

# SWP Comment

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## The UK and the EU: New Opportunities, Old Obstacles

Prospects for UK-EU Cooperation in Foreign and Security Policy after the UK Elections

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Labour has won a landslide in the United Kingdom (UK) snap elections and will now lead the government. Following the mutual estrangement caused by Brexit, among other changes, this provides an opportunity to revitalise relations with the European Union (EU). Particularly in foreign, security and defence policy, cooperation has already increased in the wake of Russia's war of aggression, but mainly on an ad hoc basis. In the medium term, it is not a question of reversing Brexit, but rather of establishing an EU-UK Common Strategic Initiative – in other words, a new model for structured relations with a partner that is very important for the EU and Germany. Here, the EU should also show more flexibility than in the past.

The snap elections called by Rishi Sunak for 4 July 2024 have brought a massive change to the UK political landscape. After 14 years of Tory-led government, the Labour Party has gained a vast absolute majority of 412 seats – 63 per cent of the House of Commons. This gives the new UK Prime Minister, Kier Starmer, a major mandate and political room for manoeuvre to change UK politics.

At the same time, the election results are first and foremost a rejection of the Conservative Party. The party's vote share has halved, resulting in a loss of more than two-thirds of its seats, with losses to both to Labour and the Liberal Democrats. However, the biggest electoral threat to the Conservatives were Reform UK, led by Nigel Farage, which gained 14 per cent of the

votes to the right of the Tories. Throughout the election campaign, Farage put additional pressure on the Tories to harden their stance on migration issues, climate policy and relations with the EU, for example by calling for the country to withdraw from the European Convention on Human Rights. With the biggest electoral loss in the last century, the Conservatives now face a huge internal fight about their future strategy, in particular on whether they should move further to the right to fight Reform UK, or challenge Labour at the centre.

From the EU's perspective, there should be opportunities for a limited revitalisation of bilateral relations with the new Labour government. One thing is clear for now, however: A reversal of Brexit is not on the table, even for the Labour Party, at least in



the medium term. This is because Labour categorically rules out a return to the single market or customs union, but also to freedom of movement and any form of dynamic alignment to EU rules. In addition to the goal of technical adjustments to the EU-UK trade agreement (e.g. in the veterinary sector), Labour emphasises above all its interest in increased cooperation with the EU in foreign and security policy.

The political wounds that the Brexit process has inflicted on the political establishment and the population run deep, and neither of the two major parties wants to revisit the fundamental decisions made between 2016 and 2020. This is not changed by the fact that, according to polls, around 60 per cent of people in the country now believe Brexit was a mistake and that there are even signs of a majority in favour of rejoining the EU.

Given this political constellation, new thinking on the EU-UK bilateral relationship should initially focus on foreign and security policy after the elections. On the one hand, the new Labour government is likely to have more political leeway in this area, which is still largely separate from the complex economic relationship. Moreover, the Labour Party has made it clear that it intends to step up cooperation in this area. On the other hand, the EU is also particularly interested in involving London in this sphere. Given Russia's war of aggression against Ukraine – but also the prospect of Donald Trump's potential return to the White House – foreign, security and defence policy will be one of the EU's key priorities in the coming years. With its substantial defence industry and military and diplomatic resources, the UK is likely to be an important partner – albeit as a third country.

### **Quick start needed on foreign policy**

Freshly elected, the new Prime Minister, Kier Starmer, will have to hit the ground running on foreign policy. In the two weeks

following the elections, there are two important dates for shaping European foreign and security policy: the NATO summit in Washington from 9 to 11 July, and the next summit of the European Political Community (EPC) on 18 July. The UK will host the latter and welcome leaders from up to 47 European countries. The agenda for the meeting was set by the previous government, while the new government will be responsible for organising it.

The fact that the new Prime Minister will be in office by 9 July is due to the UK's political system. The first-past-the-post electoral system usually produces a clear majority, including the large Labour majority of more than 63 per cent of seats in these elections, despite the party scoring only 34 per cent of the popular vote. In addition, the Prime Minister is appointed by the King on the basis of the results of the elections, with no parliamentary vote of approval required. The new UK government will thus be fully operational for both summits. It should therefore be possible to discuss the scope for cooperation with the new British government at the EPG summit in mid-July.

### **Foreign policy rapprochement with reservations**

The UK's foreign and security relations with the EU hit their low point after Brexit. First of all, it should be emphasised that London continues to work with the EU member states in many ways – through NATO and very close bilateral relations, but also via formats such as the G7, the E3 (France, Germany and the UK) and the Joint Expeditionary Force (JEF). Prime Minister Theresa May, who was in office from 2016 to 2019, originally aimed to establish a security partnership with the EU after Brexit. However, mutual relations reached a low point in 2020/21 after her successor, Boris Johnson, rejected any structured relationship with the EU on foreign, security and defence policy at the start of negotiations on the future relationship between Brussels and the UK. The UK government's 2021 strategy

document did not even mention the EU as a partner, focusing instead on “Global Britain” and maintaining bilateral relations.

However, two factors have led to a “thaw” between Brussels and London on foreign and security policy. First, after Sunak took office in 2022, both sides were able to settle their differences over Northern Ireland with the Windsor Agreement, thereby overcoming mutual distrust concerning the special arrangements for this part of the country. Second, Russia’s war of aggression highlighted the need for closer cooperation. In early March 2022, a few days after the start of the full-scale invasion of Ukraine, the then UK Foreign Secretary Liz Truss attended a meeting of the EU Foreign Affairs Council (though it did not happen again). The EU and UK coordinated closely on sanctions trilaterally with the United States (US) and within the G7. The UK is also in the process of joining the EU’s Permanent Structured Cooperation (PESCO) military mobility project. It has helped to organise the EU’s training operation for the Ukrainian armed forces, having already conducted its own bilateral training for Kiev. It also participates in the Donor Coordination Platform for Ukraine, co-chaired by the EU Commission, including the secondment of a UK official to the relevant secretariat based at the Commission.

However, the majority of cooperation on Ukraine does not take place bilaterally between the EU and UK, but within a multi-lateral framework (notably NATO and the G7) or through bilateral and minilateral cooperation with individual EU states. This is because the Sunak government continued to reject a structured dialogue on foreign and security policy; it turned down the invitation to a regular dialogue format from the President of the European Council, Charles Michel.

The biggest difference in foreign and security policy between the new Labour government and the previous Tory government will therefore concern cooperation with the EU. Specifically, Labour wants a “UK-EU security pact” with Brussels. In its vision, this security pact should include

closer coordination not only on military security, but also on the relevant issues of economic, climate, health, cyber and energy policy. Such a security pact should be explicitly in line with – rather than in opposition to – NATO’s collective defence, as the Alliance remains for Labour the primary framework for British and European security. In addition, as with the Conservative governments since Brexit, the party is seeking to develop bilateral relations with close EU and NATO partners such as France, Poland, Ireland and, in particular, Germany. Remarkably, both Labour and the Conservatives included in their manifestos the goal of a UK-German defence pact along the lines of the Lancaster House Treaty between France and the UK.

Despite the mutual interest, however, it remains difficult to strike a balance between resources and participation rights, as best illustrated by the “Galileo problem”. Even during the negotiations on the Brexit withdrawal agreement, Theresa May sought a security partnership with the EU. However, the first major setback was London’s decision to not participate in the European satellite navigation system, Galileo, which was developed with significant input from British companies and could benefit in the long term from the involvement of the UK space industry. However, the EU insisted on participation on the same basis as all other third countries, which the UK felt was too restrictive in view of its financial and industrial contributions. There is a similar danger in the area of defence cooperation, for example, where there should be a high level of mutual interest in cooperation. From the EU’s point of view, however, this requires participation according to the standard rules for third countries, that is, without any decision rights, which is unacceptable to London, given the size of the British defence industry – regardless of who is in government. To date, the Labour Party has not indicated how it intends to solve this “Galileo problem”.

## Constants and potential shifts

In terms of thematic cooperation between the EU and the UK, it should be noted that the Sunak government and Labour are closely aligned on many other key foreign and security policy issues, where policy change is therefore expected to be limited. This shows that Starmer has brought his party closer to the foreign and security policy mainstream in London after the years under Corbyn. But Rishi Sunak has also made some course corrections compared to his short-lived predecessor, Liz Truss.

The alignment is first and foremost about UK support for Ukraine and London's fundamental positioning in the European security order. As early as 2021, the British government identified Russia as the "most acute threat" to European security; London provided early and substantial military support to Ukraine. Alongside Germany, the UK is the largest European supporter of Ukraine in quantitative terms, but unlike Berlin it has taken a pioneering role in supplying new weapons systems and changing the West's positioning, for instance regarding strikes on Russian territory. The government's course has always been supported by the Labour Party, which recently called for even greater support for Kiev. Under Labour, London will likely also position itself as a key player with a claim to leadership in European security policy, maintaining close relations with the countries of northern, central and eastern Europe as well as France.

The "special relationship" with the US also remains of central importance to the UK. From London's perspective, US support for Ukraine has once again highlighted Washington's importance for European security — and thus Britain's goal of keeping the US as its closest ally. This remains true even in view of Trump's possible return to the White House. Not only the Sunak government, but also Labour's shadow and likely new foreign secretary, David Lammy, emphasised that the UK would work closely with Washington on foreign and security policy, regardless of who wins the US elec-

tion. The differences between the two parties are likely to be nuanced. For all their political differences, Starmer has deliberately refrained from publicly criticising Trump, and even after his conviction in the New York hush-money trial, Starmer said he would work with Trump if he were to be re-elected president. Sunak, on the other hand, is also not particularly close to Trump, but he sent his foreign secretary, David Cameron, to visit him in April 2024. A notable difference is, though, that unlike during Trump's term from 2017 to 2021, the far-right wing of the British Conservative Party is openly reaching out to the MAGA Republicans. Former Prime Ministers Johnson and Truss, among others, have called for Trump to be elected.

The UK's position in the Indo-Pacific and towards China is closely linked to the transatlantic relationship. The UK-China relationship has changed significantly over the past 15 years. Whereas Cameron, during his time as Prime Minister (2010–2016), still spoke of a "golden era" between China and the UK, Truss, for example, sought to adopt a particularly hawkish stance towards Beijing, alongside the US. Under Sunak, and now under Starmer, the UK government is moving closer to the European mainstream by viewing China's rise as an "epochal" (Sunak) or "systemic" (Lammy) challenge and emphasising "de-risking" rather than "de-coupling". Both the Conservatives and Labour emphasise the threat posed by the Chinese Communist Party, but also the importance of China to the UK economy and its role as a partner in tackling global challenges such as pandemics, climate change and the regulation of artificial intelligence. With this in mind, Labour wants to complete the UK's accession to the Trans-Pacific Partnership and secure a trade deal with India. It also aims to build upon the AUKUS partnership between the US, Australia and the UK.

## Shifts in Middle East and climate foreign policy

The terrorist attack by Hamas on 7 October and the subsequent Israeli military offensive in the Gaza Strip had a strong political resonance in the UK. Under Prime Minister Sunak and Foreign Secretary Cameron, London has positioned itself as a close ally of Israel, regularly coordinating with Germany. This coordination included a joint op-ed by Cameron and his German counterpart, Annalena Baerbock, in the *Sunday Times* and a partially joint trip by the duo to Israel. Starmer has long been a vocal supporter of this line as well, partly to reaffirm his policy of distancing himself from the anti-Semitic incidents that occurred in the Labour Party under his predecessor, Corbyn. However, many voices within the Labour Party, both at the grassroots level and among MPs, are calling for a change of course due to the high and rising number of victims of Israeli military operations. Starmer, in consequence, called for an immediate ceasefire in Gaza earlier than Sunak, and he is likely to come under pressure from within the party to adjust Britain's Middle East policy once he takes power. In its election manifesto, Labour signalled its willingness to recognise a Palestinian state "as part of a renewed peace process".

One clear difference between the two parties is the extent to which climate action should be integrated into foreign and security policy. The UK has long been at the forefront of international climate policy, but the Conservative government recently scaled back efforts to reduce greenhouse gas emissions to "net zero". This goal had taken a back seat in the Conservatives' plans, with their climate policy focusing instead on energy security, public acceptance of climate policy and competitiveness. Labour places more emphasis on "green growth" as part of its economic agenda, while a "clean energy alliance" is to become an important element of its foreign and security policy. Climate policy in its view should also be better integrated into the Foreign and Commonwealth Office.

## Limited fiscal room for manoeuvre

One challenge is the UK's tight fiscal leeway, including in the area of defence. Unlike Germany and many other NATO allies, the UK consistently meets the 2 per cent target. However, in contrast to many Central and Eastern European countries, it has not significantly increased its defence budget since Russia's full-scale invasion of Ukraine. In addition, London's reserves have been depleted by years of operations in Iraq and Afghanistan, and later by aid to Ukraine. On top of this, the country's economic difficulties – not only, but also due to Brexit – will foreseeably limit what is fiscally possible.

Despite this backdrop, Sunak promised in the pre-election campaign to increase UK defence spending to 2.5 per cent of GDP by 2030 (from 2.33 per cent by 2024, according to NATO). Labour has set the same percentage target but subject to "as soon as resources allow". It is worth noting that since 2014, in relations to GDP, the UK has had the lowest defence budget increases of all European NATO allies (except Croatia); even after 2022, increases here have been lower than elsewhere. With interest rates higher than in the eurozone, and both parties insisting on investing in the health and pension systems while avoiding tax rises, Labour is likely to have to keep a tight rein on its defence spending.

## Outlook

After the twin elections in the summer of 2024, the EU and the UK will have the opportunity to deepen their foreign and security policy cooperation. Given an increasingly confrontational European security order with an imperialistic Russia, the global rivalries between the US and China, and Trump's possible return to the White House, Germany and the EU should have a strong interest in seizing this opportunity. Whether and to what extent this can be done depends on the mutual willing-

ness to prioritise geostrategic interests in negotiations instead of insisting on red lines.

On the one hand, the political room for manoeuvre of the new Labour government is important. In principle, Labour has a big absolute majority, which gives Starmer plenty of political space for bold political action. At the same time, the low share of the popular vote as well as the rise of Reform UK will keep public pressure up. In order to reign in calls for a much closer relationship with the EU, Starmer has thus, on the eve of the elections, ruled out any movement on the central principles of Brexit – no return to the single market or customs union, no formal mandatory adoption of EU law – during his lifetime. The Tories in opposition are also likely to protest loudly – with the support of the right-leaning media – against any rapprochement with the EU, especially as they are under pressure on this issue from the hard Brexiteers and Farage’s Reform UK party. On the other side, the Liberal Democrats and Greens might start to campaign for more movement towards the EU. Starmer’s positioning so far suggests that his new government will aim for – or will at best allow for – political rapprochement and better coordination vis-à-vis the EU, but hardly re-integration. Deepening cooperation in the largely separate field of foreign and security policy could, however, send a positive signal about this mutual interest and open up scope for closer cooperation in other areas in the medium term.

On the other hand, the EU should also show more flexibility. Throughout the Brexit negotiations, the mantra has been that the UK should not benefit from special arrangements in any area, but should be treated like any other third country. Applied to foreign, security and defence policy, this leads to the “Galileo problem” described above and, for example, the exclusion of the UK defence industry from the joint EU procurement of ammunitions. Efforts so far to involve London in European security issues in a structured way, for example through the EPC, have made little

difference to the EU-UK relationship; bilateral relations with the larger member states remain more important. At the heart of this is the formalist approach to foreign and security policy: Even without formal voting rights, London as an observer would likely carry more weight than at least 22 of the 27 EU members, given its importance in foreign and security policy as a non-member. This, in turn, means that neither the UK nor any other third country should even get a regular observer role in EU meetings. This formalist approach, however, no longer does justice to the interests of a geopolitical EU or to the UK’s status in this area.

### **An EU-UK Common Strategic Initiative**

Instead, the EU should be open to the structured involvement of the UK in security matters in the context of a security pact, as envisaged by Labour, through a model specific to the UK, an EU-UK Common Strategic Initiative. The core feature of this new model should be a UK-specific balance between commitments, flexibility and mutual interests to be found in negotiations. The Common Strategic Initiative should be based on the principle of partnership, not (re-)integration. The level of cooperation should be between the EU institutions and the UK government, but with the close involvement of EU member states, which will continue to play the central role in foreign, security and defence policy. Finally, this initiative should be designed from the outset to complement, rather than compete with, existing cooperation, notably within NATO.

Such a project would require a new institutional framework beyond the existing ad hoc cooperation. It could consist of three elements. First, regular strategic consultations should be established at the political level – as the EU does with other strategic partners such as the US – in the form of third-country dialogues. The EU should be represented at the highest level by the President of the Commission and the President of the European Council, and at the foreign minister level by the High Representative.

These consultations should take place at least once a year; a good starting point would be the end of 2024, after the US elections. Second, at the working level, mixed working groups from EU institutions and representatives of EU member states and the UK on issues in which cooperation could be deepened would be an option. Third, London could be invited as a guest – possibly together with candidate countries and/or other partners – to selected parts of meetings of EU leaders and foreign ministers. However, participation should always be selective and limited in order to remain at the level of partnership.

Legally, such an initiative could be linked to the existing EU-UK Trade and Cooperation Agreement (TCA). The TCA is explicitly designed as a framework agreement to which further individual agreements can be added in accordance with Article 2 of the TCA. These can also use and extend the common institutional framework, including the possibility of setting up specific working groups.

Most important for a Common Strategic Initiative, however, are concrete policy projects. Beyond regular foreign and security policy coordination, three areas are particularly suitable. The first would be better coordination on sanctions, underpinned by a mixed working group. Here, both sides could benefit from improving the coordination of sanctions – some of which are conducted through the G7 or the EU, US or UK – by exchanging information and harmonising the measures imposed, without relinquishing each other's decision-making autonomy. A second focus should be cooperation on defence industry and armaments. The EU has ambitions to make significant progress in this area in the current legislature, which would be important for UK industry. A third potential focus could be on climate change policy. Labour wants to put climate change at the heart of British foreign policy, and the EU and the UK have a common interest in linking their emissions trading and carbon offsetting

schemes (also planned in the UK) and promoting them globally. However, there are many other issues that could be addressed, such as support for Ukraine, cyber security and energy policy.

Germany could play a key role in the EU-UK Common Strategic Initiative. For one thing, Berlin in particular has a vested interest in involving London in European security and defence cooperation. The Anglo-German defence pact envisaged by Labour (and in the Conservative manifesto) should be embedded not only in NATO and the G7 from the outset, but also in an EU-UK security pact. In the negotiations on PESCO or the procurement of munitions, for example, France has insisted on creating the most restrictive conditions possible for third countries in the interests of European sovereignty, to the detriment of British participation. Germany, together with other partners, should work towards a pan-European interpretation of European sovereignty, with flexible, deeper and more comprehensive British involvement.



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