



**Center for Strategic & International Studies
– Europe Program –**

U.S.–German Bilateral Dialogue
“RENEWING THE TRANSATLANTIC PARTNERSHIP”

In cooperation with the
Politisch-Militärische Gesellschaft (pmg)

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FOREWORD

On October 18, 2004, the Europe Program at the Center for Strategic and International Studies (CSIS) hosted a one-day U.S.-German Bilateral Dialogue on “Renewing the Transatlantic Partnership.” The dialogue was organized in cooperation with the Berlin-based Politisch-Militärische Gesellschaft (pmg), led by Colonel Ralph Thiele, commander of the Bundeswehr Center for Transformation. This event continued a series of successful U.S.-German Bilateral Dialogues organized by CSIS and pmg, most recently in Berlin on November 16-17, 2003 and at CSIS in Washington on June 24, 2002.

This year’s meeting brought together a strong, high-quality group of experts and policymakers from the United States and Germany to assess the state of the transatlantic partnership and its institutions as both states prepared for the opportunities and uncertainties that would follow the U.S. presidential elections. The meeting examined two regions of particular importance for the transatlantic partnership, now and in the future: the Middle East and China. It also addressed “the state of the Alliance” and “the state of the institutions” that together provide the infrastructure of the transatlantic partnership. As Robert Hunter noted in his remarks at the dialogue, we are currently in a situation where the economic relationship is holding the transatlantic relationship together, as Europe and the United States struggle to develop common perspectives and approaches toward the many, diverse international security challenges they face in common. Ambassador Hunter argued that coming to agreement not only on approaches, but also on coordinated transatlantic responses is likely to require a new “strategic partnership” between the United States and the EU, a partnership that has developed strong habits of cooperation in the economic and regulatory fields, but is only now entering the domain of the international security challenges of the twenty-first century, from proliferation to foreign assistance.

This report is based on the adapted comments of our lead discussants, and I want to thank them for their valuable contributions. I am grateful to Ralph Thiele, in particular, for his initiative and partnership in organizing this dialogue, and to all the participants from both sides of the Atlantic for helping to make the event such a success. Finally, I would like to give special thanks to the **Federal Ministry of Economics and Labour (BMWA), European Recovery Program and the German Marshall Fund of the United States** for their generous support of this event and our other bilateral dialogues.

*Robin Niblett
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AUTHORS, AND NOT THE INSTITUTIONS WITH WHICH THEY ARE AFFILIATED.

Half Past Bush: Test of Will, Test of Efficacy, Test of Vision

Simon Serfaty

The transatlantic partnership is at risk. For the first time since the United States of America assumed, on behalf of the West, a leadership it had earned the old-fashioned way, many of its European partners do not recognize the threat identified by the United States, do not condone the methods used to defeat that threat, and do not readily endorse the values that motivate these methods. The paradox is for everyone to see: At the peak of its power, the United States seems to be least relevant to the concerns of its allies and the aspirations of its adversaries. No less significantly, for the first time since the nation-states of Europe launched a process of integration aimed at recasting them into a union of member states, their ultimate goals and methods are causes for open concern, not just ambivalence, in the United States. There, too, the paradox is striking: closer to an institutional finality that its Founding Fathers could not have anticipated, Europe faces unprecedented tensions among its members and open public challenges within each of them.

In sum, for both the United States and the states of Europe, as well as for the central institutions to which they belong, this is a critical juncture—a defining moment that parallels the start of President Truman’s second term in office in 1949, when decisions and the events that prompted them were to shape the history of the following four decades.

The strategy put in place by Truman between 1949 and 1953 was neither an American nor a European strategy. It was a Western strategy that relied on U.S. power and leadership to shape an institutional order in the name of which the Cold War was waged and ultimately won. In a Euro-Atlantic context, this institutional order relies primarily on an Atlantic Alliance whose integrated military organization would help restore the European dimension of America’s identity, and on an idea of Europe whose ever closer community was designed to deflate the national dimensions of the new European allies.

Now, however, a Western strategy may prove to be a goal that is not wanted on both sides of the Atlantic, or one that can be denied by either side irrespective of the other’s preferences. Yet, notwithstanding the depth of the transatlantic crisis of the past three years, such a conclusion remains premature. Insisting that the new security conditions unveiled on September 11, 2001, can best be fought with passing “coalitions” that are built one “mission” at a time will create a self-fulfilling prophecy that marginalizes the Atlantic Alliance at the expense of all its members. No less significantly, further transatlantic discord would undermine relations within Europe and, thus, also threaten a European Union (EU) that remains more easily divided about the United States than about any other part of the world.

As was understood in 1949, solidarity between America and Europe, as well as within Europe, is the best recipe for global stability. In other words, the defining transatlantic issue is not over power and weakness, but over power and order. That the military preponderance of the United States is beyond

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the immediate reach of any friend, rival, or adversary is not in question. But as shown in Iraq, such preponderance alone will not suffice: even a nation without peers cannot remain for long a nation without allies that are not only willing but also capable and relevant. Nor is the world in which that preponderance is being tested to the taste of Americans—a world whose violence threatens to define a twisted morality: kill in order to not be killed and, therefore, better wrong than unsafe. For unlike any other preponderant power in the past, being liked for what Americans value rather than being feared for what America does is what America does best and Americans like most. This, in the end, is why Truman's strategy proved to be lasting and effective, notwithstanding the limits of the presidential mandate he received in the fall of 1948; and this is why a different strategy, closed to like-minded allies and seemingly reliant on the single-minded use of force, may fail the combined tests of efficacy abroad and durability at home.

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The risk of U.S. failure, however, should not leave Europe indifferent. However awesome Europe's transformation, and however real its ability to exert genuine influence in the world, its achievements and renewed capacity to act have been mostly measured under conditions of U.S. successes, after World War II as well as since the Cold War; never has Europe been seriously tested, for will and efficacy, in the wake of U.S. failures comparable to what might follow an inability to complete well what was started, arguably unevenly, in Afghanistan, Iraq, and elsewhere. In short, for all the differences that exist between the United States and the states of Europe, and for all the personal doubts and occasional anger felt between heads of state and government on both sides of the Atlantic, Europe matters to America, and America to Europe, because overlapping interests, compatible values, and converging interests make of each the other's partner of choice. By April 2009, for the fiftieth anniversary of the Washington Treaty that launched the Atlantic Alliance, relations with Europe will be either much better off or much worse off—depending on the decisions made on both sides of the Atlantic in 2005.

In a moment impregnated with a certain air of destiny, what is most needed is threefold: a will for partnership nurtured by the historically extraordinary achievements that lie behind, but reinforced by the compelling challenges that stand ahead; an efficacy of action, centered on the most urgent issues of the moment—especially Iraq, Iran, and the Israeli-Palestinian conflict, as well as Cold War legacies like Ukraine; and a test of vision, related to the various nonmilitary dimensions of the war on terror, the control of catastrophic weapons able to inflict mass destruction on civilian targets, and the management of a new multipolarity populated by fallen empires, meaning Russia, and ascending powers, including China and India. What all three tests have in common is their urgency. For even over the vision thing—the passing of the unipolar moment and the coming of a new multipolar world—the long term has run out of time, locking events into a short-term dimension for which we, on both sides of the Atlantic, may not be fully prepared.

A Test of Will

For nearly five decades, Europe's transformation depended on several main conditions that influenced the scope, pace, and success of each new initiative embraced by an ever-larger number of European states: robust, sustained, and widely shared economic growth; stable and confident centrist national leadership able to resist pressures from either political extreme; a reliable and lasting bilateral core of two of Europe's largest states, able to pull together the smaller members within the community; credible U.S. support, often extended at some economic or political cost to the United States, but justified by broader U.S. goals; regional stability, to the East of Germany, but also to the South of the Mediterranean.

Early in 2005, these conditions for Europe's institutional growth and dynamism are in question, and a source of general concern about the transatlantic partnership should be the future of the states of Europe and their union at the very moment when they are most needed. There is not enough economic growth: below potential for several years, Europe's economies are weak, and prospects for sustained recovery are at best uncertain—likely to remain below 2 percent in 2005. There is much political volatility: in 2004, previously strong governments became weak (as in Britain and Italy) or were voted out of office (as in Spain, Slovenia, and Romania), and weak governments became even weaker and are at the mercy of the next national election (as in France and Germany). There is much public ambivalence: in the midst of its so-called finality, the construction of Europe is questioned for its intrusiveness (with a dozen national referenda scheduled to be held over the constitutional treaty signed on October 29, 2004) and its expanding membership (with Turkey the focus of the citizens' discomfort). There is much societal fear: Europe is especially vulnerable to acts of terror imported from, or inspired by countries and groups south of the Mediterranean because of geographic proximity and cultural sensitivity.

As Europe moves toward the fiftieth anniversary of the Rome Treaties, in March 2007, a second Bush administration must urgently dispel the perception that it is generally unaware of—and even broadly hostile to—Europe's institutional agenda. Admittedly, the completion of the European Union is not a U.S. responsibility: it is the responsibility of its members. But because of the continued influence of U.S. policies, decisions that reinforce or weaken the fact or even the perception of the U.S. commitment to a united and stronger Europe will affect EU choices during the difficult period ahead. There can be no ambiguity: the EU is a very important U.S. interest, if for no other reason than it is a vital interest for the states of Europe, America's most vital allies. So it was during the Cold War, so it remained after the Cold War when NATO and EU enlargement continued to move in unison, and so it must still be during the coming years as an institutional fragmentation of Europe, whose multi-speed construction would include a reverse gear, would benefit neither the states of Europe nor the United States.

Europe is needed by the European states, but it also needs to be needed by the United States, not one national capital at a time but all of them simultaneously.

In short, Europe is needed by the European states, but it also needs to be needed by the United States, not one national capital at a time but all of them simultaneously. Thus, President Bush ought to be applauded for his decision to return to Europe in late February 2005, earlier than has ever been the case after a presidential election and following three other European trips in June 2004. In so doing, Bush meets a test of will for a forceful reaffirmation of the U.S. commitment to a closer partnership with a united and strong Europe within a renewed and cohesive transatlantic partnership. By choosing to go first to Brussels, as opposed to any specific national capital, by placing his visit in the dual institutional context of both NATO and the EU, as opposed to NATO alone, and even by avoiding to play favorites among his main counterparts, allegedly "old" and new, the U.S. president also acknowledges a Euro-Atlantic solidarity that includes the 32 countries that belong to at least one of the two central Western institutions but also extends to other European countries that belong to neither yet.

Renewing the transatlantic dialogue, however, cannot depend on the United States alone. Europe must also show tangible demonstrations of a renewed will for partnership: Americans, too, want their leadership to be wanted, not after it has worked but during the difficult moments that precede success and test the allies' will for partnership. To this end, President Bush should be invited by his EU counterparts to attend the opening dinner of the EU Summit scheduled for June 2005, as he was, however ineffectively, in Gotesborg, Sweden, in June 2001. Extended to subsequent EU summits as well, such an invitation would privilege the increasingly close relationship between the United States and the EU—the United States as a nonmember member-state of the EU, and the EU as a virtual state

that deserves the same sort of bilateral intimacy as that which is being maintained by the United States and each EU member.

Admittedly, there is much in America's recent evolution that is puzzling in Europe, where the *projet de société* launched through its union, at 25 (or more, or less) seems to be moving in different cultural directions than is the case across the Atlantic. Similarly, there is also much in President Bush's discourse that is cause for concern, including a sense of certainty and a feeling of omnipotence that echo former secretary of state John Foster Dulles more than President Truman. As was the case then, and as remains the case now, U.S. preponderance is both a reality and an illusion, and its consequences can be both a blessing and a malediction for those whose alleged salvation initially demands that they first be destroyed. The reality has to do with the facts of American global power, but the illusion has to do with the global authority that such power permits—including "ending tyranny in the world," as President Bush pledged in his second Inaugural Address. The democratic

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transformation of the world, away from "oppression, which is always wrong" and toward "freedom, which is eternally right" is a laudable goal, but it is a goal that falls outside the range of America's authority to command, and beyond the reach of American preponderance to achieve alone. Failure to comprehend these limits would dangerously threaten to set the stage for the failures of post-Cold War, post-9/11 U.S.

policies everywhere, transforming whatever blessings might have come out of the preponderance of American power into a malediction for its allies and targets.

Ironically, it is Europe—America's like-minded partner of choice—that is the region most capable to compensate for the limits of the American preponderance and thus moderate its potential for excesses. That, however, cannot be done by any one European state, which might either hope to achieve more influence with closer obedience, *à l'anglaise*, or, conversely, insist that its resistance will translate into more influence, *à la française*. For Europe to exert its weight, its countries must first manage the "finality" they have outlined for their institutions. But how, when, and to what end this daunting task will be completed, if ever, remains unclear: for that task, too, is cause for ambivalence nearly everywhere, especially in Europe itself.

A Test of Efficacy

The "idea" of American power and European weakness is fatally flawed and fundamentally misleading. The facts allegedly presented to substantiate such an idea have distorted the transatlantic dialogue and neglected Europe's power and America's weaknesses. For the United States to call on the European allies for help is not to submit the nation to a global test; it is instead to respond to a test of global efficacy. A coalition of the willing is bound to remain insufficient unless allies that are willing are also capable, and allies that are both willing and capable are also relevant. Unless, of course, the mission remains strictly military, in which case America's military dominance makes a coalition unnecessary because of the relatively limited contributions that the allies can make while the war is being fought.

U.S. preponderance is both a reality and an illusion, and its consequences can be both a blessing and a malediction.

Since September 2001, three years of coalition and counter-coalition building, whether of the willing by the United States (with an assist from Great Britain) or of the discontented by France (with an assist from Germany), have proven shortsighted, in Iraq and potentially beyond. The war could be won, but after the end of major combat operations it could not be ended; and as the war could not be ended, it soon came to look as if it was being lost. It is now time to return to the fundamentals of alliance

building among like-minded states whose willingness to follow is based on a legitimate expectation to be consulted before decisions are made.

In Iraq, few allies, if any, are able—and if able, even fewer among them are willing—to add to the military capabilities of the coalition. The opposite is true: many, if not most, previously willing European members of the coalition are preparing the withdrawal of much or all of their forces, as announced by Ukraine first, expected for Poland next, and anticipated in Italy later in 2005—thereby threatening to leave the United States and Britain awkwardly and dangerously isolated within the alliance. That such would be the case is not surprising. Why would the allies now contribute to a war that is being questioned with growing urgency within its leading proponents, whether in the United States or in the United Kingdom? To reassure its critics at home and abroad, the Bush administration will have to provide for an endgame that makes room for an early withdrawal of coalition forces by a date that only a democratically elected Iraqi government can determine and make certain. That date, presumed to be at some mid-point in 2006 at the earliest, would permit an interval of no less than 18 months after the Iraqi elections of January 30, 2005. It is during that interval that European allies that failed to join the coalition of the willing should make immediate commitments for the training of Iraqi military and police forces—a precondition for the reasonably orderly exit of coalition forces, short of which the withdrawal that we all want would take the form of a retreat that we all fear. During that interval, the rehabilitation of the Iraqi state will also depend on its ability to attend to the related missions of governance and economic reconstruction—missions for which additional contributions are needed most urgently.

Success in Iraq is no longer a convincing option: the inexcusable mismanagement of postwar conditions since May 1, 2003, has long overcome the impressive—indeed, “awesome”—display of American power during the previous few weeks. But failure is not an option either. America’s humiliation in Iraq would spread throughout the region, and significantly encourage forces whose radical

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views and terror-inducing policies would have been confirmed by events in Iraq. The Israeli-Palestinian conflict (viewed in the broader context of the transformation of the Greater Middle East) and conditions in Iran (as part of a broader attempt to block the further spread of weapons of mass destruction) are two priority issues that would not be resolved by success in Iraq, as President Bush argued in early 2003, but would be significantly affected by the evidence of failure in 2005.

With new opportunities opened by the Palestinian elections of January 9, 2005, it would be historically tragic to allow past tensions and parochial interests to overshadow the allies’ shared goals in this vital region. Admittedly, the United States and Europe respond to different concerns and aspirations in the Middle East. These differences create distinct priorities and vulnerabilities that often stand in the way of common policies. Yet, on the whole, differences among the EU countries, as well as between them and the United States, have been getting smaller, and Euro-Atlantic initiatives that embody a coordinated policy rather than isolated national interests are more likely to succeed than used to be the case. As the time comes to return to such “mundane” issues as the Arab-Israeli peace process, it becomes increasingly important to speak with a distinct Euro-Atlantic voice on behalf of interests that are in the end compatible even when they are not common, and for the fulfillment of objectives that are common even when they are not evenly shared.

That such would be the case is a matter of sheer interests. No region in the world is more volatile and more important than the Middle East—more disruptive (terrorism), dangerous (four wars), unstable (socioeconomic conditions), expensive (for the cost of peace even more than the cost of war), and intrusive (because of the domestic dimensions of policy decisions in the area). For the next several decades, no other region will offer the same potential for exporting chaos and war on a global scale.

Because of this unusual combination—vital significance and explosive potential—no region can best test the resources and vision of the transatlantic partnership. It is there that the partnership will meet its most demanding test—but it is also there that the partnership can least afford to fail that test. When it comes to that region, the Euro-Atlantic predicament is that there is no alternative to working together as each other's indispensable ally lest, working separately, each becomes the inescapable victim of the other's failings. In the whole region, Europe's apprehension over U.S. leadership is about what the senior partner fails to do no less than over what it actually does—how, and above all how effectively; similarly, America's concern over the lack of European followership is about what it knows it cannot do alone, or at least not as well as with its allies in Europe. In short, entering the twenty-first century the Middle East stands where Europe used to stand during the past century. That there can be no order in the world without order within that region is a matter of facts; but whether the analogy with Europe is based on the memories of the interwar years that followed 1919, or the postwar years that followed 1945, is only, at best, a matter of speculation based on our expectations for the next few years.

No region in the world is more volatile and more important than the Middle East. It is there that the partnership will meet its most demanding test.

Doubts in Europe about the U.S. commitment to proceed with the management and resolution of this conflict as an immediate priority are legitimate. After September 2001, there emerged an open personal affinity between the U.S. president and the Israeli prime minister, based on an equally understandable

revulsion over the atrocities committed in their respective territories and against their respective citizens. Nonetheless, the need for the United States to regain its privileged status as a fair and honest broker between the two main protagonists is urgent, and the democratic rise of a new Palestinian leadership presents an opportunity that must be explored in full. To this end, President Bush should appoint a high visibility special envoy for the Middle East with first-hand experience in the region and immediate recognition in Europe, preferably before the international conference on Palestine urged by Prime Minister Tony Blair for the spring of 2005. As the new Palestinian government gains the legitimacy it needs, a new peace conference should also be called later in 2005 to reassert the road map that might lead to a viable Palestinian state by 2009, as endorsed anew by President Bush shortly after his reelection. However hard the road remains, the benchmarks along the way are by now well known: no right of return for the Palestinians though significant incentives might be tantamount to giving them a right of no return; no automaticity in the enforcement of the 1967 lines, but specific reciprocity in whatever territorial alterations might be needed to enforce these lines; a demilitarized Palestinian state, though not necessarily neutral; and, perhaps most difficult, a shared capital in Jerusalem.

In 2005–2006, Iran has the potential to become even more divisive than Iraq was in 2003–2004. President Bush should consult closely with France, Germany, and Great Britain, as well as with other EU members even as the EU, too, strives to achieve a common position on this issue. Assuming the latter, Europe's ability to negotiate a verifiable and sustainable agreement with Iran depends on the U.S. credibility to take whatever action is needed to prevent Iran from becoming a nuclear power, including a military attack that would be designed to preempt the nuclear capability Iran might be about to acquire. But the president cannot merely wait for the EU allies to assume the burden alone: however vital the role of Europe can and ought to be, it will not be effective in the absence of an active U.S. participation in the ongoing talks.

Admittedly, the use of military force against Iran would have significant consequences; indeed, the mere discussion of a military option for that country is already fraught with dangers. But Iran's acquisition of a nuclear capability would also have profound repercussions on stability in the Greater Middle East and proliferation around the world—repercussions that convincingly point to overlapping

goals and interests within Europe and between Europe and the United States, as well as with other parts of the world.

In the absence of sustained consultation that defines a consensus before the crisis erupts, including a consensus for appropriate action of last resort (what and when), Iran will soon turn into another self-defeating transatlantic debate over U.S. power and how best to constrain it, outside and within the United Nations. With an end point acknowledged to be likely by a given date unless it is abandoned soon, Iran is a slow-moving Cuban missile crisis; to make matters worse, it is also a missile crisis with multiple fuses because other states, including Israel, may decide to act preemptively if they are unsatisfied with the pace of the negotiations and become alarmed by Iran's near nuclear status. In short, Iran will test what was learned during the debate over Iraq, where President Bush overplayed a hand that proved to be less strong than he hoped, while his main protagonists in Europe, including especially French president Jacques Chirac, also overplayed a hand that was much weaker than they thought.

Relative to Iraq, Iran, and the Israeli-Palestinian conflict, issues raised in Afghanistan seem to be less urgent and even less significant. Yet, the first explicit battleground of the wars of 9/11,

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and standing next to Pakistan, a pivot state for order in the twenty-first century, Afghanistan is also a central test of efficacy for the United States and its European allies. Afghan president Hamid Karzai's urgent plea in Istanbul in July 2004 for additional NATO support was a reminder that stability has not been achieved, reconstruction has been slow, and reconciliation among warring factions has not progressed, notwithstanding the presidential election of October 19, 2004, and upcoming parliamentary elections in the spring of 2005. The deployment of NATO forces needs to be extended and even increased to ensure the stability of the new democratic government and facilitate its control of the entire country outside Kabul, especially with regard to the growing significance of the drug trade. Given Europe's understandable objections to direct military involvement in Iraq, and given the constraints placed on a NATO role for the training of Iraqi forces, the European allies should be willing to do more in Afghanistan, notwithstanding a military presence that is already of some significance—but they should also reinforce and enlarge their involvement with the reconstruction of Afghanistan. Lessons learned 50 years ago in postwar Europe are unmistakable and apply to this country no less than they do to Iraq (or in the Balkans, Ukraine, and everywhere else): rehabilitation of the state is a prerequisite for reconstruction, and reconstruction is a prerequisite for reconciliation. In other words, postwar conditions in Afghanistan are not merely a test for NATO, but also a test for Europe's own vision of the most effective ways to combat terror with a maximum of nonmilitary tools.

A Test of Vision

More than three years after September 11, 2001, the global war on terror is still not felt with the same urgency in Europe as it is in the United States. But especially since the horrific incidents of March 11, 2004, in Madrid, Spain, Europe has been slowly coming to grip with a reality to which the Europeans are themselves more vulnerable than Americans on grounds of geographic proximity, economic dependence, and cultural sensitivities. That the European allies would fear the consequences of U.S. failures is therefore understandable, and their aversion to risks is no reason for disdain. In a true sense, Europe is likely to be less safe today than it was prior to the war in Iraq, and America's improved safety, assuming that to be the case, is all the more real as the potential for terrorist attacks has been redirected elsewhere than in the United States.

Yet, decisions that are mainly motivated by fears of U.S. policies do not add up to a strategy and can instead exacerbate America's and Europe's mutual fears of each other—America's absurd concerns

about the rise of a hostile EU counterweight, or Europe's perennial worries about the rise of an American Empire. The test of vision is, therefore, for the United States and Europe to pursue the transformation of a community of overlapping interests (though not common) and compatible values (though not converging) into a community of actions that remain complementary (though rarely single) even when they are not pursued in common but so long as there is a credible commitment to consultation between the two sides before decisions are made by either.

The need for complementarity of action between the United States and the states of Europe, as well as between NATO and the EU, is not based only on the vision of a Euro-Atlantic finality that would complete the vision that was initiated after World War II, deepened during the Cold War, and enlarged since the Cold War. That need is also based on the anticipation of a new multipolarity that has been emerging even faster than its most committed proponents had hoped when they began to call for some alternatives to the preponderance of American power that characterized the first post-Cold War decade.

In Iran, for example, the U.S. role has been ominously limited to the threat of a preemptive action that is widely viewed as militarily ineffective, politically unthinkable, and/or strategically catastrophic. Worse yet: Iraq has inhibited any serious debate about the very idea of pre-emption in Iran, whether at home in the United States or abroad with the allies. Who, then, threatens whom? While the "bad cop" in Washington postures silently the "bad guys" in Tehran are openly courted not only by European diplomats—the "good cops"—but also by China and India, the two poles of tomorrow's pentagonal world that provide a rampart against economic sanctions and further obstacles to military action. For the bad cop to exert its influence requires power, to be sure; but sustaining that influence over time requires acceptance of others, allies and adversaries, that not only consent or submit to but also accept and even welcome the use of that influence, and hence power.

Elsewhere, the few bright spots of international order often point to a leading role for Europe and its union, with the United States kept relatively in the background or limited to a supportive role that includes a military assist should Europe fail (a pattern first experienced in Bosnia). In late 2004, Ukraine was a superb (though unfinished) example of EU leadership and complementary action—and so it remains in 2005 as NATO and the EU should work together to develop and enforce, through their members, an integrated strategy that welcomes a united and democratic Ukraine in the Euro-Atlantic community. A few weeks earlier, the Europeans—the French in this case—provided safe haven for a dying Arafat, thereby setting the stage for a transition that might not have been as peaceful otherwise. After that, the orderly elections of January 9 confirmed the benefits of the many years of EU support for civil society programs in Palestine, and now Tony Blair's call for an international conference for Palestinian reconstruction is a promising step that is of benefit to all.

Examples that find America kept on the sidelines abound, from the Balkans to West Africa and deep unto the broad new agenda opened by the travails and inequities of globalization. These examples hardly minimize the reality of American preponderant power, but they point to the limits of whatever imperial temptation America may have, or absent such imperial temptation they help moderate the consequences of a later withdrawal of U.S. power. Indeed, in the emerging multipolar environment, Europe may well stand as the pole with the fewest alliance handicaps: alone among the five main poles, Europe and its union can effectively work with all four other partners—China, India, Russia, and the United States. But lacking political unity and military capabilities, Europe still needs a like-minded partner of choice that compensates for its weaknesses: if not the United States, who?

As the unipolar moment already draws to a close, its durability shortened for lack of success and legitimacy, the new multipolarity will prove more stable if it can rest on a Euro-Atlantic axis that the other major states can reinforce but which they cannot weaken or fragment. Admittedly, achieving consensus within this axis will not be easy. But for any consensus to be viable and lasting after it has

emerged, the terms of Euro-Atlantic consultation will need to be reviewed within NATO and in the EU, as well as between them. To an extent, the constitutional treaty endorsed by the EU heads of state and government (and now offered for ratification to the 25 EU members) has moved the EU debate forward along the lines needed—*qui fait quoi*, as President Jacques Chirac once put it. Such a debate is needed within NATO as well, moving its members beyond ad hoc consultation groups and relying instead on an enlarged quad of six or more members, to which might be added, as needed, other NATO members, thus making of all of them partners of choice with a right of first refusal over other non-NATO allies.

As part of this review, the heads of state and government of all 32 NATO and EU members (including the 19 European countries that belong to both institutions) ought to open discussions for a new Atlantic Compact for the new century. The philosophy underlying such a compact is readily understandable. As a world power, America is not a European power, but it is a power in Europe as a matter of facts if not as a matter of vocation. As America's ally of choice, Europe lacks the autonomous military capabilities that would make it a world power, but it is a power in the world because of its significant nonmilitary capabilities, its global interests, and its universal influence. As Europe's ally of choice, the United States lacks the imperial know-how—*un je-ne-sais-quoi* that would enable it, for example, to reward its friends no less effectively than it can punish its adversaries, and know how and when to cajole the latter as easily as it can offend the former. In short, the complementarity found between the power and the weaknesses found on each side of the Atlantic enables them to complete each other on behalf of interests that are common even when they are not shared evenly.

As a world power, America is not a European power, but it is a power in Europe. Europe lacks the autonomous military capabilities that would make it a world power, but it is a power in the world.

The specific terms of such complementarity cannot be codified, but two of its broad guidelines can be identified nonetheless:

- ◆ **Complementarity of European membership in NATO and the EU**, meaning that all European members of NATO should ultimately be members of the EU, including Turkey but also Norway; conversely, all EU members should be NATO members as well, including Austria but also Sweden, Finland, and others. Surprisingly enough, while the former is well under way, with Romania and Bulgaria scheduled for EU membership in 2007, and negotiations with Turkey scheduled to begin in October 2005, the domestic debates leading to further NATO enlargement to current EU members have not truly started yet.
- ◆ **Complementarity of NATO and EU relations with countries in Europe that are not members of either institution**. This means effective coordination of U.S. and European policies toward Russia—a Euro-Atlantic Ostpolitik—as well as toward institutional orphans like the former Soviet republics on the Black Sea. But complementarity of action also demands more policy coordination between the United States and Europe toward ascending powers (especially China), as well as countries that are not part of the Euro-Atlantic area but seek partnerships for peace and prosperity in its geopolitical context—like North Africa, previously Europe's backyard, as well as in Latin America, previously America's protected neighbors. China's openings in Sudan or in Cuba, as well as India's open interest in Russia and Iran, confirm an emerging assault on Western positions of vital interest and concern.

One or more summits in 2005 will not fully resolve the structural dimensions of the Atlantic crisis of the past two years. That will take time—a time likely to last the term of the next U.S. administration if not longer. Yet, the structural renewal of the Western alliance grows out of three main assumptions about which agreement ought to be readily achieved:

- ◆ **First, the states of Europe and their union must assume a larger role commensurate with their current capabilities, interests, and influence.** They also need to move on with their efforts to upgrade their military capabilities and achieve the political cohesion they need to play that role. The goal of Europe's institutional finality is to gain the weight needed to be a world power that can actively assume its share as an active counterpart of the United States with and within NATO. In 2005, Iran and Ukraine will continue to test the EU's commitment to such a role, as well as its power to assume it.
- ◆ **Second, a NATO that has gone global must be able to act locally if it is to remain its members' security institution of choice.** More than a decade after the end of the Cold War, it is still in business, but what that business actually consists of is not clear yet. The European members of NATO must provide the organization with the additional capabilities it needs to face the global mandate it received at the NATO Summits in Prague and Istanbul in November 2002 and July 2004 respectively. In 2005, Afghanistan but even, to an extent, Iraq will be the most immediate test of NATO's ability to take care of global security business.
- ◆ **A strategic dialogue is needed** to develop a comprehensive approach to the post-Cold War, post-9/11 global security agenda. **For the coming decades, a central part of this dialogue will be the Greater Middle East.** Like Europe during the second half of the twentieth century, the significance of this region, coupled with its volatility, makes it the defining geopolitical challenge of our time. It is there that the partnership will meet its most demanding test—but it is also there that the partnership will be least able to fail that test. When it comes to that region, the Euro-Atlantic predicament is that there is no alternative to working together as each other's ally of choice lest, working separately, each becomes the inescapable victim of the other's failings.

Calls for a "new" Bush are as misleading as they are futile.

Admittedly, there is much more to be done—especially in Asia where, as argued, America and Europe will also need complementary strategies to address the rise of new global powers, including especially China whose

claims for global influence match both its global power and its spreading interests. Yet, with heads of state and government now at the mercy of events over which they have little control—arguably more than at any time in the second half of the twentieth century—the moment is as urgent as it is uncertain, likely to determine what sort of a future lies ahead for America's relations with Europe for decades to come. In April 1949, a few weeks were enough for President Truman to impose that vision when he signed the Washington Treaty, a revolutionary peacetime alliance that was boldly retooled and enlarged in subsequent years.

Calls for a "new" Bush are as misleading as they are futile. Like all of his predecessors, President Bush changed over time, as his foreign policy became what it was not expected to be. But the change took place early, on September 11, 2001, and proved so profound and so fundamental that no new changes in 2005 could be its equal. Even the president's demonstrated willingness to renew his partnership with the allies is no sign of a new beginning: twice before, in the early fall of 2002 and in the late spring of 2004, Bush came forward and twice before he was spurned, over Iraq and because of the impending presidential election. This is not an opportune moment for a third false start. In 2005, a newly reelected U.S. president need not start a new vision but must instead pursue the vision inherited from Truman with the same bold spirit and the same compelling dedication that were shown after 1945, as part of a dramatic revolution in the country's diplomacy history; and his counterparts in Europe should stand ready to respond with the same common purpose and political courage as were shown when the transformation of Europe began 50 years ago, as a revolt against a failed past. Past the test of will both sides face a test of efficacy; and reinforcing the need for efficacy is a test of vision that neither side of the Atlantic can afford to fail.

“Pro Bono Publico—No Bloody Panico” or the Future of Transatlantic Relations

Christoph Eichhorn

“All politics is global.”

How can anyone doubt U.S. House Speaker Tip O’Neill’s famous quip that “all politics is local?” Have not the latest elections on both sides of the Atlantic again proven the eternal validity of O’Neill’s remark? Or have they? The picture seems more mixed.

On the one hand, O’Neill’s quote now appears more appropriate than ever, though it dates back to an era in the past century when “globalization” was in its infancy and “the World Wide Web” was something out of a science fiction movie. “All politics is local”—this adage seemed to guide candidates on both sides of the Atlantic during the campaigns; the same can be said of the motivations of voters to accept this argument and honor it with majorities.

On the other hand, today, 19 years after Tip O’Neill left office, the distinction between “local” and “global,” between domestic and foreign, has become more and more blurred, if not obsolete. This is reality, not politics. With the power of economic facts and figures showing the way forward, business leaders appear to have learned this lesson—and there is no reason to believe that political leaders—and voters—will not.

In the U.S. presidential campaign of 2004, voters in Montana or Colorado confronted a daily barrage of unpronounceable places from behind the Hindu Kush or some Iraqi desert. In addition, below the radar screen of the nightly reports of TV news stars, hundreds of thousands of private e-mails from ordinary soldiers, sent directly from the front, brought the world into living rooms, giving family and friends back home not only a grassroots news check of frontline realities but also individual criteria to make up their mind in the polling booth—quite independently from what candidates might or might not have told them.

At the same time, across the Atlantic, European newspapers reported daily in such detail and nuance about the Bush vs. Kerry race that it made observers wonder whether the Sicilians, the Bavarians, or the Lapps were perhaps themselves registered to vote in the United States.

Local? Global? It would be particularly naïve to overlook these intertwined factors when foreign policy communities in Washington, Berlin, London, Paris, or Brussels are busy working on strategies to overcome the rift in the transatlantic relationship that has come with the dominance of the Iraq issue. Thus, while trying to mend fences and think creatively about the future of foreign policy challenges such as the Broader Middle East, Iran, or North Korea, a sober analysis of domestic political perceptions and polls should introduce a healthy dose of realism about what is possible. In other words, “*Realpolitik*” (or pragmatic, concrete steps to define common interests and pursue them

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jointly) has a much greater potential to produce positive results than does theoretical debate about how “multipolar” the world of today and tomorrow might or should be.

The fading distinction between foreign and domestic affairs in the age of the World Wide Web suggests priorities beyond the local. Gone are the days when Congress, the Bundestag, or the House of Commons could sensibly pass legislation on matters such as Internet taxation or data privacy or prescription drugs without taking into account the positions and practices of major trading partners in the globalized world. When voters begin to buy drugs over the Web on a worldwide basis, thereby releasing credit card and other personal data, and have these goods shipped to them from almost anywhere in the world within a day or two, it is obvious that the national and short-term solutions politicians used to come up with (putting seniors on a cheap bus ride across the border in order to raid a Canadian pharmacy) will not long convince voters.

Transatlantic—More Solution than Problem

Since it would be politically futile to immediately seek worldwide solutions, the natural first step would be to start with the two places that are each others’ most important partners—the United States and Europe.

Whatever the daily political headlines, the economic facts speak for themselves: \$1 billion of daily trade between the United States and Europe—with the much talked-about trade disputes accounting for not more than 1 or 2 percent; 12 million jobs on both sides dependent on transatlantic trade; around 43 percent of the work force in U.S. subsidiaries worldwide work in Europe; 65 percent of U.S. direct investment abroad in 2003 went to Europe. The list could be extended.

This raises two basic questions: Are overall transatlantic relations at an all-time low? In economic terms certainly not. And politically? If a proper definition of national interests has anything to do with the above realities (rather than perceptions and clichés), then the transatlantic relationship must be much more than simply one of several regional relationships maintained by the United States or Europe with other continents. Contributions of individual countries on other continents are, no doubt, of high importance. However, it is the combined political, economic, and military weight of the United States and Europe that is indispensable to sustained efforts to make the world a better place, to improve democracy, stability, security, prosperity, the rule of law, human rights, or freedom of the press for the billions of people deprived of these rights. Rediscovering this almost forgotten, formerly quite natural reflex would profit everyone across the Atlantic and beyond. A (self-) critical analysis of the past Iraq-focused years might foster this rediscovery.

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It is reassuring that in regard to Germany and the United States, ties between governments, parliaments, think tanks, and civil society are extraordinarily close and well established. For more than 40 years, both sides have invested in a flourishing network—with institutions such as the Congressional Study Group on Germany, the Congress-Bundestag Staff Exchange, the German Marshall Fund, the Aspen Institute Berlin, the American Academy Berlin, the American Jewish Committee, the Robert-Bosch, Arthur Burns, and Manfred Woerner fellowships, and Washington bureaus of all major German party political foundations, to name but a few. All this has proven its value as a solid foundation for difficult times and for strategic dialogue and practical cooperation across a wide spectrum of issues. Here, the transatlantic link functioned quite effectively even during the most difficult days of disagreement over Iraq. In other words: “If it ain’t broke, don’t fix it!” Let us

remind ourselves that much is not broken, but also that we must build upon this sturdy foundation, this invaluable heritage.

Winners, Anyone?

The annual German Marshall Fund poll “Transatlantic Trends 2004” showed a bleak picture. While the descent of the U.S. image in the world is not as steep as 2003, the decline nevertheless continues, according to the figures published in September 2004. Anyone with a strategic sense can only observe this with deep concern. There is no place for “*Schadenfreude*” (a German word in the English language that by definition contains the assumption of at least 50 percent “*Schaden*”). Nor is there place for Monday-morning quarterbacking. Reversing this trend is in Germany’s own interest just as much as it is in the interest of the United States—“our most important partner outside of Europe,” says German foreign minister Joschka Fischer.

Finding solutions after the political and emotional hype of the years 2002 to 2004 may be difficult. But it is in the best interest of everyone on both sides of the Atlantic that it be tried—sooner rather than later. Since the U.S. presidential elections, positive signals have been coming from both sides. In politics the world over, the majority and its leaders find it easy to point to election results as the obvious criteria for success. The winners must be right, the losers must be wrong. However, amongst some analysts who enjoy the relaxing comfort of not having to run for office and taking a perspective longer than a two- or four-year election cycle, the jury still seems to be out.

Finding solutions after the political and emotional hype of the years 2002 to 2004 may be difficult. But it is in the best interest of everyone on both sides of the Atlantic that it be tried—sooner rather than later.

Here is not the place to provide a complete overview of think tank strategic analyses of actual or perceived winners over the past four years—or, to be more nuanced, of the effects of the transatlantic debate on the relative power base of the “Big Four” (United States,

United Kingdom, Germany, and France) and of the institutions most relevant to them (i.e., the United Nations, NATO, OSCE, and the European Union). We can also leave it to the historians to provide the narration of who started this animated debate across the Atlantic, who fueled it, and whose position will have prevailed. Suffice it to raise the key question pondered by the think tanks of the world: Any winners so far? Any winners down the road?

Much seems to depend on positive answers to the following questions:

For the United States:

- ◆ Will it continue to win the hearts and minds of the 17-year-olds of today and the decisionmakers of tomorrow, who grow up in a world where the U.S. image has seriously diminished?
- ◆ How long will it take for domestic politics to overcome the aftershocks of September 11 and the perceived political imbalance this horrific day brought to the system of checks and balances? How long will it take to again appreciate the line from *America the Beautiful*: “Confirm thy soul in self-control, Thy liberty in law”?

For the United Kingdom:

- ◆ How does it cope with limited influence over the superpower’s decisions?
- ◆ How will it find answers to its continuing domestic debate about Britain’s place in Europe?

For Germany:

- ◆ How will it come to terms with growing demands from the world community to play a leadership role in areas and activities alien to its public after 50 years of abstinence?
- ◆ How will it draw lessons from the evidence that its traditional broker role within Europe depends largely on a well-functioning transatlantic relationship?

For France:

- ◆ Will it provide answers to skeptical observers asking what “*un partenariat équilibré*” with America really means?
- ◆ With many partners sharing the general concept in theoretical political terms, whom would France find on its side if practical action raised doubts about concepts of counterweight?

Finally, what will all of the above do to further strengthen the institutions of the UN, NATO, and the EU after these strenuous years? One only needs to briefly browse through think-tank studies to see that these kinds of questions preoccupy the minds of many.

No “*Gesamtkonzept*,” Please

Under these circumstances, one wonders whether the time is ripe for a new transatlantic grand design. Currently, neither the players nor the publics seem to be in the mood for “the vision thing.”

This might be just fine. Pragmatism is the order of the day. On all sides the willingness grows to advance as many specific issues as concretely and practically as possible. Whatever the reasons—an enlightened rethinking of interests, multilateralism by conviction, necessity or despair, or pure common sense—there is good news. Europe and the United States are constructively working on a substantial list of common concerns: the Broader Middle East, including the Israeli-Palestinian conflict, Iran, Afghanistan, the fight against terrorism and the spread of weapons of mass destruction, Russia, Ukraine, Central Asia and the Caucasus, the Balkans—and, within politically given parameters, also Iraq. None of these are easy, but first results (on Iran and Ukraine) are encouraging. Moreover, daily events prove we do not have the luxury of wasting time when finding common solutions.

A sober analysis of national interests and economic data should lead most to see that for both America and Europe, the transatlantic relationship will be just as vital in the future as it was in the past.

Let us hope these realities will contribute to the return of the traditional reflex that served both European and American interests so well for half a century. In the face of these strategic trends and common dangers we should again ask the natural question: “What can we do together?”

A sober analysis of national interests and economic data should lead most to see that for both America and Europe, the transatlantic relationship will be just as vital in the future as it was in the past. Politically, economically, or militarily, no one has yet been able to suggest a convincing alternative. The earlier the debates get back to this realization, the better. As Timothy Garton Ash put it in an interview on his new book *Free World*: the divide lies much more in mutual perceptions than in reality. But perceptions can become reality. And if we go on thinking of each other as the “other,” then they might become the “other.” The pendulum on both sides should swing back to the middle—still, a little extra push is always useful.

The State of the Alliance

Eckart von Klaeden

The state of the Atlantic alliance has undergone rapid change since the terrorist attacks of September 11, 2001. Today it is hard to imagine that an American president actually once considered Germany the country's preferred "partner in leadership." Similarly, the promise of "unconditional solidarity" offered by a German chancellor only a few years ago appears to be a relic of the past.

Transatlantic relations suffered severe damage because of both sides' troublesome behavior in the United Nations in the run-up to the Iraq war. It was wrong for U.S. vice president Richard B. Cheney, speaking before a group of veterans in August 2002, to assert the United States would take action against Iraq regardless of what the United Nations decided. It was even more wrong for the German government to outright decline any participation in measures supported by a UN mandate.

In the past months we have witnessed several gestures in support of the alliance—of both a symbolic and a practical nature. A basic consensus in transatlantic relations has yet to reemerge. It will be quite some time before we can speak of returning normality.

Different Perceptions

Various reasons explain this detachment—most prominently the different perceptions of the terrorist threat on the two sides of the Atlantic. Despite the fact that post-9/11 security analyses in both the United States and Europe largely draw the same conclusions, a vast majority of Europeans still believe they are living in a time of peace, while Americans are acutely aware of having been attacked on September 11 and of being at war ever since. In Europe, the hope persists that an "opting out" in crisis situations is possible. By keeping a low profile in the fight against terrorism, the Europeans hope not to be targeted by further attacks.

Fundamentally different ideas about how to ensure security exist on either side of the Atlantic. Europe pursues a predominantly defensive regional strategy; the Americans are global. At the same time, American policies reflect a different dimension of self-confidence. They are the world's only remaining superpower. In contrast, Europe's common foreign policy is just beginning to take shape. It remains a far cry from its goal of speaking in a unified voice.

Divergent approaches to multilateralism compound the problem of different strategies. The American government has given its partners a clear signal: it is prepared to establish ad-hoc coalitions as the situation warrants. After NATO invoked Article V for the first time in the history of the alliance, U.S. secretary of defense Donald Rumsfeld chose to send his deputy, Paul Wolfowitz, to represent him in Brussels at the decisive meeting where all other defense ministers were present. At the same time, Rumsfeld maintained that it was not the coalition that determines the mission, rather that the mission determines the coalition. Europe saw this as the dismissal of an established procedure and as a demonstration of unilateral action. Europeans highly regard the idea of multilateralism as a value in itself; they consider it a guarantee for due process in decisionmaking.

Different Moral Standards

To some, the difficulties in the transatlantic alliance seem so insurmountable that they have begun looking for new strategic alliances. Any such attempt to discredit the transatlantic partnership, any attempt to replace it with close cooperation with China, India and Russia is extremely risky. Going in this direction implies blindness to the meaning and the value of the alliance. Despite diverging developments in Europe and the United States, the commitment to freedom, democracy, pluralism, and the market economy remains the driving force of the Atlantic partnership. At the same time, these commitments represent the only model for a truly global society. The determination of several European partners to stray from the pack—whatever the cost—appears very strong. In their search for new alliances they blatantly disregard the obvious discrepancies of basic convictions. Pure ideology must be at play when the American government's behavior is scrutinized with a moral rigor that is nowhere to be seen in respective assessments of countries like Russia and China. This leaves the political credibility of such critics rather questionable.

Despite diverging developments in Europe and the United States, the commitment to freedom, democracy, pluralism, and the market economy remains the driving force of the Atlantic partnership.

Despite all the current difficulties in the transatlantic partnership, I am convinced there is, and will remain, no viable alternative. America needs allies—America needs Europe. Iraq clearly demonstrates this. The Europeans are just as reliant on the Americans. Going it alone is unthinkable when one considers the challenges at hand:

- ◆ the fight against international terrorism;
- ◆ the proliferation of weapons of mass destruction;
- ◆ the creation of political structures in Afghanistan and Iraq;
- ◆ the stabilization of the Balkans;
- ◆ the completion of transformation in Eastern Europe;
- ◆ the engagement with Russia;
- ◆ the promotion of peace in war-torn Africa.

Neither the Americans nor the Europeans are in a position to tackle these threats and crises alone; they need to be united.

Such unity will not come about on its own. Americans and Europeans have to work on establishing their common interests. They must realistically appraise differences and develop new cooperative strategies. They must do this while considering the lessons of the dispute over Iraq. One thing seems evident—repeating a dispute of that magnitude could seriously jeopardize the survival of the alliance. What can be done on both sides to avoid this and to improve the state of the alliance?

Leverage NATO as a Transatlantic Forum for Consultation

As a central organ of the transatlantic alliance, NATO could make a significant contribution to achieving political consensus. To move ahead together, the West must recognize the value of common institutions, adapt them to the new challenges we all face, and leverage their function as platforms for political consultations.

There is no doubt that NATO's significance extends beyond its importance as a military organization. NATO is a crucial element of order for its member states. It is essential for averting national conflicts

within the alliance and preventing member states from returning to purely national defense policies. This function gained in importance following the last round of expansion; seven former members of the Warsaw Pact became members of NATO.

NATO has undergone dramatic changes in recent years. “Defense” as the alliance’s main *raison d’être* has been replaced by “security” and “stability.” A regional alliance became a global actor with global military capacity. If NATO is to pursue an enhanced political role, as was recently reaffirmed by Secretary General Jaap de Hoop Scheffer, the alliance must not restrict itself to executing military operations already underway. It must come to an agreement on common strategies for dealing with various other crisis regions. It must consult on urgent issues like the Middle East, or the Iranian atomic program, as well as the Balkans. Difficult as it may be to reach a consensus, we cannot afford to leave these issues unattended simply because of their delicate nature. We must affirm NATO’s role as the forum for transatlantic security matters; we must develop a constructive, open, and reliable culture of debate. The slightest trifle now gives cause to diagnose major new rifts. This demonstrates just how tenuous basic confidence in the alliance now is. All the same, this must not prevent Europeans and Americans from elevating NATO to a platform for a constructive transatlantic dialogue. Such reciprocal consultations constitute the very foundation for common policies and joint action in world affairs.

We must affirm NATO’s role as the forum for transatlantic security matters; we must develop a constructive, open, and reliable culture of debate.

This leads to the question of common notions for global political order. It raises the issue of whether NATO’s current strategic concept (drafted in 1999) is adequate to present and future challenges. Fundamental changes in the security landscape over the last five years cast doubt over the strategy’s continued relevance. All too often, people

justify their refusal to take up this discussion by citing insufficient unity among NATO members. They fear such a formal reformulation will only exacerbate existing differences. But further procrastination is not possible; it will soon become necessary to ask member states to affirm their commitments and motivations within the alliance. A certain lack of commitment has become apparent in cases where pledges are not honored. To have decided on action, and to then send out its secretary general begging for the unity and military equipment necessary for actual implementation, gives disastrous testimony to the credibility of NATO’s efforts. We must decide how we stand on securing peace and stability in the world and then act accordingly. We must ask NATO members to declare the value they attach to the organization in their national security agenda. Members must clarify the contributions they are prepared to make to achieve the goals of the alliance.

Improving Europe’s Military Credibility

Europe must reciprocate America’s reaching out across the Atlantic by improving Europe’s military credibility. Individuals, particularly in government, who have taken to criticizing American dominance while propagating a more self-confident Europe as a feasible counter pole, may also advocate a more credible European military. At the same time, they are not willing to dedicate military capacities to support such an independent orientation. True, several statements by U.S. secretary of defense Donald Rumsfeld, equating Germany with nations like Cuba and Libya, were widely perceived to be an arrogant expression of power. The arrogant “expression of powerlessness” demonstrated by several European nations is just as regrettable in my estimation. In the time before the Iraq crisis, Germany not only accepted America’s predominance, it figured America’s strength heavily into its own security concept. The partnership was a good bargain.

More Europeans now advocate a more independent Europe, but fewer are willing to pay for it. According to last year's *Transatlantic Trends* study conducted by the German Marshall Fund, 71 percent of the Europeans surveyed would support Europe becoming a superpower like the United States. However, if achieving something like superpower status required raising military expenditures, 47 percent would then withdraw their support. We cannot allow this contradiction to stand.

The pressures on Europe to take more responsibility are growing. Europeans seem increasingly willing to fulfill this role. But Europeans must bring ambition and reality into line by committing adequate resources for common objectives. When thinking about security, European allies would do well to keep in mind Theodore Roosevelt's famous words: "Speak softly and carry a big stick." A partner that offers criticism but has no real potential military contribution to make will be of little consequence. Germany's security policy often fails to get beyond the stage of protest.

The European Union continually struggles with an enormous deficit in acquiring and committing military capabilities. In neither the NATO nor the EU framework have the Europeans been able to develop the kind of crisis-management capabilities they proclaim to seek. Key capacities such as strategic airlift, command and control, intelligence, and precision-guided munitions are not available in a sufficient quantity. There are approximately 1.7 million uniformed soldiers in the EU's collective armed forces. No more than 170,000 of those can be considered battle troops and perhaps 40,000 to 50,000 could be deployed in intensive battle operations. European military capabilities sufficient for projecting power over long distances should not be expected anytime soon. Consequently the EU's military capabilities will be concentrated on the lower spectrum of military tasks. The public and politicians must be made aware of these limitations on European military action—especially because of expectations created by inflated European Security and Defense Policy (ESDP) rhetoric.

Europeans must bring ambition and reality into line by committing adequate resources for common objectives.

Strengthening ESDP—Laying the Groundwork for Multilateral Action

It is imperative to increase the ability of the EU to act in the areas of security and foreign and defense policy. The idea is not to create a counterweight to the United States. On the contrary, it is to be able to act as a complementary security element. The defense capabilities of the EU must not be construed as an alternative to NATO, rather they should encourage synergies.

This strategy would enable the EU member states to effectively pursue their own interests where the United States cannot or does not want to be involved. Operation Artemis, headed up by the French as framework nation in July 2003 in East Congo, clearly demonstrated the operative capabilities of the European Union.

The transfer of military authority from NATO to the EU in the Balkans when SFOR operations are replaced by the EU-led ATHEA mission is an opportunity for Europe to prove itself; it is also an illustration of the close cooperation possible between the EU and NATO. I expect the EU and NATO will demonstrate exemplary collaboration in the case of Bosnia. This will reveal necessary improvements in the compatibility of NATO and EU planning and decisionmaking. When it comes to which organization does what tasks and which organization gets which resources, there is little leeway for maintaining duplicate capabilities and structures. The decisive criteria here must be deploying complementary resources.

By increasing military capabilities, Europeans can carry their own weight in the transatlantic alliance. They can make their voice a force to be reckoned with. At the same time, American preeminence is a reality and will continue to shape global policy in the foreseeable future. That cannot be changed by entertaining visions of a multipolar world. We Europeans must come to terms with the fact that the United States will not be part of any decisions that are not in line with its national security interests. Multilateral action in the alliance will only be considered if it is beneficial to the United States—that is, through an increase in legitimacy or enhanced military capabilities. That is why it is imperative that the Europeans increase their influence in the alliance by increasing their military capabilities. Calls for more multilateralism in decisionmaking will require Europe to be willing and able to accept responsibility for carrying out commitments.

Alliances are not a burden. They are a platform for sharing burdens. The United States is going to need allies in the future. Iraq has most painfully revised any ideas to the contrary. The European NATO partners would be well advised to refrain from any open displays of satisfaction regarding the unfortunate situation the Americans face in the Middle East. Instead, they should seek to use this chance to bring transatlantic security relations back onto a sound footing. If the United States fails in Iraq, it will have catastrophic consequences for the entire region. The German government also appears to have arrived at this position—after prolonged hesitation. For several months now, Germany has been openly signaling its readiness to contribute more to the efforts in Iraq. A commitment of 100 heavy transport vehicles, the training of Iraqi drivers, and the proposed delivery of 20 armored “Fuchs” transporters are all clear signs Germany has reconsidered its refusal to play any part in the

Alliances are not a burden. They are a platform for sharing burdens.

mission. One can debate whether the war in Iraq was right or wrong, but the question is rather pointless at this stage. We must do everything we can to bring stability and the rule of law to Iraq.

The transatlantic alliance has experienced one of the most difficult periods in its history; this will surely have its consequences. The value the Americans and the Europeans attach to the transatlantic partnership—their depth of commitment—will determine the fate of the alliance. A greater willingness to find common ground, while remaining conscious of national interests, is what the alliance needs.

Transatlantic relations must rest on more than a foundation of gratitude or nostalgic images about ending the Cold War division of Europe. We must strive for a more mature partnership, cognizant of twenty-first century realities, and grounded in the realization that there will be no shortage of challenges. These challenges clearly demand that Europe and America work together.

The Transatlantic Alliance and the Middle East in a Year of Changing Priorities and Strategic Drift

Anthony H. Cordesman

The shifts in the transatlantic alliance in 2005 will be memorable only if unpredicted events make things go terribly wrong. It is far more likely, however, that 2005 will be the year of “more of the same.” Strategic priorities will continue to change and the transatlantic response will be additional bickering and drift.

The United States will be absorbed in Iraq and events outside Europe. Europe will be absorbed in itself. The United States will never encounter a deficit it doesn't like (or embrace as a mistress, family values or not). Europe will talk serious economic growth to death (at painful and expert length). Russia will deteriorate, and Asia will move forward in economic terms, while focusing steadily more on intraregional trade and its supply sources and steadily less on the West.

Barring some unforeseen crisis in Korea or the Taiwan Strait, the most important events of the coming year will have little to do with the transatlantic alliance in the traditional sense of the term. They will be the ability of the United States and Europe to cooperate in an Arab-Israeli peace process, the lack of more than token cooperation in dealing with Iraq, debates over how to deal with Iran and Iranian proliferation, and the more complex problems of dealing with Islamic ideological extremism and terrorism.

Transatlantic Cosmetics and Dither

This does not mean that U.S.-European relations will be as tense as in the past few years, but most improvements will be more cosmetic than real. There will be no “healing” in U.S. relations with senior European partners like France and Germany, just a better job of keeping up the façade and papering over the cracks. Diplomats will congratulate themselves on their successes, but they will be largely meaningless.

There will be a steady improvement in the sharing of intelligence on terrorism and in cooperation on antiterrorism efforts ranging from money laundering to immigration controls. Cooperation will continue at the level of professionals in NATO and in many areas of military cooperation at the exercise, planning, and technical levels.

However, efforts at broad NATO and EU cooperation in creating effective military forces and power projection capabilities will have largely token value. “Institutions” will be strengthened without creating real-world war-fighting capability. Forces will shrink to become more professional, and cuts in active equipment strength will be serious enough to help fund some modernization. Efforts at systematic and coherent force transformation planning will be constrained by cost, a lack of consistent national efforts, and the inability to achieve true standardization and interoperability.

European Defense and to Hell with It

The United Kingdom will remain Europe's only power capable of serious power projection. It has increased defense spending and will modernize in a number of importance areas, but also continue to slowly cut forces. Germany will continue its decline through sheer underfunding and lack of coherent direction. France is also spending more and will make some force improvements,

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but its modernization efforts have no clear mission, or mission capabilities, and it is slowly losing the expertise it built up previously in Africa.

Other European efforts will continue to lack the critical mass and/or force specialization necessary to deploy and sustain more than comparatively small elements outside Europe. Once more, they will lack any clear defense mission within Europe.

According to the International Institute for Strategic Studies (IISS), NATO Europe raised total military spending from \$169 billion in 2001 to \$221 billion in 2003, but much of the apparent rise has gone to increased manpower and equipment costs and reflects changes in the relative value of European currency. NATO Europe continues to spend about one-third as much on defense as the United States, although the United States has only 1.3 million men and women in uniform relative to 2.2 million for Europe. NATO European spending has declined from 2.0 percent of GNP to 1.9 percent, while U.S. spending has risen from 3.0 percent to 3.7 percent.

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Overall European force rationalization remains slow and ineffective. NATO Europe still has an active manning of 2,241,000, reserve strength of 2,580,000, and paramilitary strength of 741,000. Short of the rebirth of the Warsaw Pact, or a truly dedicated effort at a civil war in the EU, these figures are an absurd waste relative to the kind of much smaller, far more professional forces Europe may actually need.

U.S. Defense: Getting Much More than Iraq Wrong

European powers have good reason, however, to be glad that they did not give way to the U.S. pressure to transform their forces after the first Gulf War. Iraq has shown major gaps in U.S. plans and capabilities to deal with the threats of the twenty-first century. The U.S. force posture in 2003 was extraordinarily well-suited to destroying a third-rate conventional force like Iraq. Even this war, however, revealed many areas where the United States was short of manpower skills and found the conversion to “netcentric” warfare to be far more difficult and expensive than it planned.

The heritage of Defense Secretaries William Perry and William Cohen, coupled with the mistakes that Secretary Donald Rumsfeld made during his first four years, created an unaffordable high-technology force plan that focused far too much on the kind of systems suited for the Cold War, with an overlay of transformational systems designed to substitute technology for people.

The aftermath of the conventional warfare phases of Afghanistan and Iraq, and many smaller antiterrorist advisory actions, has shown that the United States needs manpower-intensive forces to deal with the kind of “humancentric” capabilities needed for nation building, counterinsurgency, and asymmetric warfare. Short conventional wars where decisive force can be delivered by air and missile power may still occur, but it seems more likely that the United States will have to fight long, highly political wars, where ground power and sea power are as important as airpower, and where human skills in the area, language, and civil-military relations are critical.

Some 12 years of failure to achieve cost containment is coming home to roost, and every U.S. service now plans truly major cuts in its force modernization plans. At the same time, the United States is having to rethink many of the details of its C4I/BM/IS&R systems to create the capability to fight asymmetric wars, bring cost and bandwidth under control, and avoid a tendency towards over-integrated versus distributed capabilities.

The U.S. Army is leading the way by transforming its forces from a Cold War posture to a heavy-brigade, power-projection force capable of both conventional and asymmetric warfare. It faces the

reality, however, that Iraq has shown it must retain heavy armor and weapons as “legacy systems” through 2030, and that many aspects of its effort to move toward light, air-transportable, “future combat systems” cannot meet the army’s evolving requirements until well after 2015, if then. At a different level, the United States is having to make equal changes in airpower to support sustained, low-intensity operations and make them more affordable, and in the size and character of its navy. The fact remains, however, that the FY2006 budget submission and force plan will only be a half-formed benchmark on the way to a massive force transformation of U.S. force transformation.

The history of Europe shows that European stability has far more grand strategic importance to the United States than any role Europe might play collectively outside Europe.

The good news is that European forces could play a strong role in many asymmetric, low-intensity, and nation-building operations. The bad news is that Afghanistan raises serious questions about European willingness to meet the commitments they make, and Iraq shows that lasting fissures may exist over the ability to agree on common missions. As a result, the

United States now has more practical concerns with future interoperability with British and Australian forces in low-intensity conflict (LIC) than NATO in other types of combat.

More broadly, the focus of real-world U.S. contingency planning continues to move away. The United States has more and more need for interoperability and cooperation with local forces in dealing with terrorism, asymmetric, and nation building than it does with Europe as a whole, while the focus of its major conventional warfare scenario has shifted to Iran and to potential Asian conflicts over Korea and the Taiwan Strait

Three Cheers for a Modest Transatlantic Divide?

It is important to remember in evaluating these trends that the European obsession with Europe does serve U.S. as well as European interests. The history of Europe shows that European stability has far more grand strategic importance to the United States than any role Europe might play collectively outside Europe. From that standpoint, it is not really necessary to reinvent NATO and try to force it into a new mode or create serious European power-projection forces.

If anything, it can be argued that stronger European relations with Russia—relations that help push Russia away from a return to statism and overcentralization—have far more strategic importance to both sides of the Atlantic than any conceivable improvement in NATO and EU military forces, or their power-projection capabilities.

Similarly, the growing U.S. strategic focus on issues outside of Europe almost certainly serves the overall interests of the West—or would if that shift had preserved more political cooperation among the United States and its key European allies. The irony behind much of the last three years is that the United States can and will live with token European military contributions. But it is far less clear that the West can function along a divide where many Europeans perceive the United States as acting unilaterally and in the wrong ways and where the United States feels that serious action of any kind will not win support from at least some of its major European allies.

The Greater Middle East Conundrum

One of the key ironies behind what is almost certain to be the failed transatlantic search for serious power-projection capabilities is that there is real need for U.S. and European cooperation on many “Greater Middle East” issues that have nothing to do with power projection.

The Middle East Peace Process

It is all too clear that the Israeli-Palestinian conflict poisons far more than the lives of the two peoples directly involved. It is the leading source of Arab and Islamic anger against the United States and to some extent the West. It is a building block for Islamic extremists and terrorists in both the region and Islamic communities in the United States and Europe. It is an excuse for a failure to look inwards and pursue reform.

There is a natural divide in the alliance between a Europe that tends to be more sympathetic to the Palestinians and an America more sympathetic to Israel. This is reinforced by partisans on both sides that take an extreme view of the rights and wrongs in the conflict and pursue opposed but equally impractical peace and security options. That said, however, this may be the area where serious progress does take place during 2005.

Prime Minister Tony Blair has proved to be a vital bridge between the United States and Europe, and a European leader that can successfully push President Bush toward a more active and realistic approach to the peace process. The work the Quartet has done on the Road Map has shown that the United States and Europe can agree on how to disagree in a range of critical areas. Israeli politics are changing. Most Arab states want a peace, and death has removed the man who “never missed an opportunity to miss an opportunity.”

The key questions are whether the Israelis and Palestinians can make enough progress to allow the Quartet to have a real opportunity for success, and whether Europe and the United States will take coherent and consistent action. It is equally vital that the United States and Europe prove willing to provide the aid to the Palestinians to create a major economic incentive for peace.

Progress is scarcely certain, and quick progress is unlikely, but making a solid beginning is possible.

Iraq

Barrring some unforeseen Shiite political decision to ask the coalition and multinational force (MNF) to leave, 2005 will be a year in which the U.S., British, and the Iraqi governments, which come out of three elections, can win a major counterinsurgency struggle and establish some degree of unity, legitimacy, and economic progress. NATO and Europe may play a more supportive role in some areas like training and debt/reparations relief, but the central focus of events will be the “war after the war.” Neither NATO nor Europe is willing to pay to play, either in terms of major troop commitments or aid, and that pushes both to the margins.

The results are highly unpredictable. If the insurgents are largely defeated, current perceptions of the United States will change radically, although the United States may well find itself “astounded by the ingratitude” of the Iraqis after such a victory. If the insurgency continues, or a critical divide emerges between Iraqi Sunni and Shiites, European carping from the sidelines will be largely irrelevant. Aside from Britain, the United States will deal with the result largely on its own. It will be the Arab and Islamic reaction that matters—and the need to quickly forge some new Gulf security structure that can deal with the result.

The key questions are whether the Israelis and Palestinians can make enough progress to allow the Quartet to have a real opportunity for success, and whether Europe and the United States will take coherent and consistent action.

In any case, the endgame may well not occur until 2006 at the earliest. If so, European leaders will have to paper over growing European public opposition to the war to preserve the alliance as best they can. Arab and Islamic resentment will focus on the United States but spill over to the West. And the

problems of Iraq will continue to interact with those of the Arab-Israeli conflict to aid the cause of extremism.

Iran

Iran will continue to be an area where the Europeans are mostly right and Americans are mostly wrong. The practical problem is that the European-led “good cop–bad cop” routine that attempts to halt Iranian proliferation will probably only slightly delay it and force better forms of concealment. Dialogue, containment, and deterrence can delay, limit, and control the problem; they may well be unable to prevent it.

There is also a very real risk that if U.S. intelligence should succeed in finding a true “smoking gun” in terms of evidence that Iran has proliferated, where the International Atomic Energy Agency (IAEA) has not, the United States or Israel could take military action in spite of European opposition and a post-Iraq lack of global credibility that will occur regardless of the evidence the United States finds.

Iran’s internal and local dynamics drive its behavior, not Europe or the United States. At least in the near term, its politics are likely to become more hard line. They may well bring younger, more ideological, and less practical “traditionalists” to power instead of figures like Rafsanjani.

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This may or may not lead to more tension in the Gulf. It seems unlikely that Iran will risk any further confrontation with the United States or its Southern Gulf neighbors, but Iraq is a major wild card. If Iraqi Sunni and Shiite violently divide, if the United States attempts to interfere in a Shiite victory that does not support U.S. policy, or if some military action is taken against

Iran, it is a card that Iran will play in Iraq in as disruptive a form as possible. If this results in the rebirth of Sadr or any other form of Shiite insurgency, the results could be serious indeed.

Terrorism, Reform, and Dialogue

The United States and Europe face a common challenge in reshaping their security structures to both fight terrorism and respond to any terrorist successes. On the one hand, they will make progress at the transatlantic, regional, national, and local level. In spite of political tension in other areas, cooperation between the United States and Europe will continue to strengthen at the bilateral level, regardless of how “old” the European nations involved may be.

On the other hand, many arrangements, agreements, and technical improvements in counterterrorism will move slowly, if at all. The rate of progress will be limited by a host of bureaucratic factors, the reality that many efforts are experimental and take years to refine in practical terms, and serious human rights and legal issues are involved where every nation has its own legal history and precedents to deal with—the United States is more willing to favor counterterrorist concerns than much of Europe.

Europe and the G8 have succeeded in pressuring the United States to take a far more realistic approach to a Greater Middle East initiative than the United States originally planned. The G8 Declaration of 2004 is a much better-nuanced document that focuses on the need for nation-by-nation reform in the Middle East and economic and social solutions rather than a simple-minded call for “democratization.”

The problem is that neither Europe nor the United States yet seems to understand that the war against terrorism is not really global, but is rather a struggle against Islamic extremism that cannot be won through counterterrorism and the use of force, essential as they sometimes may be. Both are far too passive in seeing the need for real dialogue between the Islamic, Christian, and Judaic worlds.

Both are slow to see how important regional partners are, even if they do not have ideal regimes. Europe's patronizing and somewhat bigoted attitude toward Turkey's membership in the EU, and similar treatment of its Islamic population, is a case in point. So, however, is the U.S. attitude that every moderate and conservative regime is a problem, rather than a natural ally or partner. Some aspects of U.S. neoconservative policy toward these issues can be summed up as "hold an immediate election for God knows what, and rely on hope and prayer."

More generally, neither Europe or the United States seem willing to try to deal with the vital issue of population growth that the Arab and Islamic world seem determined to ignore. They talk about country-by-country approaches to encouraging reform in the Middle East but take token steps at best to achieve it. The aid proposals advanced to date fall somewhere between a practical joke and the strange feeling that intraregional development by poor countries with no clear mix of comparative advantage can lift nations up by their neighbor's bootstraps.

It is time that both sides of the Atlantic took an honest look at the scale of the problem. The forces at work are generational, not the product of a temporary series of conflicts and tensions or of today's groups of terrorists and extremists. The United States and the West are caught up in a steady transition toward a global economy, growing dependence on Middle Eastern energy exports, broad patterns of immigration that have inevitably involved large numbers of Muslims, and a global security structure in which the threat of conventional war has been replaced by terrorism and asymmetric conflict.

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Most of the nations of the Arab and Islamic world face far broader and more disturbing changes:

- ◆ Failed secularism. A history of failure to deal with effective governance, and provide human rights and a rule of law, that alienates some or most of the population. The heritage of failures in Nasserism, military juntas, Arab socialism, and Pan-Arabism coupled with ineffective bickering and efforts to export every problem by a secular media and intelligentsia. Impractical and unsustainable efforts at "statism," welfare, paternalism, and guaranteed employment mixed with a local form of capitalism closer to nineteenth century exploitation by the rich than modern globalism.
- ◆ Massive population increases. The Middle East and North Africa (MENA) had a population of 112 million in 1950. The population is well over 415 million today and approaching a fourfold increase. It will more than double again, to at least 833 million, by 2050.
- ◆ A "youth explosion," where those age 20 to 24—the key age group entering the job market and political society—has grown steadily from 10 million in 1950 to 36 million today and will grow steady to at least 56 million by 2050.
- ◆ Some 36 percent of the total MENA population is under 15 years of age versus 21 percent in the United States and 16 percent in the EU. The ratio of dependents to each working-age man and woman is three times that in a developed region like the EU.
- ◆ A failure to achieve global competitiveness, diversify economies, and create jobs that is only partially disguised by the present boom in oil revenues. Direct and disguised unemployment ranges from 12 to 20 percent in many countries, and the World Bank projects the labor force as growing by at least 3 percent per year for the next decade.
- ◆ A region-wide average per capita income of around \$2,200 versus \$26,000 in the high-income countries of the West.

- ◆ A steady decline in nonpetroleum exports as a percentage of world trade over a period of nearly half a century and an equal pattern of decline in regional GDP as a share of global GDP.
- ◆ Hyperurbanization and a half-century decline in agricultural and traditional trades impose high levels of stress on traditional social safety nets and extended families. The urban population seems to have been under 15 million in 1950. It has since more than doubled from 84 million in 1980 to 173 million today, and some 25 percent of the population will soon live in cities of 1 million or more.
- ◆ Broad problems in integrating women effectively and productively into the work force. Female employment in the MENA region has grown from 24 percent of the labor force in 1980 to 28 percent today, but that total is 15 percent lower than in a high-growth area like East Asia.
- ◆ Almost all nations in the region have nations outside the region as their major trading partners, and increased intraregional trade offers little or no comparative advantage.
- ◆ Much of the region cannot afford to provide more water for agriculture at market prices and, in the face of human demand, has become a “permanent” food importer. Regional manufacturers and light industry have grown steadily in volume but not in global competitiveness.
- ◆ Global and regional satellite communications, the Internet, and other media, have shattered censorship, and extremists readily exploit these tools.
- ◆ Failed or inadequate growth in every aspect of infrastructure and in key areas like housing and education.
- ◆ Growing internal security problems that often are far more serious than the external threat that terrorism and extremism pose to the West.
- ◆ A failure to modernize conventional military forces and to recapitalize them. This failure is forcing regional states to radically reshape their security structures, pushing some toward proliferation.
- ◆ Strong pressures for young men and women to immigrate to Europe and the United States to find jobs and economic opportunities that inevitably create new tensions and adjustment problems.

Unlike today’s crises and conflicts, these forces will play out over decades. They cannot be dealt with simply by attacking today’s terrorists and extremists.

Afghanistan

The “lesser game” in Afghanistan will play out largely in terms of how well U.S. forces and economic aid can strengthen the new government, and how well U.S.-Afghan efforts can deal with the problem of Afghani drug production. The battle against the Taliban and Al Qaeda is now an American-Pakistani struggle that makes Europe irrelevant. The broader problem of instability in the “Stans,” the growing gap between post-Communist authoritarians and their peoples, and the threat of local Islamic extremism is probably beyond U.S. or Russian influence.

What Atlanticists will not want to face is how little European military forces could do, and how few commitments have been met. Failures in delivering aid, in carrying out the responsibility for dealing with the drug problem, and in providing support and training for the police are all cases in point.

It is, of course, possible to praise many smaller European efforts in particular areas, many of which were handled with considerable skill, and often more finesse, than by the United States. The fact is, however, that Europe could not perform in broad terms in a remote area where it had agreed to cooperate with the United States. This is both a warning and a promise.

Immigration and North Africa

There no longer is a conventional or nuclear threat in the Mediterranean. There are the same political, economic, demographic, and social problems in North Africa as in the rest of the Middle East. Europe will have to make its own decisions about the extent to which its very different demographic problems—low birth rates and an aging population—make it dependent on North Africa immigration, and how to create a melting pot, rather than multicultural “segregation.”

There is, however, the same need for political, economic, and demographic cooperation in North Africa as in the rest of the Middle East, and an equal need to rethink the nature of Mediterranean forces and roles and missions. The current slow, but steady rundown in NATO naval and other forces makes sense only if there is a serious fear of the rebirth of the former-Soviet Mediterranean fleet. It is the strategic equivalent of “Waiting for Godot.”

Arms Sales, Military Advice, Internal Security, and Reform

There is an excellent case for transatlantic cooperation in reducing Middle Eastern and North African arms imports, persuading importing countries to concentrate on economic reform, and improving counterterrorism and internal security. U.S. intelligence estimates the MENA region spent \$34.3 billion on new arms agreements during 1996–1999 and \$30.9 billion during 2000–2003. The MENA region took delivery on \$64.0 billion on new arms agreements during 1996–1999 and \$41.6 billion during 2000–2003.

These expenditures are vastly in excess of what the region needs, particularly given the disbanding of Iraq’s forces and Iran’s concentration on proliferation. The region does, however, badly need investment money and better internal security forces.

The practice will be for NATO to continue to try to explain to Gulf and Middle Eastern countries why it has some conceivable value to them, while the United States and Europe make uncoordinated arms sales efforts that are not linked to any meaningful concept of regional security.

Energy

It takes no great wisdom to predict that Europe and the United States will make no meaningful efforts towards near- and mid-term reduction in dependence on Middle East energy exports. First, they have no other sources that can alter the fundamental balance of global supply, and second, their net increases in direct energy-import dependence interact with growing dependence on energy-intensive imports from Asia that already are highly dependent on Middle Eastern exports and will become steadily more dependent in the future. Like the vacuous Kyoto accord, exporting energy dependence to developing Asian countries does as much to reduce the problem as exporting emissions to the same countries to reduce global warming.

The MENA region has some 63 percent of all of the world’s proven oil resources and some 37 percent of its gas. In 2001, the Gulf alone had over 28 percent of all of the world’s oil production capacity, and the entire MENA region had 34 percent.¹ These reserves, and low incremental production costs, ensure the region will dominate increases in oil production through at least 2015. The U.S. Energy Information Administration (EIA) estimates that Saudi Arabia alone will account for 4.2 MMBD of the total increase, Iraq for 1.6 MMBD, Kuwait for 1.3 MMBD, and the UAE for 1.2 MMBD. These

¹ Estimates differ according to source. The last comprehensive U.S. Geological Survey (USGS) analysis was performed in 2000 and was seriously limited by the fact many countries were affected by war or internal turmoil, declared reserves without explaining them, or provided data by field. Standard estimates of reserves by non-USGS sources like those in the *Oil and Gas Journal* and *World Oil* do not adjust reported data according to a standardized methodology or adjust for the large number of countries that never alter their estimates of reserves for actual production.

four countries account for 8.3 MMBD out of a worldwide total of 17.9 (46 percent). To put these figures in perspective, Russia will account for an increase of only 1.3 MMBD.²

The International Energy Agency estimates cover a longer period than the EIA estimates. They predict that that total conventional and nonconventional oil production will increase from 77 MMBD in 2002 to 121.3 MMBD in 2030. This is a total increase of 44.3 MMBD worldwide. The Middle East will account for 30.7 MMBD, or 69 percent of this total. The IEA also estimates that the rate of dependence on the Middle East will increase steadily after 2010 as other fields are depleted in areas where new resources cannot be brought on line. It estimates that 29 MMBD, or 94 percent of the total 31 MMBD increase in OPEC production between 2010 and 2030 will come from Middle Eastern members of OPEC.³

This dependence will be easier to secure with a friendly and stable Iraq, but the United States has no choice. The EIA summarizes the trends in Gulf oil exports as follows in its International Energy Outlook for 2004, and it should be noted that its estimates are based on favorable assumptions about increases in other fuels like gas, coal, nuclear, and renewables, and favorable assumptions about increases in energy efficiency:⁴

In 2001, industrialized countries imported 16.1 million barrels of oil per day from OPEC producers.... Of that total, 9.7 million barrels per day came from the Persian Gulf region. Oil movements to industrialized countries represented almost 65 percent of the total petroleum exported by OPEC member nations and almost 58 percent of all Persian Gulf exports.⁵

By the end of the forecast period (2025), OPEC exports to industrialized countries are estimated to be about 11.5 million barrels per day higher than their 2001 level, and more than half the increase is expected to come from the Persian Gulf region.⁶

Despite such a substantial increase, the share of total petroleum exports that goes to the industrialized nations in 2025 is projected to be almost 9 percent below their 2001 share, and the share of Persian Gulf exports going to the industrialized nations is projected to fall by about 13 percent. The significant shift expected in the balance of OPEC export shares between the industrialized and developing nations is a direct result of the economic growth anticipated for the developing nations of the world, especially those of Asia.

OPEC petroleum exports to developing countries are expected to increase by more than 18.0 million barrels per day over the forecast period, with three-fourths of the increase going to the developing countries of Asia. China, alone, is likely to import about 6.6 million barrels per day from OPEC by 2025, virtually all of which is expected to come from Persian Gulf producers.

North America's petroleum imports from the Persian Gulf are expected to double over the forecast period. At the same time, more than one-half of total North American imports in 2025 are expected to be from Atlantic Basin producers and refiners, with significant increases expected in crude oil imports anticipated from Latin American producers, including Venezuela, Brazil, Colombia, and Mexico.

² Guy Caruso, "US Oil Markets and the Middle East," DOE/EIA, October 20, 2004.

³ IEA estimate in *World Energy Outlook for 2004*, table 3.5, and analyzed in chapter 3.

⁴ DOE/EIA, *International Energy Outlook for 2004* (Washington, D.C.: EIA, 2004) can be found at <http://www.eia.doe.gov/oiaf/ieo/download.html>.

⁵ See <http://www.eia.doe.gov/emeu/cabs/pgulf.html>.

⁶ Estimates by country are necessarily uncertain. See the *International Energy Outlook, 2004* estimate of production capacity in MMBD for MENA countries and the IEA estimate in the *World Energy Outlook, 2004*, (table 3.5).

West African producers, including Nigeria and Angola, are also expected to increase their export volumes to North America. Caribbean Basin refiners are expected to account for most of the increase in North American imports of refined products. With a moderate decline in North Sea production, Western Europe is expected to import increasing amounts from Persian Gulf producers and from OPEC member nations in both northern and western Africa. Substantial imports from the Caspian Basin are also expected.

Industrialized Asian nations are expected to increase their already heavy dependence on Persian Gulf oil. The developing countries of the Pacific Rim are expected to almost double their total petroleum imports between 2001 and 2025.

While quantified estimates of export dependence are uncertain, it's clear that it would take a massive breakthrough(s) in technology or discoveries of reserves outside the Middle East and North Africa (MENA) to change these trends.

Moreover, both the military security of the MENA region, and its ability to achieve the necessary investment in new energy production, are critical U.S. strategic interests. For example, some 40 percent of all world oil exports now pass daily through the Strait of Hormuz, and both EIA and IEA projections indicate this total will increase to around 60 percent by 2025–2030.⁷

The IEA projections, for example, indicate that Middle Eastern exports will total some 46 MMBD by 2030 and represent more than two-thirds of the world total. This means that the daily traffic in oil tankers will increase from 15 MMBD and 44 percent of global interregional trade in 2002, to 43 MMBD and 66 percent of global interregional trade in 2030. This also means that the daily traffic in liquefied natural gas (LNG) carriers will increase from 28 BCM and 18 percent of global interregional trade in 2002, to 230 carriers and 34 percent of global interregional trade in 2030.⁸ The IEA does, however, estimate that these increases would be some 11 percent lower if oil prices remained consistently high in constant dollars.

The International Energy Agency also estimates that imports will rise from 63 percent of total OECD demand for oil in 2002 to 85 percent in 2030, that some \$3 trillion dollars must be invested in the oil sector from 2003 to 2030 to meet world demand for oil, and something approaching half of this total must be invested in the Middle East. Some \$234 billion will be required for tankers and oil pipelines, and again, a substantial amount must go to the MENA area.⁹

It would be beneficial to have transatlantic cooperation in ensuring suitable investment takes place in expanding MENA energy production and export capacity and in developing suitable security plans to protect the rise in exports. This is far more meaningful in terms of real-world Western needs than efforts to reduce energy needs and find alternative supplies, but there is little near-term prospect of it happening.

The Transatlantic Future

To return to earlier themes, the transatlantic alliance is evolving in directions that far too many of its leaders refuse to recognize or seek to reverse. Europe will be steadily more self-absorbed in Europe. The United States will become steadily more involved in strategic concerns outside the region. Real cooperation will strengthen in obvious areas of mutual concern like counterterrorism, but efforts to transform Europe into an effective partner for more than token power projection outside Europe will fail.

⁷ See <http://www.eia.doe.gov/emeu/security/choke.html#HORMUZ>.

⁸ International Energy Agency, "Oil Market Outlook," *World Energy Outlook, 2004* table 3.7 and 3.8.

⁹ International Energy Agency, "Oil Market Outlook," *World Energy Outlook, 2004*, chapter 3.

The real question is whether the transatlantic alliance can find ways to cooperate outside Europe and the United States in dealing with issues where geoeconomics, geopolitics, diplomacy, and arms control are tools that both sides of the Atlantic can exploit to far greater effect. This analysis has focused on the Middle East, but Russia, the emergence of China, and the broader global reach of Islamic extremism are all additional issues. Only one thing is certain, the events of 2005 are not going to answer the questions in any of these areas.

Challenges in the Greater Middle East— The Transatlantic Dimension

Thomas Bagger

With the end of the Cold War, the Balkans posed the greatest transatlantic challenge. From Bosnia to Kosovo, from multilateral diplomacy to war, transatlantic threat perceptions and policies converged. NATO's remarkable transformation is a reflection of lessons learned—sometimes the hard way—in the Balkans.

Today, we all agree that there is a new focus—not only for our transatlantic alliance, but for world politics: it is what Americans like to call the “Greater Middle East” or the “Broader Middle East”—I cannot think of a suitable German equivalent. Without focusing too much on the substance of the manifold challenges of the region, I will try to offer some observations on persistent transatlantic differences and emerging transatlantic convergence in regard to Middle Eastern challenges.

First observation, and this is one coming from an infrequent visitor: The United States is a country at war in the Middle East—at least, most of the people I talk to perceive it this way. Germany, and probably most of the Europeans, would simply acknowledge that we have a problem with the Middle East and that we are in some ways affected by the “modernization blockade” of the Islamic world and its catastrophic offspring, international terrorism.

Flying across the Atlantic, I finally had time to skim through recent literary supplements of German newspapers. It struck me that this year's Frankfurt International Bookfair, the *Frankfurter Buchmesse* of early October, was a pretty accurate reflection of this transatlantic difference: “war” vs. “problem.” Yes, we have tightened security laws in Germany since September 11, and we have increased international cooperation against extremists and terrorists, but above all we are looking for a more holistic approach to the region. More dialogue, more knowledge, more exchange—so let us make the Arabic world the “partner region” of this year's Frankfurt book fair and invite authors, editors, publishers from the region. Do not get me wrong: I think this is important; I just think that it reflects a different focus and a different sense of urgency on both sides of the Atlantic.

There is a great interest in stabilizing Iraq, both on the European and the U.S. side, summed up in the simple but still relevant formula: “failure is not an option.”

Second observation: To start with the challenge where differences are most prominent and where convergence is only a distant hope, I will start with Iraq. There is no need to keep haggling over milk spilled in years past, but undeniably this issue accounts for the strongest divergence in popular perception and political action. I would argue that today there is a great interest in stabilizing Iraq, both on the European and the U.S. side, summed up in the simple but still relevant formula: “failure is not an option.” While this translates into political support from Germany, training of Iraqi policemen, reduction of Iraqi debt, it should not lead Washington to expect a military contribution. Recent statements by Chancellor Gerhard Schroeder have made this unmistakably clear. On Iraq, there is a serious effort to put past struggles behind us, but a real convergence of Atlantic perspectives seems a distant prospect.

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Third observation: Iran. The issue of Iran going nuclear is a crucial problem for European and American foreign policy. The Europeans have long been politically active on this issue. Most importantly, they have found a common approach across the fault lines that divide *Europa* on the issue of war in Iraq. The British, French, and German foreign ministers have taken the lead in trying to broker a political solution that could solve the problem within the IAEA. Today the prospect of this approach is uncertain at best. There is little doubt that Iran's increasingly assertive position owes much to the depth of U.S. entanglement in Iraq, which does little to further a political breakthrough. But I would argue that on this issue, there is at least a serious struggle to achieve transatlantic convergence, even if the ultimate outcome of this struggle is as uncertain as Iran's future course.

Fourth observation: The Israeli-Palestinian conflict. I will limit myself to noting the serious frustration in many European quarters about the lack of progress toward a "two-state-solution," a goal agreed to in principle by all. Policy convergence was basically achieved within the Quartet, composed of the United States, the European Union, Russia, and the United Nations secretary general. But instead of moving ahead toward implementing the "Road Map," the parties on the ground are stuck in ever-new spirals of violence. There is little happiness in Europe about the "carte blanche" Washington extends to the current Israeli administration. And all the hopes and rhetoric of a new impetus for peace through the "liberation" of Baghdad have not materialized. I say this as a friend of Israel who fears that this course is not strengthening Israel's security or its right and wish to live in peace. On this critical issue there is a transatlantic approach in theory, but a permanent risk of an Atlantic rift remains.

Fifth observation: Turkey. Not surprisingly, I have chosen Turkey, my current home base, as the one truly positive example of transatlantic policy convergence today. The United States has long pressed Europeans to be more forthcoming on Turkey's ambition to become a European Union member. EU concerns about the state of Turkish democracy, its dismal human rights record, and concerns over the impact on EU structures have long delayed this process. Now far-reaching reforms and a new strategic outlook from Europe (toward the Middle East), have led to a remarkable evolution of policy. This new trend was already seen with the EU 1999 Helsinki summit; it has accelerated with the arrival of a new Turkish administration in late 2002. Today we see a real policy convergence between Berlin and Washington on the issue of Turkey's EU candidacy. Notably, this has led to highly emotionalized domestic political disputes in Germany—but also in France and other EU member states. Yet there is reason to be optimistic that the EU will decide in December to start accession negotiations with Turkey next year. Turkey is indeed a major building block for a joint transatlantic policy in the "Greater Middle East."

There is an undeniable shift of focus toward the Middle East on both sides of the Atlantic—but we are far from anything you could call a "transatlantic approach."

Final comment: There is an undeniable shift of focus toward the Middle East on both sides of the Atlantic—but we are far from anything you could call a "transatlantic approach." And given the differences in focus and urgency of our respective approaches, it is—with Simon Serfaty's words—"hard to be optimistic" about the Atlantic Alliance. There is an institutional side to this problem: how can you keep an alliance alive (and relevant!) when one party considers itself at war while the others are dealing with just another international security problem?

There is a second thing I would like to share. Even though it may seem less tangible at the moment, I fear that it will come back to haunt us in the future. It is the serious danger of discrediting the language of "reform," "human rights," "democracy," and "freedom" in the region. The decline of American credibility and reputation in a country like Turkey, which was decidedly pro-American just a few years ago, should give us all reason for concern. The pictures of Abu Ghraib may not play a role in the

current American election campaign but they are present in every Middle Eastern mind. And they are but one element discrediting not just the words, but also the very concepts on which our societies are built and on which we would also like to see Middle Eastern societies built. This is not the greatest challenge to formulating a common transatlantic policy. It is, however, possibly the greatest damage done by the lack of concern for the proper legitimacy of current policies in the Middle East—to end on this not too diplomatic note.

China as an Emerging Global Player

Bates Gill

While China received an enormous amount of often negative political, economic, and security-related attention in the past in Washington, especially during the 1990s, this situation has changed in more recent years. This appears to be largely a function of two developments. First, since the early 2000s, Beijing and Washington have managed to downplay a number of key differences and focus instead on the value of stable greater power relations between the two countries. Second, Washington's concern with China as a rising and potentially problematic power has been overwhelmed by the far more pressing and immediate threat of anti-American terrorist activity and the strategic preoccupation of war and nation building in Iraq and Afghanistan. As a result, over the past two to three years, comparatively little attention has been paid to China and its emergence as an important player in political and military affairs both in East Asia and as a global actor.

Looking at how this situation affects transatlantic ties, two important points arise. First, Washington has been slow to recognize and assess the significant transition underway in Sino-European relations over the past decade and especially in more recent years. Second, this dramatically improved set of political, economic, and security relations between Europe and China have developed at a time of strained relations across the Atlantic between Washington and its friends in Europe.

China's increasingly close relations with Europe are part and parcel of a broader and more confident diplomatic and security effort on Beijing's part to improve its relations with nearly all of its major partners in Asia and beyond. This effort has included a greater embrace of multilateral security cooperation and support for a more multilateral, fair, and "democratic" international political and economic system. Such a strategic outlook, combined with the more obvious allure of China's burgeoning economic prospects, have resonated favorably in Europe and resulted in far closer ties across the board between Beijing and European partners.

Washington has been slow to recognize and assess the significant transition underway in Sino-European relations over the past decade and especially in more recent years.

For the United States, there are likely to be three principal areas of political and security concern regarding EU-Chinese relations in the years ahead: the EU arms embargo against China; technology transfer and cooperation; and the issue of Taiwan. China is an attractive potential market for the European defense industry, and the expectation is

that Europe would not lift the embargo or, short of that, would show continued restraint in military-technical exports to China. Washington has voiced strong concerns that European weapons and technology not end up being used against the United States, for example, in a Taiwan scenario. Washington appears to show less concern with the possibility that a lifting of the embargo might be contingent on Chinese commitments to improve its human rights record.

As to other technology transfer and cooperation projects, Washington is likely to show some increasing concern with certain China-EU projects such as satellite technology cooperation, including programs that allow Chinese access to the EU, the integration of Chinese satellites with four European

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Space Agency satellites to analyze the Earth's magnetosphere, and the Galileo project. Some analysts in the United States are likely to express concern that the Galileo project over time could assist China's military-technical development, again with the possibility that those improvements could be utilized against U.S. forces under certain scenarios.

On the one hand, European partners should not underestimate the importance of the Taiwan issue and U.S. commitments there, not only in Congress, but across a wide range of political constituencies in the United States. Washington will need to hear more about the value of additional steps European states are prepared to take vis-à-vis China in the context of lifting the embargo, both in terms of gaining stronger human rights commitments from China and in terms of still limiting military exports to China.

European partners should not underestimate the importance of the Taiwan issue and American commitments there, not only in Congress, but across a wide range of political constituencies in the United States

On the other hand, Washington needs to do more homework to understand the state of play with regard to the arms embargo and how and whether European military-technical relations with China would significantly increase should the embargo be lifted. More

broadly, Washington should assess what risks there may be in alienating two of its most important trading partners—China and Europe—at a time that these two economic giants are themselves greatly intensifying their lucrative economic relationship. (The EU surpassed Japan and the United States to become China's largest trading partner in 2004.)

In 2005, China is likely to become more of a sensitive issue for transatlantic relations, largely owing to the debate over the arms embargo, but also owing to the deepening Sino-European relationship overall. Given the importance of rebuilding transatlantic relations, Washington and European partners should work to overcome these sensitivities and introduce a more regularized and constructive dialogue about their respective relations and interests vis-à-vis China.

The Debate over Lifting the EU Arms Embargo on China and its Transatlantic Implications

Frank Umbach

The European Union and its main member states, France, Great Britain and Germany, recognize the strategic importance of the Asia-Pacific. They see the region as a rising economic powerhouse with political and strategic implications for regional and global stability. Though not well known among the broader public, the EU has become involved as a full member in the prime regional security organizations, the ASEAN Regional Forum (ARF) and the Council for Security Cooperation in the Asia-Pacific (CSCAP). Recommendations for extending as well as deepening the interregional security cooperation are frequently heard.

The European Union, with its increasingly global outlook, will have a growing interest in stability and security in the Asia-Pacific region. The union's traditional self-perception as a "distant" and a "soft power" with limited strategic interests in Asia is clearly contradicted by the EU's newly proclaimed global security concept, *A Secure Europe in a Better World*, along with its *European Strategy Against the Proliferation of WMD*, both adopted in December 2003. With the EU's expanding interests in Asia, China looms large as the Asia-Pacific's interregional economic and security nexus.

Despite these Asian interests, the EU has found it difficult to arrive at consensus among its diverse membership. Different historical, economic and political ties to Asia and China compound the problem. With the EU's expansion to 25 member states, implementing a EU Common Security and Foreign Policy (CSFP) and European Security and Defense Policy (ESDP) toward Asia may become yet more difficult. Even among Europe's largest traders with China, it has not been easy to reconcile their various economic, political, and strategic interests, or to arrive at common EU policies toward Beijing.

Europeans acknowledge the overall strategic significance of the region. Any armed conflict in the Taiwan Strait, on the Korean Peninsula, or in the South China Sea could have not only regional but even global (i.e., European) economic and security repercussions. Unless carefully managed, the hot spots in these three theaters have the potential to escalate into a global conflict involving not only the United States but also its European allies, particularly those in NATO and the EU. Discussion of these direct implications, however, has been limited to small expert circles, not the wider political elite, much less the general public.

Pushed by increasing "globalization" of security policies and the difficulty translating EU policies into real European influence in the Asia-Pacific region (particularly in times of crisis), Europe and the EU will seek new strategies to play a more substantial role in the region. Globalization compels Europe, together with the United States and Japan, to shoulder a greater diplomatic and political burden in the Asia-Pacific. This should include the launching of a strategic dialogue with China and Taiwan, as well as across the Atlantic about new measures to build confidence and security, and the establishment of

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mechanisms to prevent miscalculation. The prospect of conflict in the Taiwan Strait clearly remains an EU concern.

Now there is a French and German proposal, supported by the EU Commission, to lift the arms embargo on Beijing imposed by the European Community in 1989. This has ignited debate within today's enlarged 25-member European Union. Not surprisingly, it has provoked harsh criticism from the United States. Washington is worried that China may speed up its impressive military modernization, going on for over a decade, by importing European advanced technology. This could undermine regional stability throughout the Asia-Pacific, particularly in the Taiwan Strait. Washington also disagrees with the EU in regard to human rights violations in China.

Globalization compels Europe, together with the United States and Japan, to shoulder a greater diplomatic and political burden in the Asia-Pacific.

While domestic opposition in France and Germany has grown (even in the government coalition and Chancellor Schroeder's Social Democratic Party),

it is also symptomatic of the European debate that the critical public discussion about lifting the EU's arms embargo is based almost exclusively on human rights objectives, not on broader regional security concerns. At the same time, in November 2004, Beijing officially denied any readiness to make concessions on human rights as a *quid pro quo*.

At present only 16 of 25 EU member states appear to favor lifting the embargo. A more effective Code of Conduct for the EU's arms exports, such that sensitive dual-use technologies are also covered, seems to be an important prerequisite for any final EU decision on lifting the ban.

U.S. Concern

The United States is not making it easy for the EU to lift the embargo. The U.S.-China Commission has recommended that the U.S. Congress "restrict foreign defense contractors who sell sensitive military technology or weapons systems to China from participating in U.S. defense-related cooperative research, development, and production programs...." The United States and the EU hold similar visions for dealing with the rise of China, but both sides pursue different strategies and priorities in pursuit of their policy goals. That the EU has no security and military obligations or strategic interests in the Asia-Pacific region comparable to those of the United States explains this in part. Other factors include the absence of the Taiwan issue in Europe (no powerful domestic lobby, no military commitment to Taiwan) and Europe's lack of comparable expertise in regional "hard" security issues in think tanks, universities and even in almost all EU defense ministries (including the German one). Given these structural differences between EU and U.S. China policies, it will not be easy to forge a unified approach any time soon.

In the long run, however, security interdependencies among the EU, the Asia-Pacific and the United States will likely increase. The globalization of economics, technology, and security drives this. But if both sides continue to overlook their different China strategies and strategic interests, a new transatlantic crisis could well be in the making.

Beijing Objectives

In its "EU Policy Paper" of October 2003, Beijing declared its desire to see the European Union lift its ban on arms exports to China "at early date" so as to "remove barriers to greater cooperation on defense industry and technologies." This comes in an era of global uncertainty where Europe and China have increasingly come to see each other as strategic partners.

China is not just one of the world's fastest growing major economies; it has the world's third-largest defense budget. Official defense spending has increased this year by 11.6 percent to \$25 billion. The real Chinese defense budget, according to the Pentagon, the International Institute for Strategic Studies and many international military experts, is between \$50 and \$70 billion. Chinese defense spending has often increased faster than its GDP and its annual state budget. In the last two years, the official increase of China's defense budget went down from more than 17 to 11.6 percent. At the same time, the transparency of its defense expenditures has deteriorated, probably as the result of unwanted Western and Asian attention. At any rate, between 1997 and 2003, Chinese defense expenditures increased by more than 140 percent.

Since 2000, China has been the world's largest arms importer and is particularly dependent on Russian high-tech weaponry. Since 1995, Beijing has imported more than \$9 billion worth of sophisticated weaponry from Russia, including the modern SU-27 and SU-30 fighters, Kilo-class submarines, and Sovremenny-class destroyers. Since 1999, China has signed new arms agreements worth more than \$11 billion. China is clearly seeking to define itself as a rising regional military power with legitimate regional and global maritime security interests.

Russia, however, has put new constraints on exports and technology transfers to China. Thus Beijing's increased interest in lifting the EU arms embargo. Moscow has not been willing to develop new high-tech generations of weaponry with Beijing (or to lease nuclear bombers or provide supersonic missiles with a range of more than 300 to 500 km to China).⁷ Nor is China happy about Russia's growing military cooperation with India. China is therefore looking for alternative ways to advance its military modernization and to diversify its arms imports and technology transfers.

France, Germany and China

Within the EU, France has clearly taken the lead in pushing to lift the "outdated" 15-year-old embargo. This reflects Paris and Beijing's hope for a "multipolar world" as well as Paris's desire to strengthen the French and European arms industry by selling both weapons and dual-use technologies to China. French president Jacques Chirac has also condemned Taiwan's recent referendum as "irresponsible" and as a threat to Asia. This was enshrined in a joint declaration signed by Chirac and visiting Chinese president Hu Jintao. France even went so far as to hold joint naval exercises with China for the first time. Beijing spoke of "the most comprehensive military exercise ever held between China and a foreign country." The operation took place on March 16, 2004, just four days before Taiwan's presidential elections.

French and German arms industries have begun to shift business strategies toward Asian and Chinese markets.

Both French president Jacques Chirac and German chancellor Schroeder have argued that China has made sufficient progress reforming its government and economy since 1989 so that lifting the arms embargo is now in order. Moreover, French and German arms industries (such as the European Aeronautic Defense and Space Company/EADS) have begun to shift business strategies toward Asian and Chinese markets. This new focus also reflects disappointment with joint transatlantic defense industrial cooperation, particularly regarding limited access to the U.S. market and crucial technologies. Furthermore, the EU arms industry is much more dependent on exports than the U.S., as the result of much lower EU defense budgets and parallel procurement programs duplicating R&D budgets.

⁷See Frank Umbach, "Bring China into the Game!" *Transatlantic Internationale Politik* (April 2003): 77–81; and Frank Umbach, "The Wounded Bear and the Rising Dragon—The Sino-Russian Relationship at the Beginning of the 21st Century: A View from Europe," *Asia-Europe Journal* (February 2004), pp. 43–62.

Although many in the French and German arms industries overestimate China's willingness or ability to buy large numbers of high-tech weapons, China is indeed very interested in acquiring specific niche technologies. China seeks minor systems such as radar, air-to-air missiles, sonar equipment, and torpedoes, as well as various types of upgrades for both old and new weapons systems. At the same time, in Germany, the Green Party, a junior member of the government coalition, wants to maintain the embargo because of the continuing human rights violations in China.

The EU Code of Conduct

Germany and other EU members have denied that the lifting of the arms embargo would lead to a significant increase in high-tech weapons sales to China because such sales would still be barred by a separate 1998 EU Code of Conduct aimed at preventing sales to repressive states or unstable regions. Germany's national regulations on arms exports are stricter, moreover, than those of France and the United Kingdom. Not that these regulations hindered Germany from exporting naval ships and other military equipment to Indonesia in the 1990s during the brutal occupation of East Timor. Other EU members have also adopted their own interpretation of the Code of Conduct in general and the China arms embargo in particular.

Unlike the embargo, the code is not legally binding and its political restraints have become insufficient—as the present debate on the EU's arms embargo shows. More importantly, the EU member states (including France and Germany) have not really addressed the question of whether the Code of Conduct prevents the export of increasingly important dual-use technologies. Dual-use technologies (which often do not meet the criteria of being “lethal” that would prevent export) would nonetheless contribute to China's military modernization and power projection. Considering that no major high-tech weapon system depends exclusively on purely military technologies, the present EU Code of Conduct is rather liberal.

This arms embargo debate also has a Euro-Atlantic precedent. At the EU's invitation, China has participated in the Galileo global positioning system (GPS) observation satellite project, which has both a civilian and a military purpose. Beijing has pledged \$230 million to help develop the EU's

Unlike the embargo, the code is not legally binding and its political restraints have become insufficient—as the present debate on the EU's arms embargo shows.

\$3.25-billion project (a similar accord exists between the EU and India). Beijing also has pressured the EU to provide access to Galileo's sensitive military data and technologies. The EU has denied such access—a fact not entirely unrelated to a spirited transatlantic debate about the Chinese request.

The existence of a global “buyer's market” for arms nevertheless gives China substantial leverage. Declining defense expenditures and large overcapacities have afforded importing countries new flexibility to shop around for the best arms deals (often including significant transfers of sensitive technologies and know-how). This market has put Russian, U.S., and European arms industries under enormous pressure to sell even the most modern high-tech weaponry as well as to transfer sensitive technologies; and this is the environment that shapes the interpretation of and compliance with the EU Code of Conduct such that it could well become less effective with time.

U.S. Opposition

Since the beginning of 2004, the United States has launched a diplomatic campaign to prevent the EU from lifting the embargo. Four basic reasons, which have found support across the U.S. political spectrum, motivate this strong opposition:

1. If the EU lifted the embargo, the U.S. government would have a more difficult time maintaining its own sanctions, also imposed in 1989.
2. Although respect for human rights has undeniably improved since 1989, China's human rights record is still very questionable in the U.S. view.
3. EU sales would increase China's military capabilities, thereby destabilizing the military balance.
4. Weapons exports, particularly technology transfers, could increase proliferation risks due to China's inefficient export-control system.

With the ongoing increase in transatlantic defense technology cooperation, the United States is in a good position to block any European nation from selling arms to China, or even arguing to lift the embargo. Washington would simply deny access to critical U.S. military technology.

The EU Remains Reluctant

U.S. opposition also explains why Beijing intensified pressure on the EU to lift the arms embargo before EU enlargement took place. China feared that the new East European members, being politically closer to the United States, would prevent the EU from lifting the embargo after enlargement. However, the EU did not make any final decision before its enlargement to 25 members on May 1, 2004. Indeed, since then, the EU has demanded that China take more concrete steps to improve human rights, such as ratifying the *International Covenant on Civil and Political Rights*, which China signed in 1998. The EU's *China Policy Paper* of September 2003 had already pointed to "a significant gap...between the current human rights situation in China and internationally accepted standards, in particular with respect to civil and political rights." The European Parliament (EP) passed a resolution on December 18, 2003, appealing to the European Council and the EU member states not to lift the EU embargo on arms sales to China (by an overwhelming majority of 373 to 32, with 29 abstentions). The EP argued that China had not made enough progress on human rights. The EP also reiterated that China's military threats against Taiwan and China's unwillingness to dismantle more than 500 missiles targeting Taiwan made it the wrong time to lift the arms embargo. Moreover, on June 3, 2004, the WEU Assembly, and the Interparliamentary European Security and Defense Assembly warned that to lift the EU embargo before Beijing makes significant improvements on arms export controls and human rights would be wrong. This statement maintained that the human rights situation in China is worsening and that the Chinese space program lacks transparency. The EP also called on China to ratify the *UN Covenant on Civil and Political Rights* and to join the *Missile Technology Control Regime (MTCR)*.

It remains characteristic of the European debates that the critical argumentation is still based almost exclusively on human rights objectives.

Conclusion

With Great Britain's seeming support for France and Germany on lifting the embargo, a new EU Code of Conduct on arms sales can be expected at least in the mid-term perspective. This shall stop any weapons exports that would be used by China for, "...external aggression or internal repression." In addition, the EU also expects more concessions in regard to human rights from China, albeit not all EU member states (including Germany) view such concessions

as a real pre-condition for lifting the embargo. It remains questionable whether the EU embargo will be lifted within the next six months, as UK foreign secretary Jack Straw stated on January 12, 2005. After more than a year of internal and public discussions, it remains characteristic of the European debates that the critical argumentation is still based almost exclusively on human rights objectives. These debates do not really address things like broader regional security concerns, the eroding military balance in the Taiwan Strait, Beijing's explicit threats to Taiwan (stated again in its new defense white paper), and the planned introduction of an "anti-secession law" that would mandate forceful reunification of Taiwan, should it declare independence.

In sum, the unilateral French-German initiative, coming without advance consultation in their respective foreign ministries or with major EU partners, has clearly demonstrated the lack of a *stabilizing* EU arms export policy towards Asia. The EU and its main member states may have a free-riding attitude towards the Taiwan Strait conflict; they may be reluctant to cause trouble with Beijing because of rising trade with China; nevertheless, the EU and its member states may well be forced to adopt a clearer position on the Taiwan conflict. The European Union—and the United States—must recognize how easy it is to overestimate one's own power and how easy it is to underestimate so many strategic challenges.

The EU is being pulled into this tenacious Asian conflict for a range of reasons:

- ◆ the globalization of the EU's CSFP, and the ensuing commitment to new responsibilities as laid out in the global European security strategy;
- ◆ the commitments of transatlantic relations;
- ◆ the growing role of the European Parliament;
- ◆ the rising power of non-governmental organizations, particularly in shaping the public's view of Beijing.

Whatever the EU decides, it has been shortsighted for Europe not to consult and coordinate with Washington on future sanctions policy toward China, particularly since both the U.S. and the European embargoes are complementary and were imposed for the same reasons.

In conclusion, the present Chinese embargo debate underlines the EU's need to establish clear rules and criteria for all future sales of military equipment and, more importantly, for the transfer of dual-use technologies. The debate also illustrates the need to cooperate and to develop common transatlantic strategies to cope with the numerous new and global security challenges. A serious and forward-looking dialogue across the Atlantic on China and Asia is long overdue.

See also F.Umbach, EU's Links with China Pose New Threat to Transatlantic Relations, *European Affairs* (Washington D.C., USA), Spring, Vol. 5, 2/2004, pp. 38-47 (http://www.europeanaffairs.org/current_issue/2004_spring/2004_spring_38.php4) and idem, Will the EU Arms Embargo towards China be Lifted? Perspectives and Implications, *Taiwan Perspective e-Paper* (published by INPR, Taipeh), Issue No. 29, 23 June 2004 (via Internet – <http://www.tp.org.tw/eletter/print.htm?id=20002484>).

REVIEWING THE TRANSATLANTIC PARTNERSHIP

Rudolf Adam

Transatlantic relations are at a turning point. Many of the premises that governed the relationship between Europe and the United States during the Cold War have changed or disappeared. Even the often-invoked community of values is no longer immune to doubt. The allegation goes like this: Americans—from Mars—are irritated about a European affinity toward Venus. Europeans, on the other hand, are disoriented due to a growing bellicose unilateralism on the part of the sole superpower. Mutual expectations and realities are no longer congruous. A growing discrepancy looms between self-perception and the other's perception.

Americans are convinced that they wage war only when forced to do so, that they carry the flag of freedom and democracy, and that they serve the cause of humanity with unselfish commitment. Seen from the outside, many cases where the United States meant to go to war for the ideal cause of freedom can also be interpreted as instances not entirely untainted by self-interest.

Guantanamo and Abu Ghraib have become symbols of a glaring discrepancy between proclaimed ideals and harsh reality. The scandals of torture and intentionally demeaning treatment in Abu Ghraib have given rise to disillusionment and cynicism in wide parts of world opinion: Brutal deeds have undermined the credibility of lofty claims. The damage caused by both the prison images and those of daily violence against the civilian population in Iraq is probably more devastating to America's standing, particularly in the Arab and Muslim world, than the perceived disregard for Palestinian claims and the close alliance with undemocratic regimes in Saudi Arabia and Pakistan.

The Broader Middle East Initiative is timely and necessary. We need a common and all-encompassing approach that goes way beyond military stabilization in Iraq, beyond propping up the Saudi autocracy and beyond connivance in Israel's policy of creating *faits accomplis* regardless of internationally agreed principles.

What are realistic perspectives for Iraq beyond a constitution and elections in 2005? How far are we prepared to compromise if a democratically elected government should prove incapable of establishing law and order within the country? Which economic initiatives have to be taken now to ensure that a new Iraq can provide both sufficient employment and sufficient output for its growing population? To what degree is the legitimacy of new political structures a function of economic progress and a noticeable increase in the standard of living?

On the other side, Americans find it difficult to grasp the reality of a Europe aspiring to a role in world politics but still divided into 25 different national decisionmaking processes. From across the Atlantic, Europe appears more a virtual than an operative power. Hence there is a certain disdain coupled with recurrent suspicions regarding Europe's efforts to create an independent European foreign and defense identity outside the protective wings of the NATO hegemon. To many American observers, the entangled structures in Brussels, Luxembourg, and Strasbourg must appear bewildering. A growing number of Americans see Europe as a declining if not downright decadent continent, spending too much money on "soft" issues like social benefits and environmental protection rather than on the "hard" issues like defense and industrial competitiveness.

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NATO SACEUR General James Jones recently remarked that everyone understands what NATO has been, few understand what it is, and hardly anyone understands what it is going to be. NATO's decision to go out of area and to develop tools for deployable, ready, and effective intervention troops (NATO Response Force) implies that the future will be dominated by non-Article-5 operations. In its successful history of well over 55 years, the alliance has only once invoked Article 5, on September 12, 2001. It is ironic that this single occurrence of an eventuality for which the alliance was created had no practical consequences: The United States preferred an ad hoc coalition in Afghanistan, spurning the assistance offered by the alliance as a whole. Against Iraq, the United States relied on the concept of a coalition of the willing rather than on NATO procedures. NATO engagement in Bosnia as well as Afghanistan and, tenuous though it may be, in Iraq is not an engagement of the alliance's choosing. It is the result of the alliance being dragged into a situation because there were no credible and working alternatives left.

It is obvious that the alliance faces greater difficulties when deciding when and where to actively *intervene* than when and where to *defend*: Until 1991, NATO had to deter, not fight. The enemy was identified, hostile intentions well analyzed, opposing potentials measured and factored into defense planning. There was only one contingency to plan for. NATO did not have to decide when and where to take active military initiative, but only how to respond to foreign aggression.

Since the end of the Cold War, NATO has had to fight in Bosnia and Kosovo to support peacekeeping and peace building. Currently, NATO is preparing for more than 50 contingencies. It is obvious that forging agreement on such a variety of missions is infinitely more difficult than simply stating that aggression has taken place and that procedures repeatedly defined and trained for should unfold. The parameters of these missions have been inadequately explored; assessments diverge regarding their consequences.

It is obvious that the alliance faces greater difficulties when deciding when and where to actively intervene than when and where to defend.

The new NATO has a greater need for a united political will and a sustained common purpose. Contemplating the projection of power, conducting peace missions far afield on practically all continents, shaping events in complex conflict-ridden situations—all this is much different than standing ready to deter and repel a potential armored attack against one's own territory by an enemy with calculable intentions and well-documented capabilities.

Decision-making among 27 is naturally more complex than among 16. Thus it is no surprise that there is more room for disagreement on the priorities of NATO operations, on the most suitable instruments, on the best policy mix to confront new and complex situations, and on the political objectives governing and directing such NATO actions.

Political leadership is not confined to picking willing partners for ad-hoc-coalitions. It consists, rather, in persistent endeavours to make political energies converge and focus on common goals. NATO is at a decided disadvantage compared to the panoply of EU foreign policy instruments. NATO's spectrum for stabilizing intervention is confined to various shades of military operations; the EU can rely on the whole gamut of actions ranging from discreet diplomatic warning via sanctions, to police and military missions, to economic reconstruction, to assistance in building up administrative and judicial institutions.

NATO needs more internal discussions about political and strategic goals. Did NATO partners have the International Security Assistance Force (ISAF) in mind when they invoked Article 5 in support

U.S. operations against Afghanistan? Is it correct to expect NATO to come into the Iraq mission after NATO was explicitly sidestepped in the preparation and the conduct of the operation? Is NATO going to be reduced to running repair missions by ad-hoc coalitions that get into trouble or to filling gaps that are left by an inadequate management—not only tool box, but repair shop? There will be little enthusiasm for such a perspective in Europe—indeed little enthusiasm in Canada.

NATO secretary general Jaap de Hoop Scheffer has publicly regretted that Iraq was never adequately discussed in the North Atlantic Council. The problem is that Iraq absorbs so much attention at the highest political level in Washington that there is far too little time left to devote to other burning issues, including the future development of NATO.

If NATO is to be relevant to crisis management out-of-area, potential crisis spots have to be discussed well ahead of time.

Kosovo is unfinished business. It will surface again in 2005 and require some painful strategic decisions about political principles concerning independence and security. Nothing can be achieved on Kosovo unless Europeans and Americans work hand-in-glove and support a joint concept—first within the UN Security Council and then in giving guidance to the

UN Mission in Kosovo (UNMIK) for implementation on the ground. The peace process between Israel and the Palestinians is in urgent need of new impulses from outside. North Korea needs serious attention. Further crises are to be expected in Africa. If NATO is to be relevant to crisis management out-of-area, potential crisis spots have to be discussed well ahead of time. If NATO is to contribute to a coordinated initiative toward the Broader Middle East, it must engage in a more serious analysis of problems, causes, and possible solutions.

Iran needs serious attention. Next to North Korea, Iran presents the most pressing problem in terms of proliferation. The EU is trying diplomatic channels to persuade Iran not to go down the road of Uranium enrichment. Does the United States show sufficient support for this approach? It will only work if Tehran can be reasonably sure that any compromise thus found will prove acceptable to the United States.

If this approach to Iran remains unsuccessful, what are the next conceivable steps? Is military pre-emption an option? What are the chances of success in this approach? And how do you assess success? Even if military pre-emption were to be successful, what kind of options would Iran have for reconstituting a nuclear program in the medium term? You can bomb installations but you cannot blot out human know-how. Income derived from oil and gas exports will always be sufficient to sustain a military nuclear program. And in the last resort: Would Iran with nuclear weapons constitute such a categorically different threat from a nuclear Soviet Union or Pakistan. In other words: Could a nuclear Iran not be made subject to similar constraints and containment that worked in previous cases of nuclear confrontation?

Energy security is a topic that urgently needs more discussion across the Atlantic. In the medium term, the West will see increased dependence on fossil energy from states whose political structures are fragile: the Persian Gulf, the Caspian region, Russia and Western Africa. What would be the U.S. and European response if a major supplier of fossil energy lost its political stability, with internal upheavals seriously threatening the availability of energy? How would China or India, both industrializing states with a voracious appetite for imported energy, play into such a scenario?

The war on terror is another area where we cooperate pragmatically and to good effect. But the cooperative exchange of information and analysis should not blind us to the fact that our concepts tend to diverge when it comes to strategy: Few in Europe would speak of “war on terrorism”; most would

prefer something like “struggle against violent Islamist Jihadi extremism.” These are not semantic subtleties: Do we speak of war metaphorically like we speak of war on poverty or war on drugs or is it meant literally with all the legal consequences? If this is war, do the regulations for combatants apply? Or do we have war without combatants—a notion difficult to grasp? Can you wage war against an enemy that is neither a person nor an institution, but a tactic? Behind terrorism hides a plethora of heterogeneous organizations with completely disconnected aims. Do we really want to lump all these together into the rousing but highly imprecise shibboleth “war on terrorism?”

Prevention is the key to the terrorist challenge. The notion of war puts emphasis on military operations. A European view would probably put more emphasis on intelligence and preventive police measures. Above all, the European approach would focus preventive action in the field of communication, media, education, and social policy in the countries that show the most affinity among the younger generation for Al Qaeda and its aggressive version of “jihad”. It would seek to address the following questions:

- ◆ How do we succeed in isolating the radical and violent “jihadis” from mainstream Muslims?
- ◆ How do we combat the recruitment strategies of those masterminding the terrorist attacks from Israel to Iraq?
- ◆ How can we help to provide attractive chances for education, employment and vocational qualifications in Arab countries with populations where more than 50 percent are under age 25?
- ◆ How do we reach out to impart our views of universal human values in societies that are dominated by Manichean thinking on the faithful and the infidels?
- ◆ How do we reconcile our individualistic concept of universal human rights with the structures of tribal societies based on networks of clans and clienteles?
- ◆ What do we do to bridge the gulf between our individualistic emphasis on self-realization and the concept of Islam, which means subordination of the self to the precepts of a very concrete and particular divine will?
- ◆ How do we convince the majority of Muslims that it is **they**, much more than Western societies, that would have to suffer the consequences of a further ascendancy of Jihadi ideology and the movement inspired by Al Qaeda?

On all these questions, both Europeans and Americans tend to diverge on the importance of military capabilities. In the United States there is the temptation to rely on military options because that is the field (and it is the only field) where the United States enjoys unchallenged superpower status. In all other relevant respects, the United States is by no means the lonely giant bestriding the world: Economically it has to seek accommodation with Europe, Japan, and increasingly China; financially it is vitally dependent on outside support (and potentially increasingly vulnerable); and it is not immune to global environmental degradation.

The cooperative exchange of information and analysis should not blind us to the fact that our concepts tend to diverge when it comes to strategy.

Europeans have twice the number of soldiers, spend half the money on defense, less than a quarter on defense-related research and development, yet they get about 10 percent of the fighting capabilities of the United States. Europe must redress this imbalance. I see a fatal temptation in Europe to create new defense structures (ESDP has been a singular success story) and to neglect the hardware needed to underpin these structures and give them real clout. Europeans have to learn that political consultations are not an end in themselves. Their value depends on whether the partner consulted can make a difference to the outcome. If Europeans become irrelevant to the outcome, they become irrelevant as consultation partners.

In the long run we should not underestimate the tendency of the Europeans to shift security issues increasingly to the European Union. A European caucus within NATO is not an option for the present. The EU Constitution, however, provides a logical vantage point for Europeans to speak with one voice in security matters—which by necessity will imply that some sort of internally consolidated European position in NATO deliberations will probably come into being as the EU manages to define a common security policy.

This perspective of greater European coherence on security makes it all the more imperative that the United States formulate a pro-active European policy, making sure its voice is heard and understood in Brussels and in European capitals before common European positions are fixed. A EU foreign minister will be the most visible epitome of such a development. That is why a major priority of the future EU foreign minister must be to keep the transatlantic dialogue open and constructive.

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