

What foreign policy for Liechtenstein?

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This article discusses the report on the priorities and objectives of Liechtenstein foreign policy published by the Government in July 2019. Despite the clear commitment to an active foreign policy, however, the report testifies to a sometimes opportunistic understanding of international cooperation and lacks the courage that has characterized Liechtenstein foreign policy so far.

Changing framework

Smallness is the determining factor for the analysis of practically all political processes in Liechtenstein. Foreign policy is also essentially determined by Liechtenstein's small size and the associated lack of resources and increased vulnerability. Another consequence of smallness, however, is that international integration has always been understood as a contribution to strengthening Liechtenstein's sovereignty. In addition to equal access to international decision-making bodies and the recognition as a constructive and reliable partner, legal certainty, which is important for business locations, has also been cited as an argument for an active foreign policy.

In forming these narratives, the government benefited from the traditionally strong position of the executive authority in foreign policy and a pronounced political consensus culture in Liechtenstein. Liechtenstein's active foreign policy in recent decades has also benefited from the creation of numerous international institutions during this period and their willingness to integrate states independently of their resources and capacities.

For some years, however, multilateralism has been in a deep crisis, as evidenced by the limited capacity of various international organizations and the stalled European integration process. An international environment increasingly geared to economic and security policy nationalism, meanwhile, poses a high risk especially for micro-states without geopolitical and economic power.

The domestic political framework conditions of Liechtenstein foreign policy have also changed in recent years. Particularly noteworthy is the differentiation of the party system through the founding

of two new parties and the accompanying strengthening of the political opposition. More parties can lead to intensified competition for political issues, while a strengthened opposition results in increased government control. Liechtenstein's austerity efforts in recent years have also limited the country's foreign policy activities.

Foreign policy is a policy of interests

Foreign policy serves to assert national interests vis-à-vis other states or the international system and should contribute to maintaining the independence, security and welfare of a state. Traditionally, great importance is attached to economic interests in Liechtenstein foreign policy. This is also made clear in the new foreign policy report, which repeatedly refers to the important contribution of foreign policy to a successful Liechtenstein location policy. The current external trade policy, which is oriented toward free markets, should be consistently continued, whether within the framework of EFTA or by strengthening the WTO.

However, the Government's report also describes the "active engagement on behalf of efficacious multilateral institutions" and to binding international regulations as Liechtenstein's "as an expression of a policy of interests put into practice". Liechtenstein's "own fundamental interest" in a "politically and economically strong Europe" is also emphasised. Further interests mentioned in the report, which are to be enforced by means of foreign policy, are consular protection and, in general, support for Liechtenstein citizens living abroad.

Although the report explicitly defines foreign policy as interest policy, the interests underlying Liechtenstein's foreign policy are not further discussed in the report. Instead, the report concentrates on the presentation of priorities, goals, and objectives. It remains to be seen to what extent these actually correspond to Liechtenstein's long-term interests, or whether the government is merely reacting to current trends in the international system.

Focus on bilateral relations

The report identifies the following priorities of Liechtenstein foreign policy: bilateral relations with neighbouring and priority countries, European integration, foreign economic policy, multilateral engagement, and international solidarity. Although there is no actual weighting of the priorities, the order is deliberately chosen. Accordingly, bilateral relations with neighbouring countries and focus countries are not given priority.

The report surprises positively with the desire to strengthen relations with Iceland and Norway. Economically, these countries are of little relevance to Liechtenstein, but are important as partners in the EEA and EFTA. Through increased cultivation of relations, mutual understanding is to be improved and networks are to be created that can then be "used to address EEA issues". In view of the great importance of the EEA for Liechtenstein, this is very welcome. The same applies to the desire for strengthened relations with individual EU states with the aim of "enhance the visibility of the EEA, and increase understanding for Liechtenstein's situation and concerns".

Focus on European integration

The EEA and Liechtenstein's overall relations with the EU occupy little space in the report compared to their actual significance for Liechtenstein. This is due to the fact that in Liechtenstein the administration of the EEA Agreement is largely decoupled from foreign policy. However, the report describes the EEA as the "ideal solution for Liechtenstein's integration in Europe". In addition to its contribution to prosperity and stability, the report particularly emphasizes Liechtenstein's ability to participate in shaping the process.

The government always endeavours to ensure that the EEA is "compatible with size". One example of this is Liechtenstein's special solution for the free movement of persons. The report also mentions the compatibility of EEA membership and the customs union with Switzerland as a prerequisite for the high level of acceptance of the EEA among the population. With a view to the increasing strengthening of EU agencies, the report states that "the existing flexibility of the EEA Agreement" should be used "without excessively undermining the two-pillar structure".

Ambivalent commitment to Europe

Liechtenstein would like to continue "its own independent European policy tailored to its needs" in the future. At the same time, however, the Liechtenstein integration model is "continuously being reviewed and compared with alternative models of European integration". These remarks testify to a strongly opportunistic understanding of European integration.

However, the importance of a "politically and economically strong Europe" emphasized in the report and the reference to common values such as "freedom, democracy, and the rule of law" contradict this message straightaway. The report also states that Liechtenstein's relationship with the EU is measured "not only by the advantages of the single market, but also by the responsibility that Liechtenstein assumes for the common challenges".

This ambivalence permeates the entire report. On the one hand, it is clear that multilateral cooperation is in Liechtenstein's interest. On the other hand, according to the government, the current international environment threatens to reduce the "sovereignty and security policy benefits" of multilateralism for Liechtenstein. As a consequence, foreign policy resources are to be increasingly used for the cultivation and intensification of bilateral relations, whereby great importance is attached to the two neighbouring states of Switzerland and Austria in particular.

At this point, it can be critically noted that the foreign policy report is sometimes too strongly oriented to the current assessment of the situation and thus relies too little on the long-term interests of Liechtenstein foreign policy. At the same time, the report lacks a differentiated presentation of the high interdependence in Europe and the world. The efficiency gains that result from functioning international institutions – especially against the background of these interdependencies – are also

not mentioned. Thus, the government has failed to address the growing scepticism toward multi-lateral cooperation in Europe and the world, also in Liechtenstein, with this report.

Narrow understanding of foreign policy

The report shows a very narrow understanding of foreign policy. In concrete terms, foreign policy is judged only from the point of view of the Foreign Ministry. In a broader understanding, however, foreign policy can include all activities of a cross-border nature that affect the interests of the state. In addition to the activities of the other ministries, the Princely House and the Parliament, this also includes the activities of non-governmental organisations, research institutions and interest groups.

In view of the limited resources of Liechtenstein foreign policy, a broad understanding of the actors and points of reference in foreign policy appears all the more important. In this context, reference should also be made to the targeted secondment of experts to international organizations. At present, hardly any Liechtenstein nationals work in the EFTA institutions, although the associated transfer of knowledge would be of great relevance for Liechtenstein foreign policy.

It would therefore have been desirable for the government to have included such strategic considerations in the report. All the more so since the report is based on the desire for an intensified discussion and thus broad legitimacy of foreign policy.

Conclusion

It is very gratifying that, after 2007, the government is once again submitting a report to Parliament on the priorities and priorities of Liechtenstein foreign policy. The report confirms that Liechtenstein foreign policy is well positioned and that its activities are geared specifically to Liechtenstein's interests and the conditions of the international system. Consequently, it is not surprising that the report met with much approval in Parliament.

However, the report remains non-binding in many respects and avoids several fundamental questions for future foreign policy. With regard to Europe and the challenges of the EEA, it is particularly unfortunate that the report does not address the relationship between intergovernmental and supranational integration. It also remains to be seen to what extent and under what conditions Liechtenstein would be prepared for further integration steps. It is also unclear what consequences the government expects for the EEA and its institutions in connection with the Brexit and a possible institutional agreement between Switzerland and the EU.

It may have been a deliberate decision to omit these and other fundamental questions in order not to give too much visibility to these sometimes sensitive questions. The report is also written in such a way that both *communitarians* and *cosmopolitans* can identify with it. One example of this am-

bivalence is that the report emphasizes the great importance of an active foreign policy for Liechtenstein, but at the same time positively emphasizes that the total financial expenditure for foreign policy has decreased by more than 10 percent since 2010.

The report may thus take foreign policy out of the firing line for the time being after the intensive debates about the expenses of former Foreign Minister Aurelia Frick and the rejection of the Migration Pact. However, the report is not enough to provide lasting legitimacy for the strategic orientation of foreign policy. Accordingly, it is to be hoped that the government will not wait another twelve years before a basic foreign policy report is presented to Parliament again.

All quotations are taken from the report on the priorities and objectives of Liechtenstein foreign policy published by the Government of the Principality of Liechtenstein (July 2019).

Citation

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