries of foreign affairs, defence as well as economics and technology. Concerning the Russia dossier, generally the Ministry of Foreign Affairs is in the lead, but the Chancellery gives substantial input at the Council and European Council levels (Interview, Berlin, 2008; Kurpas and Rieke 2007: 42-43). The domestic energy industry is one of the most important determinants for German energy policy (Laumanns 2005: 283). German energy companies are among the most important actors in the energy relationship with Russia. They have direct (by lobbying) and indirect (in securing supply) influence on the federal government. As one observer put it, ‘around every Bundestag representative there are ten lobbyists’ (interview R. Götz, German Institute for Security and Foreign Affairs, Berlin, June 2007). An important player in the energy field is the Committee on Eastern European Economic Relations (Ost-Ausschuss der deutschen Wirtschaft), a joint organisation of the leading business associations. The Committee represents and pools the interests of German business in Eastern Europe and Central Asia. Even if the energy industry does not explicitly express its wishes, its interests are usually taken into account by policy makers (Tönjes 2007). German Foreign Ministers usually engage closely with German energy companies. Frank-Walter Steinmeier, for example, who was in office 2005-2009, frequently took along representatives from the German energy industry on his official foreign trips (Tönjes 2007: 32).

Position and Preferences towards Russia

Germany has – both traditionally and in the more recent past – entertained close ties with Russia. While under Chancellor Merkel, the federal government has taken a more sober approach towards Russia than under the Schröder government, the building of a ‘strategic partnership’ continues to be an essential objective (Singhofen 2007). It has been argued that Germany constitutes the ‘engine’ in the EU–Russia relationship. Therefore, during its EU
Presidency, Germany had the opportunity to use its ‘special’ ties with Russia to provide impetus for the development of EU-Russian relations (Lindner 2007: 80). This approach towards Russia has to be seen in the context of a policy strategy towards the neighbouring eastern European countries, which was termed ‘Annäherung durch Verflechtung’\(^3\) (‘rapprochement by interdependence’), in the broad context of a ‘new Eastern-policy’ (Steinmeier 2007; Kempe 2007a). It intended to set up a free-trade zone, to intensify cooperation in security policy and to build a closer energy relationship with Russia. The increasing importance of the European Neighbourhood Policy (ENP) in the EU’s external policy potentially placed the European Union in a competing position with Russia in the post-Soviet era (Lippert 2007). Germany tried to show through its strategy of Annäherung durch Verflechtung that it preferred cooperation to competition. This was to be understood as a signal by the EU. The main goal was to tie Russia irreversibly in a cooperative and integrative common European system (Dauderstädt et al. 2007).

German companies are very active in the energy sector and prefer a close relationship with Russia. Industrial integration and a more symmetric relationship are considered beneficial by German companies, affording them more consistent access to the Russian market. Companies and agencies that have a strong interest in the Russian market (and in a close relationship with Russia) include E.ON, BASF, Wintershall, Metro and Knauf. They are particularly interested in (mutual) market access, the acceptance of strict codes of competition, reliability on the rule of law, and strengthening the principles of transparency and security of investment in the EU-Russia relationship (Ost-Ausschuss der Deutschen Wirtschaft 2006a; Steinmeier 2006). German firms, except the gas industry that benefits from its privileged position under existing rules, would like to see some provisions of the Energy Charter Treaty (ETC)\(^4\) in a renewed Partnership and Cooperation Agreement (PCA).

The preferences of the domestic energy industry constitute one of the most important determinants of German energy policy, including the formation of energy policy vis-à-vis Russia. Companies lobby by expressing their wishes to the government. They also influence matters by seeking cooperation with the biggest energy company in Russia, Gazprom, not least through joint ventures such as WINGAS and WIEH (Sander 2007). A concrete example of industry influence on the formation of German energy policy regarding Russia concerns the construction of the Nord Stream pipeline.\(^5\) BASF/Wintershall and E.ON Ruhrgas – which now each hold 20% of the Nord Stream AG project company – had substantial bearing on the

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\(^3\) This follows ‘Wandel durch Annäherung’, the political strategy under Chancellor Willy Brandt in the late 1960s.

\(^4\) The Energy Charter Treaty, which entered into force in 1998, is a multilateral agreement on energy cooperation on the basis of the European Energy Charter. Its paramount objective is to strengthen the rule of law on energy issues.

\(^5\) Nord Stream is a planned underwater gas pipeline from Vyborg in Russia to Greifswald in Germany. In 2005, a basic agreement for the joint construction of the pipeline was signed: The pipeline is to be built 2010-2012, with first gas deliveries scheduled for late 2011.
position by the German government to promote and politically defend the project. The two companies are said to have used their contacts in the chancellery and the relevant ministries to gain support for their plans (interview, Ministry of Foreign Affairs, 2008). Nord Stream constitutes an important opportunity for BASF/Wintershall and E.ON Ruhrgas, as part of a broader strategy of participating in the expansion of the Russian gas market. The German government duly supported this strategy to bolster the position of German industry in the Russian upstream sector and to enhance its security of demand, concerns that were reinforced by the Russian-Ukrainian energy disputes of 2006-07 (Heinrich 2007: 54; Whist 2008: 14).

The federal government is constantly informed about energy companies’ priorities. As ‘the German–Russian relationship is built on economic ties’ and since German energy companies have made agreements with Gazprom for the next twenty years, the German government was ‘naturally considerably influenced by these energy companies and their economic interest when defining policy for its Presidency stint’ (interview, Chancellery, Berlin 2008). The influence of German industry on the formulation of the government’s (energy) policy concerning its Presidency can be further substantiated. First, there is a clear correlation between the wishes of German industry and the government’s policy position in the run-up to the Presidency term. This included above all (a) starting the negotiations on a new PCA; (b) the finalisation of the energy chapter with Russia under the PCA on the basis of the principles of the Energy Charter Treaty; and (c) integrating and implementing the G8 Action Plan for Global Energy Security into EU-Russian relations (Ministry of Foreign Affairs 2006; Ost-Ausschuss der Deutschen Wirtschaft 2006a). Industrial integration (‘Verflechtung’) through a new PCA with an integrated energy chapter was to facilitate EU companies’ access to the Russian market and strengthen investment security and stable legal framework provisions more generally, goals that were of particular interest to German firms. Moreover, our interviews at the various government departments and with business representatives/associations also suggest that the federal government’s emerging position on Russia in the run up to the German Presidency was (very) largely determined by the concerns and needs of German business. As one government official remarked, ‘after all, it is for them that we do this policy. They are the direct recipients and beneficiaries of deepening economic relations with Russia’ (interview, Ministry of Foreign Affairs, Berlin 2008). The dialogue with politics is so well-established that even when the (energy) industry does not explicitly express its interests, these are usually still taken into consideration by policy makers (Tönjes 2007, interview, Chancellery, Berlin, 2008).

The period analysed here, i.e. before the start of the German Presidency, largely corresponds with liberal intergovernmentalist theory. The German government’s policy goals mirrored ‘primarily the commercial interests of powerful economic producers’, as assumed

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by Moravcsik (1998). It seemed as if Germany was going to use the Presidency as a tool to promote national preferences.

III. Germany holding the EU Presidency

Germany’s standing in the EU, its role as Russia’s most important trade partner and energy buyer and more generally its ‘special’ relationship with Russia resulted in high expectations on the German Presidency – domestically, by some EU states, and also by Russian authorities – concerning a dynamic development of the relationship with Russia (Kurpas and Rieke 2007; interview, Russian embassy, Berlin, 2007). But these hopes were not shared by all EU Member States. Some of the new Central Eastern European Member States expressed concerns as regards EU-Russian negotiations based on German preferences. They sought to give stronger consideration to human rights and democratic values in the new agreement and thematised their bilateral difficulties with the Russian government (Kempe 2007b).

The Change in the German (Presidency) position

In the months prior to the Presidency, Germany had shown an approach to the Russia dossier that mainly reflected its ‘national interests’. The Presidency was thus viewed as an opportunity to translate the interdependence between Germany and Russia to an interdependence between the EU and Russia. The ‘Annäherung durch Verflechtung’ approach, clearly emphasising cooperative aspects, took a (very) positive/benign view of Russia. This position began to alter as Germany took over the Presidency. Germany gradually ceased to act as an ‘advocate’ of Russia in the EU. It mainly concentrated on building a common position and consensus within the EU, since it faced (strong) reservations from some Member States, as it was expected to provide brokerage within the EU, and to demonstrate to Russia that the EU was one unified actor. Germany thus gradually shifted its stance during the Presidency.

The ‘Annäherung durch Verflechtung’ line was increasingly abandoned as a Presidency priority (Merkel 2007b; Lindner 2007: 81). At the beginning of the Presidency period Chancellor Merkel was still convinced that a new EU-Russia partnership deal ‘was strongly needed ... in order to fill the strategic partnership with life’ (Merkel 2007a). Later, in the run up to the Samara Summit, this conviction was no longer evident. Government spokesman, Thomas Steg, stated for example that negotiations for a new EU-Russia agreement would not begin because ‘the preconditions are not fulfilled’ (Spiegel Online 16/05/2007). Further, the tone had changed. Chancellor Merkel had begun to criticise Moscow’s behaviour more openly and also addressed restrictions on the freedom of assembly and the media in Russia (Bundesregierung 2007a). Shortly before the Samara Summit the German Presidency officially called on the Russian government to allow an opposition demonstration of
dissenters to take place in Samara (Spiegel Online 18/05/2007). Internal EU expectations and external factors influenced the EU-Russia relations and thus the agenda of the German Presidency. The demands on the Presidency’s activities as broker increased and Germany more clearly indicated towards Russia that it would speak up for other Member States and towards its Eastern European EU partners that it would avoid a ‘bi-lateralisation’ of relations (Lindner 2007; Die Welt 16/05/2007).

While ‘Annäherung durch Verflechtung’ was abandoned as Germany’s Presidency approach concerning the EU-Russian relations, it remained an unaltered part of Germany’s own preferences concerning relations with Russia. Domestic industry still backed and pushed for the underlying ideas of closer economic cooperation/integration (interview, Committee on Eastern Economic Relations, 2007). In addition, the Chancellery and Foreign Ministry also supported this policy in principle (interview, Ministry of Foreign Affairs, 2008). Even though the German preferences were still based on the extension of ‘Verflechtung’, this was not displayed in its Presidency role on the Russia dossier.

Faced with the prospect of furthering its national interests on the one hand, and the reservations of other EU Member States, its own expectations in terms of holding a successful Presidency and important norms attached to the office of the Presidency on the other, the German Presidency very largely resisted its national interests and concentrated on mediation and building a common EU stance. At the Samara Summit the German government abstained from promoting its aims of getting the Energy Charter provisions into a PCA (and trying to advance EU-Russia ties based on mutual and equitable interdependence), and more generally demonstrated a reluctance to use its relations in order to reap national economic benefits (Lindner 2007; Berliner Zeitung 15/05/2007). Instead, ‘European interests’ and Presidency norms dominated the behaviour of the Presidency, a development that will be explained more fully below. EU-Russian negotiations at Samara were largely unsuccessful. Eventually, the new PCA, and hence the provisions of the Energy Charter, were hardly discussed at the Summit (interview European Commission, Brussels, June 2007). The subsequent analysis will explain why and how Germany altered its position while holding the Council Presidency.

**A liberal intergovernmentalist account**

We argue that LI can explain German Presidency behaviour only to a very limited degree. First, for Moravcsik (1998: 8f) institutions are ‘thin’ in the sense that they are granted hardly any explanatory power over state preferences and policy outcomes. Instead, they are mainly seen as a platform for pursuing Member States’ national interests. Extrapolating from liberal intergovernmentalist thought, presiding Member States are likely to play the role of a ‘bargainer’ Presidency, which makes national interests their priority and continues to act as usual, despite holding the Presidency (cf. Elgström 2003a: 14). Hence, from an LI
perspective the institution of the chair should not substantially influence the behaviour of the incumbent Member State. Germany’s Presidency behaviour does not reflect these assumptions. As alluded to above, and further demonstrated below, when holding the Presidency Germany’s domestic preferences (as defined prior to taking office) did not prevail. Instead, Germany demonstrably focused on mediating between different Member States’ interests and on promoting ‘European’ rather than national interests.

Secondly, Moravcsik (1998: 3) would perhaps refer/resort to the second level of his model, that of intergovernmental bargaining, to make sense of German (Presidency) behaviour. A liberal intergovernmentalist reading would suggest that Germany’s lack of bargaining power forced it to compromise. The concept of ‘the best alternative to a negotiated agreement’ would suggest that Germany, as the party likely to gain most from far-reaching EU agreements (furthering industrial integration), had relatively little bargaining power and thus had to compromise significantly on its plans for intensifying EU-Russian relations. In addition, Poland and others threatened to use their veto to prevent the start of the negotiations.

However, this account is problematic: (A) The federal government’s negotiating power was far from insubstantial. Officials have stated that Germany held alternatives to a negotiated EU-level agreement. As the Member State maintaining the closest relations with Russia, there was always the option of intensifying economic cooperation on a bi-lateral basis (Hellenbroich 2007). Moreover, as Tallberg (2004, 2006) and others have pointed out, the office of the Presidency contains a number of power resources which allow Member States to further their preferences during their term. Presidencies, above all, enjoy substantial informational and procedural powers. In addition, Germany as the biggest Member State brings substantial material bargaining power to the table. Also, Germany was far from isolated on its plans for further industrial integration with Russia.7 Hence, an account that seeks to explain the outcome through a lack of German bargaining power is not persuasive. (B) In addition, such a LI second-level perspective presumes that Germany would/did in fact bargain in order to realise its preferences. However, Germany did not behave like a state that seriously attempted to make use of bargaining tools identified by Moravcsik, such as offering compensation or side-payments (for which there would have been scope in terms of Poland’s problems in the negotiations on the Constitutional Treaty) or by voicing threats (e.g. by suggesting to compensate for any lack of progress in terms of negotiations on the EU level by intensifying the bi-lateral relationship at the expense of an EU-wide approach to economic relations with Russia) (Herold 2007; interviews, Ministry of Foreign Affairs, Chancellery, Berlin, 2007, 2008).

7 France, the UK and Italy were also in favour of a strategic partnership with Russia (Dauderstädt et al. 2006: 45).
In sum, LI can adequately explain German preference formation prior to assuming the Presidency role. However, it provides a significantly less convincing explanation as to why Germany decided to downplay strong domestic preferences and to act substantially as an impartial broker on the Russia dossier. When holding the Presidency, Member States’ choices are conditioned by formal rules and informal norms pertaining to the office. They are, to a considerably greater extent, exposed to EU level influences, something that cannot be adequately captured by Moravcsik’s very thin account of institutions. Thus, we have to go beyond LI in order to adequately explain the federal government’s action while holding the EU Presidency.

*A rational choice institutionalist approach*

In rational choice institutionalist terms, institutions (including informal ones such as norms) may enable or constrain Presidency action (Elgström and Tallberg 2003: 192, 196). They are attributed limited explanatory weight and are seen as ‘constraining’ behaviour in the form of ‘intervening’ variables (Tallberg 2006: 5). Norms, as informal institutions, are enacted as a result of cost-benefit calculations, because non-compliance could compromise one’s reputation or provoke non-cooperation from other governments. This approach provides useful building blocks for explaining German governmental action when taking over the Presidency. Norms of impartiality\(^8\) and solidarity/consensus-building\(^9\) constrained German national preferences during its Presidency and induced Germany to play the role of broker rather than bargainer.

In the weeks before the start of the Presidency some Member States (especially Poland, the Baltic countries and the Czech Republic) voiced their discontent with the Presidency programme, as they saw Germany developing an EU-Russia strategy, based on national, rather than broader (Central Eastern) European, interests. An important point of concern was the agreement between Russia and Germany concerning Nord Stream. With the construction of this pipeline, Poland and the Baltic countries would be bypassed, thus increasing Russia’s leverage over them and reducing their energy security and influence (being removed as transit countries) (Heinrich 2007). Poland especially had severe difficulties with the German plans. It vetoed the PCA negotiations already in November 2006, also because Russia upheld import restrictions, above all on Polish meat products (Kurpas and Riecke 2007: 21). Lithuania supported the Polish veto due to the 2006 interruption of Russian oil supplies for its oil processing facility (Marakin 2007).

\(^8\) ‘Impartiality’ is defined here as process impartiality (even-handedness, not favouring certain parties) and outcome impartiality (results deemed fair) (Elgström 2003c: 44).

\(^9\) ‘Solidarity’ can be defined as maintaining a unity (or union) of interests, purposes and responsibilities. The frequently mentioned Presidency norm of ‘consensus-building’ is thus closely related to ‘solidarity’. 
The Polish and Lithuanian concerns rapidly influenced German Presidency behaviour. Within a few weeks the German Presidency pursued a more reluctant approach towards Russia and a more attentive approach towards specific Member States (Büchner 2007). This reportedly happened at all levels of the Council framework where the EU-Russian relations were debated, from the Working Group on Eastern Europe and Central Asia via COREPER to the General Affairs and External Relations Council, as also attested by neutral observers (interview, Brussels, 2007). The import ban was taken as an ‘EU problem’ and the German Chancellor expended considerable effort in negotiating with the Polish and Russian governments to solve the conflict (Frankfurter Allgemeine Zeitung, 16 March 2007). Showing solidarity with the concerns of especially Poland and Lithuania, and building an EU consensus became important aspects of Germany’s handling of the Russia dossier (Lindner 2007).

A number of interviewees admitted that the rationale for following Presidency norms and accommodating the wishes of Poland and Lithuania was (at least partly) one of self-interest. As one official put it, ‘you hurt your role as mediator at later stages, and also the Presidency more generally, when you don’t react on the concerns of other Member States at the beginning’ (interview at the Chancellery, Berlin, 2008). Another civil servant noted, ‘the Presidency comes at a price. If we hadn’t paid then, we would have had to pay probably more, later. I mean, once others lose trust, you cannot broker effectively any more. Moreover, you still need to work together later; damaging your image will also be costly in the long-run’ (interview at the Ministry of Foreign Affairs, Berlin, 2008).

A number of issues arose during the Presidency – including an EU paper criticising the human rights situation in Russia, and the Russian threat to target missiles on Poland and the Czech Republic if they hosted the US missile defence system – that contributed to a souring of relations between the EU and Russia. Germany (again) found itself in a difficult position (Himmelreich 2007). On the missiles issue, Chancellor Merkel managed to shuffle out of the situation by demanding that the discussions be transferred to NATO (Kurpas and Riecke 2007: 44). As for the human rights issues, however, the German Presidency had to put this on the agenda of the Summit. Here, a certain political conviction seems to have been paralleled by more sober considerations. As one official suggested, ‘apart from serious concerns [with the human rights situation in Russia], we could not afford not to take a clear stance during the Presidency; our EU partners would have not taken us seriously as a representative of EU interests in the negotiations with Russia’ (interview at the Ministry of Foreign Affairs, Berlin, 2008).

Approaching the Samara Summit, the Eastern European Member States asked for a tougher line on Russia and proposed a ‘reflection phase’ before negotiations on the PCA should start (Lindner 2007: 81). Even though its economic preferences led Germany to favour commencing the PCA negotiations at the Summit, it was felt that in holding the Presidency
Germany should support the Eastern European Member States. Some officials remarked that ‘this was important also in view of the upcoming negotiations to put the Constitutional Treaty back on track, for which we needed these Member States, and especially Poland, to be constructive. Hence, it was also a question of not putting them off’ (interview, Berlin 2008). As a result, the German Presidency position further shifted towards a more reserved and distanced EU approach towards EU-Russian relations (Kempe 2007a: 62; Lindner 2007: 81-82).

While Germany’s underlying preferences did not change, other rational concerns became dominant during the Presidency; those of making the Presidency a success and of maximising (common) EU interests. Presidency success was linked to acting as a ‘skilful broker between different [Member State] interests’, which was to ‘enhance EU interests, because with a common unified position, the EU as a whole has more bargaining power vis-a-vis Russia’ (interview, Ministry of Foreign Affairs, Berlin, 2008). Hence, we argue that Germany’s underlying preferences were effectively constrained. This can, at least partly, be explained as a rational consideration/calculation of Presidency norms. Compliance with norms of impartiality and solidarity/consensus-building was expedient. It safeguarded Germany’s broker role for later stages of the Presidency. Moreover, diffuse long-run reputational concerns played a role. Another, complimentary, part of the explanation for Germany’s new policy priorities can be found in a more genuine internalisation and enactment of Presidency norms.

A sociological institutionalist approach

As explained earlier, this approach places more weight on Presidency norms influencing state behaviour than the rational choice institutionalist variant. Norms are complied with not out of an instrumental rationale, but because they are truly internalised and taken for granted. Norms thus ‘constitute’ behaviour. Given strongly accepted Presidency norms such as impartiality, the sociological line of reasoning would suggest that the chair is unlikely to rigidly pursue national interests, if these are different from the EU mainstream. The methodological challenges inherent in verifying a sociological institutionalist account are very substantial. Perhaps the main reason is that thoroughly internalised norms are hard to ascertain because actors do not really consider or discuss them as they are – being taken for granted – uncontroversial (Finnemore and Sikkink 1998: 904).

There are a number of clues, signs and indications10 for genuine-normative action during the German Presidency concerning the Russia dossier: (1) In the first instance we conducted unstructured/semi-structured interviews, in which some interviewees intimated (without prodding) that they had been acting in a genuinely normative manner. Interviewees

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10 On substantiating genuine normative (Presidency) action empirically, see also Niemann and Mak (2010).
characterised German Presidency behaviour with regard to EU-Russian relations, for example as ‘just doing the right thing’, ‘normal conduct when you are in the Presidency role’, or as ‘acting along what was expected in the [Presidency] situation’. (interviews, Ministry of Foreign Affairs 2007, 2008; Chancellery 2008). While some officials indicated that cost-benefit calculations motivated (part of) Germany’s Presidency behaviour, a number of interviews, nevertheless, suggest that genuinely normative action did play a role here.

(2) In a second more structured part of the same (initially unstructured) interviews, officials were asked more direct questions. These included, whether they were concerned about the image of their Presidency, if they were tempted to violate norms like impartiality and solidarity/consensus-building, and how intensely (if at all) a deviation from Presidency norms was debated within the relevant divisions of the Ministry of Foreign Affairs and the Chancellery. Again, the results were ‘mixed’ in terms of rationalist and sociological rationales provided. Yet, interviewees’ answers clearly indicated that some officials seem to have taken the impartiality norm for granted. These civil servants did not consider deviating from the norm in the first place, and ‘never even questioned that we needed to give an adequate voice to all Member States on the issue including Poland and find a fair outcome in EU terms, which here meant that our preferred line did not go through’ (interview, Ministry of Foreign Affairs, 2008). Internal discussions also reflected genuine normative action considerably. Norms such as impartiality or solidarity ‘were often unquestioningly assumed as a “constant” so that usually they were not even thematised in meetings’ (interview, Berlin, 2008).

(3) A second set of interviews was conducted in a more structured manner. Here, interviewees were offered carefully chosen categories as a description of what was going on. Proxies for cost-benefit oriented norm compliance constituted, for example, ‘avoiding damage to one’s broker role’, ‘(diffuse) reputational concerns’, ‘preventing a break-down of a common EU position under one’s own Presidency’. Proxies for genuinely normative action included ‘just following what is expected of the Presidency’, ‘acting out of habit’, ‘adhering out of a sense of responsibility’. It was apparent that a substantial proportion of interviewees opted for truly normatively-guided rationales. Interestingly, some officials attributed the proxies from both rationales similar values, a point that will be squared in the conclusion.

(4) Since people are often biased, interview sources were double checked against other sources. Apart from official documentation, we predominantly drew on two data sources here. First, we used ‘cross-interviews’. For example, we asked officials who were also known to have participated in meetings about their characterisation of the meeting. In addition, we had limited access to some non-official records and communications. Here, it was possible to trace, to some extent, whether officials’ public and private views coincided. Matching public and private views of individuals has been held to be a good indicator for revealing actors’ true motivations (Smith and Mackie 2007: 312). Overall, we could confirm that a
considerable majority of interviewees’ statements seem to have been authentic and truthful. This corroborates the role played by genuinely normative action for explaining why the German government revised its priorities when assuming the Presidency role. Good indicators for identifying genuinely norm-guided action thus constitute consistency and the absence of double standards (cf. Nilsson 1988).

(5) Along the same lines, if the Presidency really internalised a norm, it would apply it regardless of whether it concerns powerful or weak Member States. Overall, Germany often seems to have shown signs of genuinely adopting the norms. Staying with the impartiality norm, perhaps the best actor constellation on which the genuineness of impartiality can be investigated is the way that Germany treated the concerns of Poland vs. those of the allegedly less powerful Baltic states. The German government reportedly reacted to the concerns of Poland in a similar manner to those of Lithuania and Estonia. (cf. Bundesregierung 2007b; Wetzel and Schmid 2007). As one neutral observer described with regard to the deliberations in the Council Working Group on Eastern Europe and Central Asia as well as COREPER, ‘the chairs gave ample and equal, space and opportunity to explain their difficulties and concerns with Russia and the start of the [PCA] negotiations to the respective governments. It wasn’t that Poland got special treatment compared to say Estonia’ (interview, Brussels, 2008). This indicates an even-handedness of the German government in terms of ‘process impartiality’. But also in terms of ‘outcome impartiality’ (Elgström 2003b: 44-45), i.e. the fairness of results, Germany seems not to have applied double standards here. As one representative from one of the Baltic governments suggested, ‘Steinmeier voiced our concerns just as much in his bilaterals with the Russian government as those of the Polish and Czech governments’ (interview, by telephone, 2008).

**Conclusion**

The above analysis suggests that Liberal Intergovernmentalism constitutes an adequate framework for explaining the formation of German policy preferences and positions concerning relations with Russia prior to its Presidency. As envisaged by Moravcsik, German policy goals primarily represented key producers’ interests. During its Presidency the German government gradually backed away from its ‘Annäherung durch Verflechtung’ approach. At the same time the preferences of German industry remained unaltered. In fact, as German governmental behaviour after leaving the Presidency office suggests, the ‘rapprochement through interdependence’ strategy remained an important objective (cf. Steinmeier 2008). Throughout its Presidency other concerns and influences had entered the German interest

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11 This became clear during the seventh Petersburger Dialogue (a yearly high-level bilateral meeting) of October 2007. Here Chancellor Merkel and Klaus Mangold, Head of the Committee on Eastern Economic Relations, expressed the need for further ‘rapprochement through interdependence’, for example by way of more mutual foreign direct investment (Petersburger Dialog Wiesbaden 2007).
formation process. These were related above all to the Presidency role, and particularly the norms attached to the Presidency office. The German government thus ‘re prioritised’ its objectives.

Such impact of (mainly informal) institutions at the cost of downplaying domestic preferences cannot satisfactorily be captured by LI’s very thin account of institutions. It is questionable, whether an adjustment of LI – towards a slightly thicker institutionalism – would make sense in order to increase its conceptual leverage. This would seem to contradict, to some extent, the ‘liberal’ component of Moravcsik’s three stage theory, which sees the foreign policy goals of governments as a response to shifting pressure from domestic groups. By amending or broadening its assumptions here, LI would risk losing some of its conceptual distinctiveness.

In order to adequately explain German governmental action during its Presidency we have to draw on institutionalist approaches. Rational choice institutionalism accounts for Germany not defending its original domestic preferences by pointing to rational calculation embedded in normative constraints. Compliance with Presidency norms of impartiality and solidarity/consensus-building was deemed beneficial, particularly since it preserved Germany’s mediator role for subsequent stages of the Presidency and because of diffuse reputational concerns. Sociological institutionalism explains the reprioritisation of objectives mainly through the taken-for-grantedness of Presidency norms. Acting out of habit or what is considered ‘normal’ behaviour during the Presidency, thus did not allow for the pursuit of domestic interests.

The above analysis suggests that both institutional rationales have been at play here. While the two logics can be seen as competing for the same empirical observation and the same actor – since norm compliance is unlikely to occur out of habit and strategic calculation at the same time (cf. Elgström and Tallberg 2003: 204) – otherwise RCI and SI are aptly perceived as complementary. First, SI can be seen (from a constructivist perspective) as emphasising the (preceding) factors that constitute and mould what RCI subsequently conceptualises as exogenously derived preferences (Ibid; Katzenstein 1996: 680). Second, different actors can act out of different logics. Third, the same people may, at different points or in different contexts, be driven by different social logics (Checkel 2001: 563ff; Niemann 2004). They may at different points in time be at different phases of (norm) socialisation and thus have internalised a certain norm to varying extents (March and Olsen 1998: 953). In addition, as has been pointed out in the political psychology literature (Smith and Mackie 2007: 353ff), genuinely normative behaviour may be activated by different processes and events, including deliberate reminders or by subtle cues, which may exist to varying degrees in different situations.

It has also been found in political psychology that the world is not ‘either/or’ with regard to the rationalist-sociological dichotomy, ‘but reflects the tension of acting selfishly under the
constraints of a social world’ (Shannon 2000: 310). The general complementarity between the two approaches is thus foremost based on contextuality. Which social logic ‘prevails’ becomes a contextual question, as each is triggered under certain conditions. In view of this paper’s focus, considering space limitations and given the potentially compromised confidentiality of (some of) our interview sources, we have to leave an analysis of the factors conditioning each logic in the Presidency context for future/subsequent research.

References


