

**AN OVERVIEW OF TRANSATLANTIC RELATIONS
PRIOR TO PRESIDENT BUSH'S VISIT TO EUROPE**

HEARING
BEFORE THE
SUBCOMMITTEE ON EUROPE AND
EMERGING THREATS
OF THE
COMMITTEE ON
INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES

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WEDNESDAY, FEBRUARY 16, 2005

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EUROPE AND EMERGING THREATS,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to call, at 1:08 p.m. in room 2200, Rayburn House Office Building, Hon. Elton Gallegly (Chairman of the Subcommittee) presiding.

Mr. GALLEGLY. And now we will call to order the Subcommittee for the purposes of a hearing. If the witnesses will come forward. Today the Subcommittee on Europe and Emerging Threats is holding its first hearing of the 109th Congress.

I would like to take this opportunity to welcome the Members of the Subcommittee as we begin our work this session. I would especially like to welcome my good friend, Congressman Wexler, the Ranking Member of this Subcommittee. Mr. Wexler served in this role during the 108th Congress, and he brings with him a great deal of expertise on issues relating to Europe. His knowledge and experience will be a big asset to our continuing work.

Let me now turn to today's hearing, which will be an overview of the transatlantic relations as President Bush prepares to travel to Europe.

United States relations with its European allies and friends in both NATO and the European Union (EU) have been severely strained over the last few years due to the crisis in Iraq and other foreign policy and trade disputes. The Bush Administration has indicated that it is placing a high priority on improving transatlantic relations during its second term. In fact, by all accounts, Secretary of State Rice has had a very successful trip to Europe earlier this month. It appears that progress was made in the overall tone of the transatlantic relations. More importantly, actual progress or a sound foundation for future progress was made on several specific issues. This includes greater agreement on how to move forward on the Israeli-Palestinian peace process, as well as a commitment by NATO to increase its role in training Iraqi security forces. There has also been continued close cooperation in fighting international terrorism in general and al-Qaeda and its affiliates in particular.

However, despite progress, significant differences remain in United States-European relations. Most notably concerning the best strategy for permitting Iran from developing nuclear weapons

and the expected decision by the EU to lift its arms embargo against China.

In addition to these disagreements, United States foreign policy also faces challenges in dealing with a number of specific countries and regions of Europe. These include events in the Balkans, where the United States forces are still engaged in NATO operations. In addition, this is an important time in our relationship with Turkey as they move forward with negotiations for EU membership. And with respect to Russia, I firmly believe that we need to continue to build trust and friendship with Russia and its people. We share many common goals, especially combating terrorism and integrating Russia's economy with the West. At the same time, we cannot ignore the recent developments of Russia that call into question Russia's commitment to democracy and human rights.

I look forward to hearing from our three witnesses on all these issues, and at this point, I would like to turn to Mr. Wexler for an opening comment and any remarks that he might like to make.

Mr. WEXLER. Again, I thank you, Chairman Gallegly, for holding today's hearing and your kind remarks. Chairman Gallegly, as I understand it, you chaired this Subcommittee for some years. You very graciously permitted Mr. Bereuter to take over the Subcommittee when Doug was President of the NATO Parliamentary Assembly. You bring a wealth of experience and knowledge to his position, and it is a privilege for me to work with you.

We are all encouraged by President Bush and his Administration's decision to pay greater attention to the state of transatlantic relations. But no one should be fooled in believing that the round of visits are a "cure all" for a growing European anti-Americanism, or will resolve several serious policy, political, and stylistic differences that still exist between this Administration and many European governments.

It is my hope that through sustained dialogue President Bush and his European counterparts will begin the process of laying out a realistic framework of cooperation on a number of pressing issues ranging from greater collaboration of the war on terror, NATO reform, the reconstruction of Iraq and Afghanistan, the EU's pending decision to lift the arms embargo on China, preventing Iran's nuclear ambitions, pursuing a lasting Middle East peace process—that the Chairman identified, engaging growing Russian intransigences and aggressively supporting further democratic and economic reform efforts in the Ukraine, Balkans and the populist regions.

To this end, the United States and Europe need to do a better job of coordinating joint efforts in several critical areas including Iraq, Iran, and the Arab-Israeli conflict. If not carefully managed, such issues could certainly further splinter the transatlantic divide, threaten mutual interests and undermine regional stability and peace.

The United States, along with Germany, Britain, and France (EU-3), must address Iran's nuclear weapons capacity before it is too late. Today, Iran is exploiting the rift between the United States and Europe to further its nuclear ambitions. While we appreciate very much the efforts of the EU-3, it is critical that they are resolute and ready to employ sticks, such as advocating full

sanctions of the U.N. Security Council if necessary, not just carrots in thwarting the Iranian nuclear threat. There is precedent for this. When the Europeans have threatened sanctions, such as they did last year, the Iranians responded by agreeing to suspend their uranium enrichment program. Iran has since regressed in its cooperation, and the EU must again take a more heavy-handed approach with Tehran. The Bush Administration also has a role to play in deepening its involvement with the EU's effort, including increased intelligence sharing, but also offering greater support to the EU-3 talks.

Also at the top of the American agenda with Europe should be coordinated efforts to resolve the Israeli-Palestine conflict. The United States and Europe must support President Abbas in dismantling terrorist organizations, consolidating security forces and bringing economic hope to the Palestinians. It is also my hope that at the EU meeting today as they discuss the issue of Hezbollah, and Europe's listing of Hezbollah as a full terrorist organization, that Europe will move expeditiously to add Hezbollah to their list.

While America's attention the past 4 years has focused heavily on spreading democracy and freedom in Afghanistan, Iraq and the Broader Middle East, several European countries in the Balkans and more recently in Georgia and the Ukraine have risen to become international models of desired political, economic and social transformation. The conditions for these changes could not have occurred without close cooperation between the United States and Europe. It would be unfortunate and counterproductive to allow this model of goodwill and successful joint cooperation to just dissipate.

Given the many challenges, finally Mr. Chairman, that the United States and Europe face, I share the sentiments of the European Commission President Jose Manuel Barroso: "More than ever, Europe needs the United States and the United States needs Europe." In this regard, I look forward to hearing from the very distinguished panel, and again I thank the Chairman for calling this hearing.

Mr. GALLEGLY. Thank you, Rob. At this point, I would like to introduce the witnesses for today's hearing. Our first witness is Dr. John Hulsman, who is a Senior Research Fellow at the Heritage Foundation. In his position as a Senior Research Fellow, Dr. Hulsman's areas of expertise include European security and NATO affairs, the European Union, United States-European trade and economic relations, and the war on terrorism. Prior to joining Heritage, Dr. Hulsman was a Fellow in European Studies at the Center for Strategic and International Studies. Dr. Hulsman has traveled extensively throughout Europe and the former Soviet Union, and earned his Doctorate and Master's Degrees in Modern History and International Relations from the University of St. Andrews in Scotland.

Our next witness is Dr. Daniel Hamilton, who is the Director of the Center for Transatlantic Relations at the School of Advanced International Studies at Johns Hopkins University. He also serves as Executive Director of the American Consortium for EU Studies at Johns Hopkins and in this capacity serves as the Principal Advisor to the Congressional Staff Roundtable on European Union.

From 2000 to 2001, Dr. Hamilton served as the Deputy Assistant Secretary of State for European Affairs, responsible for NATO, the OSCE, Balkan Stabilization and Northern European Issues. Dr. Hamilton has a Ph.D. and MA from Johns Hopkins School of Advanced International Studies and has written numerous journals and articles on Europe and transatlantic relations.

Our third witness is Dr. Robin Niblett, the Director of the European Program at the Center for Strategic and International Studies. Dr. Niblett specializes in United States-European security and economic relations, and studies the ongoing process of European political and economic integration. Dr. Niblett is also Vice President at CSIS and is charged with overseeing all aspects of the Center's management and performance. Dr. Niblett is a frequent panelist at conferences on transatlantic relations and has commented regularly on NBR, CNN and other programs. Dr. Niblett received his Bachelor of Arts, Masters in Philosophy and Doctorate in Philosophy Degrees from New College, Oxford.

I would ask, because of the timing today—they are going to have a series of votes within probably an hour, that you would limit your opening remarks to 5 minutes so we have an adequate time to do questions.

With that, I will open the hearing to Dr. Hulsman. Did you ever play any golf over there?

Mr. HULSMAN. Very badly, yes.

Mr. GALLEGLY. I don't know anyone that plays the other way.

Mr. HULSMAN. Almost every day.

Mr. GALLEGLY. Welcome.

**STATEMENT OF JOHN HULSMAN, PH.D., RESEARCH FELLOW,
DAVIS INSTITUTE, THE HERITAGE FOUNDATION**

Mr. HULSMAN. Thank you, Mr. Chairman. I would like to, instead of reading my remarks, just give you a brief summary to move things along here.

Mr. GALLEGLY. Without objection.

Mr. HULSMAN. I would like to start with some of Mr. Wexler's comments, because I think Congressman Wexler hit the nail on the head. In the dark days during Iraq, where I was the American Republican to go to Paris, at the time, as the pinata that they chose to hit. I finally got angry.

I was reading a book by the Rolling Stones, and there was this great comment in the late 1960s that Mick Jagger and Keith Richards made. They had known each other since they were boys, but Jagger said that he had had enough—I quit, and I am out of here. Keith Richards said, I think, a very profound geostrategic thing, what I call the Keith Richards' doctrine between the United States and Europe. He turned to Mick and, kind of smoking, said, it is bigger than the both of us, darling. What can you possibly do where you will be as successful as working with me? Practice is at 9 o'clock in the morning.

As we know, Mr. Jagger showed up and on they went. And on we will go, because despite all the problems that we have had, of which we are all acutely aware of, and that we must speak about, we must stop lying at European's cocktail parties, which both parties, I think, did too much of in the 1990s. Let's talk honestly about

differences of opinion. There is simply nowhere else in the world where you can find five or six great powers to work with on any given issue at any given time. If someone can find me such a place, please let me know.

That is the point. We are joined together by common interests, by shared values, and despite all the tensions and all the differences, talking to a European about liberty is still very different than talking to somebody somewhere else in the world about the concept.

Discussing free trade: We roughly mean the same thing. We simply cannot replicate the ties like we have with Great Britain, where we do ad hoc relationships constantly that work very, very well indeed.

So I think that we are stuck together. That said, we don't live in the roly-poly fantasy world of Jack Kerouac either. The problem that is we live in a world that none of us learned about despite our numerous degrees that were read out by the Chairman. We live in a world where the United States is indeed the chairman of the board, whatever the issue. But we need to engage other board members issue by issue, case by case, time by time. Worse yet, the board members change depending on whatever the issue is we are talking about.

It could be a lot more comfortable, you would say, if we could do it all through the European Union. But would it? Think of it this way. If there were a common foreign and security policy and Europe remained divided, as it is now over foreign and security matters, and the British wished to help us, it means that they could not. It means that they could well be outvoted by France, Germany, Greece, Belgium, throw in the rest. I think that we need to stop talking about necessarily more unification, and start working toward results that will further American interests, to be very honest about that.

That said, I very briefly would like to go through the good, the bad, and the ugly in just a minute or 2.

The good, I think, is the war on terror. I think here the Europeans do not get nearly enough credit. I will give you one very concrete example. Rather than finger pointing at each other and talking about our differences on the death penalty, for instance, the Germans went back and looked at the Hamburg Cells, which of course perpetrated the atrocity on September 11, and they discovered some very interesting things.

For one, al-Qaeda, despite dabbling in a number of dishonest activities abroad, operates very differently than the Baader Meinhof gang, the Red Army Faction, homegrown European Terrorists, and Sinn Fein for that matter. Al-Qaeda does not tend to break the law. They do not deal drugs at the corner. They do not knock off a bank, which is what the OAS used to do to in France when they needed money. They would just go and rob a bank and they would have it. The Bolsheviks did that in Russia and Stalin made his name as a bank robber initially. They follow the law. Their papers are in order. They work at a job. They are the nice quiet man at the end of the street. We only know this because the Europeans and the Americans coordinated about what had happened, and what had gone wrong, and in a way that was not pejorative on either side.

I think the Europeans do not get nearly enough credit in that. The second point is follow the money. If you are going to stop al-Qaeda terrorism, money is the blood flowing through that organization. Al-Qaeda can best be thought of as an evil multinational. It has branch offices, and it had a head office in Afghanistan. Money is the connection between the two. Money is flowing around the world constantly. They do a thing called boomeranging, where they keep money changing hands every so often, with really very honest fraught organizations, which is very, very difficult to follow.

Without our European friends—because a lot of money flows through New York, London, Hong Kong, Tokyo, places like that—and the tremendous cooperation, we would not have been able to make the dent that we have been making. It is hard to put a number on it, but funding for al-Qaeda is down somewhere in the neighborhood of about 15 percent, which is not good enough, but at least the evil multinational had a bad year. It is a start. I think the Europeans deserve tremendous credit for that and don't get enough, and so I would like to give them some.

Now moving on to the bad: Iran. This could very well end up in a Cuban missile crisis kind of situation. I think we have to keep our people involved in the problems here.

At the moment, it is not good enough for the Europeans to wander around without any sticks at all, as Congressman Wexler said, approximating Neville Chamberlain, and hoping for the best as Mr. Micawber in *David Copperfield* would say, with no real power being lent to what they are doing. The Americans, on the other hand, the Bush Administration, by not engaging actively in this process, give people like President Khatami a truck to drive through our two positions. If that happens, we will have very grave choices to make indeed down the road: Choices of either doing something militarily—which will destroy the Middle East peace process, and which will degrade Russia within the region, and goodness knows what would happen to the Musharraf Government, what would happen in Egypt, and what would happen in Saudi Arabia; that would all be in play—or doing nothing, which is equally dangerous. The NPT ceases to exist as an entity, the Saudis buy a bomb from AQ Khan, we figure the Egyptians develop a bomb, and then we expect Israel to sit there quietly while all of this is going on.

We must have a more coordinated position, and not just the fact of playing good cop, bad cop. The Europeans must put sticks on the table, must be serious about interdiction, must be serious about sanctions, and must be serious about going to the Security Council. And the Americans must say: If you Iranians agree to a permanent termination of the nuclear fuel cycle with intrusive, on time, real-time inspections, we must begin negotiations to talk about some of the issues concerning diplomatic recognition and trade and ultimately, down the road, solve any outstanding issues, including funding for terrorism, et cetera. But we must both move together because only when we have some carrots and they have some sticks can we hope to get anywhere and without that, all we are going to have is very grave options.

If Iran is the bad, the ugly has to be the Chinese arms embargo. Everyone that I have talked to says this is a done deal and it will

certainly be lifted by May or so, for a couple of hundred million dollars. To stick their finger in our eye when the Bush Administration is certainly reaching its hand out to them is bad timing. It is also bad policy, because one of the things that the Chinese are going to look for is to use some of this high-tech weaponry for command and control and to improve their vision, as we say, of what goes on on the battlefield at the time.

The problem is saying they will do it at the national level, which is the European shell game. They are collective when it suits them and they are nation states when it suits them. We never know who to talk to. Keep your eye on the national ball, because there is a voluntary code of conduct. There is a code of conduct where every state would get to interpret what was meant by changing the strategic balance of power so all the people, like our friends in Paris who are trying to break this in the first place, can of course move forward, and the people who would not do it in the first place would not do it anyway. Lifting the embargo does not solve the problem in any fundamental way, and this could indeed over time create a real problem.

I think that certainly the Europeans are doing this for a variety of reasons. There is a geostrategic initiative to see China as a possible ally down the road, but this is some sort of Gaulist fantasy. I think we have to be honest that that is indeed part of the answer.

Part of it is commercial, that the European arms industry is in terrible shape, and that this is a market. Part of it is that they don't have a lot of interest in the region. Their interests are not global. If you go to the conferences that the three of us attend, they are polite about China, but they are not engaged in the way they are about a European constitution.

So you add all these things together, I think you get to the point they see, that they must take it seriously, or indeed we will have to do something in return, like limiting military technology transfers. There is time to settle it, but they must hear us now. Thank you.

[The prepared statement of Mr. Hulsman follows:]

PREPARED STATEMENT OF JOHN HULSMAN, PH.D., RESEARCH FELLOW, DAVIS
INSTITUTE, THE HERITAGE FOUNDATION

OVERVIEW

For the better part of the past 50 years, the policymaking elite in Washington has come to the same timeless conclusion about America's relations with Europe. The mantra has it that every effort at closer European integration is to be welcomed, if tepidly, as it is assumed that a unified Europe would inevitably be more pro-free market, more pro-Atlanticist, and more pro-American. However, in the wake of the transatlantic divide over the Iraq war and the public diplomacy calamity that has followed, such simplistic analysis does not begin to explain the schism at the heart of the post-Cold War relationship.

Rather than continuing the pattern of merely reacting to fundamental changes in Europe, voicing platitudes from the sidelines, the United States should proactively approach the transatlantic relationship with fixed Burkean principles in mind, seeing the world as it really is, and not as how it might like it to be. For the continent is both more than its sternest critics allege and less than its cheerleaders might like it to be.

During his February 20–24 trip to Europe (where he will meet with President Chirac, along with EU and NATO leaders in Brussels, Chancellor Schroeder in Germany, and President Putin in Bratislava), President Bush will have a genuine opportunity to advance cooperation with European countries on a wide array of issues.

However, the trip will only prove to be successful if the President sees beneath the veneer of happy talk in Europe, seeing the situation there as it really is.

First the Good News . . .

Whatever the global issue—be it tracking down al-Qaeda, the Doha free trade round, Iran's efforts to develop weapons of mass destruction, the Arab-Israeli conflict, or Iraq—the United States simply cannot act effectively without the support of at least some European powers. But neither is the world one in which a concert of powers dominates. Whatever the issue, the U.S. remains first among equals. The structural reality makes America's courting of allies vital, for maddeningly the world we live in is not something out of a political science textbook—it is neither genuinely unipolar nor multipolar.

So if America is chairman of the board, but there are other board members, where is the U.S. to find allies? Both now and well into the future there is really only one place. Europe is the only part of the world where political, diplomatic, military, and economic power can be generated in sufficient strength to support American policies effectively. The cluster of international powers in Europe—led by the United Kingdom, France, Germany, Italy, Spain, and Poland—has no parallel.

Given this reality, it is important for America to follow the sage advice offered by a very odd source, the Rolling Stones' Keith Richards. He is reputed to have said to Mick Jagger during one of their periodic spats when Jagger is reported to have threatened quitting, 'It's bigger than the both of us, darling. You'll be back tomorrow.' This is the unsentimental, unromantic geostrategic reality of the dawn of the 21st century. We simply need each other too much to let the genuine disagreements emanating from Iraq derail the only hope for global stability in this dangerous age.

Then reality . . .

But while European countries remain vital, the EU emperor is often wearing no clothes. Despite rhetoric from the Commission in Brussels, the great European powers rarely agree on the majority of the great global issues of the day. The EU's one-size-fits-all approach does not fit the modern political realities on the continent. European countries have politically diverse opinions on all aspects of international life: free trade issues, attitudes toward NATO, relations with the U.S., and how to organize their own economies. For example, Ireland strongly supports free trade, has a tradition of neutrality, has extensive ties to the U.S. through its history of immigration to the New World and its present as a destination for U.S. Foreign Direct Investment (FDI), and is an advocate for economic liberalization. France, by contrast, is often protectionist, unapologetically statist in organizing its economy, and frequently adversarial in its attitude toward America. Germany falls between the two on issues of free trade and relations with the United States, is more pro-NATO than France but values UN involvement in crises above that of the alliance, and is for some liberalization of its economy in order to retain its corporatist model. This real European diversity will continue to be reflected politically, in each state's control over its foreign and security policy, because a more centralized Europe simply does not reflect the political reality on the ground.

When examining the question of Iraq, the fundamental issue of the past few years, one sees a complete lack of coordination at the European level. Governmentally, the UK strongly supported the U.S., the Schroeder government in Germany was against any use of force whether sanctioned by the UN or not, with France initially holding a wary middle position, favoring intervention only if the UN (i.e., Paris) retained a veto over America actions. It is hard to imagine the three major European powers staking out starker foreign policy positions.

The basic reason for this is obvious: National interests still dominate foreign policy-making at the most critical moments, even for states ostensibly committed to some vague form of supranationalism. For the European powers, Iraq has never been primarily about Iraq. What happens in Baghdad, its geopolitical ramifications, has always been peripheral to European concerns about the war. Iraq has been fundamentally about two things for European states: their specific attitude toward post-Cold War American power and jockeying for power within common European institutions.

Europe remains torn asunder by conflicting points of view on these two critical points. One camp, championed by France, is distrustful of American power and strives to dominate a centralized EU in such a way as to become a rival pole of power to America. The other camp, led by Britain and the Central and Eastern states ('New Europe'), sees American power as something to be engaged and traditionally views a more decentralized Brussels as best for the constituent members of the union.

The EU Constitution and the end of momentum for ever-closer union

Even on the critical question of the future course of the EU—with Germany for deepening integration and widening membership, the UK for widening membership but not much deepening, and the French stressing the deepening of EU institutions—one finds a cacophony of voices rather than everyone singing from the same hymnal.

This very disparate political, economic, and military picture of Europe explains why the EU constitution—the most recent attempt to impose greater control over the European process—is unlikely to be ratified. According to the Laeken Declaration, which launched the process of writing a new constitution to replace existing treaties, the document would: (1) clarify the division of competencies among the EU, the states, and the people, making the EU more efficient and open; (2) be transparent in order to be more explicable as citizens are brought closer to European institutions in an effort to lessen the democratic deficit; and (3) be a two-way process, with some powers returned to the states and the people while other new competencies were bestowed upon Brussels.¹ It is now clear that these high hopes bear little resemblance to the finished document.

At over 300 pages, written so only a lawyer can understand it and with absolutely no powers being returned to the states or the people, the constitution has failed by the Laeken Declaration's own description. It has ended up as just another opaque attempt at further EU centralization, including the first formal charter of the primacy of EU law over national law, and the creation of common rules on asylum and immigration by majority vote. While national vetoes remain over direct taxation, foreign and defense policy, and financing of the EU budget, the constitution commits the EU members to the progressive framing of a common defense policy. In fact, the document is riven with such contradictions. Many of these discrepancies are to be worked out over time by the European Court of Justice, which has interpretation of the law with the goal of 'ever-closer union' as its mandate. This can readily be seen as an effort at centralization by the back door, a process wholly out of line with the notion of a diverse Europe. Tellingly, the constitution does nothing to provide citizens with any sense of control over the process of European government or the evolution of the EU.²

These egregious flaws explain why the constitution is unlikely to be ratified. Theoretically, any state can nullify the constitution by voting 'no' in a referendum, which is highly likely. In Britain, traditionally, very skeptical of EU centralization, a large majority of voters are opposed to ratification. In a June 18–19, 2004, YouGov/*Sunday Times* survey of 1,279 respondents, 23 percent favored ratification of the constitution, and 49 percent were opposed.³ Neutralist Ireland has fears about closer EU defense cooperation and voted 'no' in the recent Nice Treaty EU referendum. Voters in the Netherlands, furious at German and French flouting of the economic Stability Pact, also might vote against the constitution. In Poland, a very unpopular pro-EU government could well lose such a vote. The skeptical Danes, who voted against the original version of the 1992 EU Maastricht Treaty could again vote 'no,' both for defense and economic reasons.

Even the French, traditional champions of all efforts at further integration, might vote against the constitution. The Maastricht Treaty of 1992, which established the process that led to the European common currency, was undoubtedly a move toward greater centralization of the European project. Yet, the French barely passed the referendum by a margin of less than 1 percent, as many saw it as being skewed toward the advantage of Germany. Frustrated by its very lack of ambition, the French might also vote against the constitution. Surely one or several of these political outcomes is almost certain. If so, American policymakers need to recognize that the EU drive toward ever-closer union has at last decisively sputtered and engaging the Europeans at the national level will be generally be far more effective than engaging the EU.

Seeing Europe As It Would Be: The Euro-Federalist Fantasy

But, for the sake of argument, what if a more centralized Europe was to become a reality? How would a politically unified Europe impact the United States?

It is frightening to imagine what would happen to American interests if the supranational imperative extended further into the foreign and security policy realm.

¹European Union, "The Laeken Declaration," in EUROPA, December 15, 2001, at europa.eu.int/futurum/documents/offtext/doc151201-en.htm (September 17, 2004).

²"The Right Verdict on the Constitution," *The Economist*, June 26, 2004, p.14.

³YouGov, "YouGov/Sunday Times Survey Results: The European Constitution," June 18–19, 2004, at www.YouGov.com/YouGov-website/asp-bespollarchives/pdf/omi040101040.pdf (September 17, 2004).

For example, if a Common European Foreign and Security Policy had genuinely functioned in 2003, however badly, then Belgium, France, or Greece (all states with strongly anti-American publics) could have vetoed the UK, Poland, and Italy from aiding America in Iraq. Taken to its extreme, such an outcome could require consensus among all EU states to support a foreign policy objective.⁴

Those who wish to preserve America's ability to pursue coalition building must therefore strenuously oppose efforts to increase the level of EU foreign policy integration. Such an institution would perpetually prevent many European states in a divided EU from working closely with the U.S. to solve global problems.

Indeed, the most prominent casualty of a united European foreign policy would be the Anglo-U.S. special relationship, forcibly consigned to the scrapheap of history. America's closest ally would be unable to operate an independent foreign policy and stand alongside America where and when it chose to do so. The consequences for American foreign policy would be hugely damaging. Yet with efforts at ever-closer integration increasingly running into difficulty, there is another diplomatic path for the United States to take.

It is important that the President be aware of this very different reality from the one he will doubtless be presented with by the unelected bureaucrats in Brussels. A Europe in which states react flexibly according to their unique interests, rather than collectively according to some utopian ideal, best suits American interests. As a result, the U.S. must engage European states on an issue-by-issue, case-by-case basis to maximize its diplomatic effectiveness, gaining the greatest number of allies for the largest number of missions. The U.S. should use the widest range possible of diplomatic, political, and military tools to advance its general interests in Europe, remembering the continent is vital but generally fragmented on matters relating to foreign and security policy.

THE ISSUES:

Iran

The brewing nuclear crisis in Iran is a practical consequence of the poisoned transatlantic relationship. The Iranian nuclear crisis is a primary instance of both the United States and Europe behaving at its worst; here both sides actually approximate the cartoon versions each has of the other. The EU-3 (UK, France, Germany) currently negotiating with the mullahs are doing a pretty good impersonation of Neville Chamberlain, having wholly divorced diplomacy from any idea of the power that must back it up if it is to prove successful. For example, British Foreign Secretary Jack Straw was unwise to publicly take the threat of force off the table when dealing with Tehran—if sticks are not to be used, what appears to be a negotiation is actually little more than a form of diplomatic surrender.⁵

The administration, on the other hand, having determined that the mullahs in Tehran are evil, disdain to engage them, even as the elephant in the corner of the room becomes more visible. Without direct American involvement in negotiations there is simply no diplomatic chance that the European negotiations to stop Iran acquiring a full nuclear fuel cycle can succeed. This failure will leave the U.S. with only grave choices. To do nothing would likely mean the end of the Nonproliferation Treaty, and could well spur a nuclear arms race in the Middle East. To use air strikes to destroy or at least retard Iran's nuclear program would mean the region itself could well explode, with moderate, pro-American regimes in Jordan, Egypt, and Oman, as well as nuclear-armed Pakistan and economically vital Saudi Arabia being threatened and the Israeli-Palestinian peace process quite possibly coming to an end. This is the worst kept secret in the world, unacknowledged across the Atlantic—The Islamic Republic of Iran is about to acquire nuclear weapons. President Khatami of Iran makes it clear that Iran will never give up enrichment. The West has engaged in dueling competitive efforts at futility. This is just too important for Europeans to continue to live in a post-historical sandbox, while America ignores that Rome is burning.

For there are no easy answers where Iran is concerned. Even if America could somehow, some way foment regime change, the dirty little secret remains that Iranians, be they conservative mullahs or student democrats, all want the bomb—this is not an issue of democracy but of Persian nationalism. Israel will not be reassured if a democratic Iran, still pledged by majority vote to drive the Israelis into the sea, acquires weapons of mass destruction.

⁴See John C. Hulsman, Ph.D., and Nile Gardiner, Ph.D., "A Conservative Vision for U.S. Policy Toward Europe," *Heritage Foundation Background Paper No. 1803*, October 4, 2004.

⁵Jack Straw, "Foreign Secretary Press Conference With UN Secretary-General," February 10, 2005, at www.fco.gov.uk/servlet/Servlet?pagename=OpenMarket/Xcelerate/ShowPage&c=Pag...

Whatever does happen, it is vital that the EU-3 and the United States reach a common diplomatic position regarding the Iranian nuclear crisis. I have worked on this issue with a number of high-level German and American policymakers and we have reached a common understanding of what needs to be done. Iran must: immediately ratify and strictly adhere to the Additional Protocol; commit itself to full cooperation and transparency with the International Atomic Energy Agency (IAEA) to resolve all remaining issues; terminate permanently its pursuit of a full nuclear fuel cycle; terminate permanently any and all programs to enrich uranium and produce uranium hexafluoride and its precursors; terminate permanently all programs to extract plutonium; terminate permanently its pursuit of a heavy water reactor; agree to an intrusive inspections regime (utilizing real-time monitoring equipment) at the Bushehr reactor and associated spent fuel storage pond. Any final agreement should occur within a reasonable time limit, so as to not let the Iranians stall and attempt to split the common Western diplomatic initiative.

Iran's full compliance with these provisions should trigger: a commencement of US-Iranian bilateral negotiations aiming toward a resumption of diplomatic relations between the U.S. and Iran; a commencement of bilateral relations aiming toward a resumption of trade relations between the U.S. and Iran; the support of the U.S. and EU-3 in the accession of Iran to the World Trade Organization (WTO), assuming it meets other normal conditions of membership; a resumption of negotiations between the EU-3 and Iran on an EU-Iran trade and cooperation agreement; the support of the U.S. and the EU-3 in Iran's acquisition of a single light-water nuclear reactor (Bushehr); the support of the U.S. and the EU-3 in providing Iran with access to the international fuel market, at market prices, consistent with G8/Nuclear Suppliers Group (NSG) comparable assurances, with all spent fuel being returned and being reprocessed outside of Iran.

Furthermore, in the case of Iran's formal and verifiable renunciation of any nuclear armament (both offensive and defensive), it should be agreed that a pact of non-aggression should ensue between Iran and all parties to this agreement.

Moreover, it was agreed that there should also, in parallel, be a discussion of major outstanding issues with Iran in which the EU-3 shall act as a host. These include: Iranian recognition of the right of Israel to exist as a Jewish state; an international consensus on opposing terrorism (especially as it pertains to Iran's funding of Hizbollah and giving sanctuary to al-Qaeda); the establishment of a stable, representative and democratic Iraq; a discussion of Iran's legitimate security concerns; a discussion of Iran's economic concerns, particularly regarding resumption of U.S. Foreign Direct Investment (FDI) with Tehran; a discussion of human rights.

However, should Iran fail to comply with the outstanding nuclear provisions listed above, this will trigger the following actions: the U.S. and the EU-3 shall support the referral of the Iranian nuclear issue to the United Nations Security Council; the EU-3 will immediately adopt a policy of comprehensive sanctions against Iran and seek to press the EU to follow suit; the U.S. will reserve its right to act in a manner appropriate to the situation.

This comprehensive plan illustrates transatlantic cooperation at its best, with the U.S. actively offering carrots for a successful outcome, while the Europeans pledge to threaten Iran with genuine sticks if the talks fail. If such an outcome comes to pass, due to this level of coordination, at least the transatlantic alliance need not be an indirect casualty of the crisis. This plan offers the last, best chance to head off a Cuban Missile-style crisis. It is vital that on this primary security matter, the U.S. and the EU-3 come to some form of genuine coordinated agreement.

Public Diplomacy

Politically, the U.S. must make a massive public diplomacy effort in Europe if it is to retain the ability to consistently engage European countries as allies. The President's upcoming trip (visiting parts of Europe and European leaders who did not agree with the American stance on Iraq), as well as Secretaries Rice and Rumsfelds' recent meetings in Europe, certainly represent an American outstretched hand to the continent, serving as a genuine effort to underline the end of the period of transatlantic tension brought on by the crisis in Iraq.

However, in order to remedy a problem, its true dimensions must be clearly examined. There is little doubt that the U.S.-European diplomatic controversy over Iraq and its aftermath has been a public diplomacy disaster of the first magnitude. While governmental support for U.S. policy in Iraq is still strong in many European countries, public hostility toward American foreign policy remains extremely high. The recently published Gallup *Transatlantic Trends 2004* poll of public opinion in nine

major European Union member states⁶ should make disturbing reading for the State Department: 76 percent of those surveyed disapproved of President Bush's international policies, and 75 percent were opposed to the war in Iraq. Most worrying of all, 58 percent of European respondents held the view that strong U.S. leadership in the world is "undesirable."

If Europe is the most likely place for America to find allies well into the new century,⁷ the U.S. must launch a significant public diplomacy campaign on the continent to make such a long-term strategy possible. Indeed, it must become the main focus of global efforts at public diplomacy, as nowhere else in the world will safeguarding American goodwill make such a practical difference. The U.S. must recognize that much of Europe is alienated from the American worldview, be the subject trade, Iraq, or the wider war on terrorism. It may take a generation to fully rejuvenate the transatlantic alliance, and the U.S. must not underestimate the scale of the problem if this new strategy is to work. Unless the public diplomacy tool is used in Europe, the U.S. may have precious few allies with which to work in the future.

Doha Free Trade Round

The EU's Common Agricultural Policy (CAP), which consumes roughly half of its entire budget, is easily the biggest obstacle to bringing the Doha trade round to a successful conclusion. This 50 billion euro abomination dwarfs America's own egregious efforts to protect its agricultural market. After several decades, the world will simply not allow Europe to fashion any more excuses as to why French farmers should not compete in the global marketplace, instead of being cosseted by economically sclerotic, social democratic nanny states.

More importantly, the EU is managing to snatch defeat from the West's ideological victory in the Cold War. After decades of ignoring reality, the developing world at last accepts that capitalism is the way forward (after an extended period of ruinously flirting with *dependencia* excuses as to why they were not growing), that economic progress is impossible without liberal economic policies and the rule of law, and that FDI, far more than the World Bank and the IMF, is to be looked upon as the key to sustained economic development. In other words the West has won; almost everyone now accepts the developed world's nostrums as to how the world economy actually works.

This is what makes the continued evasions in Brussels and Washington tragic. It's as if the West is saying to the developing world, 'We are glad you agree with us that capitalism is the way to successfully grow your economies, but we won't let you trade in agricultural goods, the primary staples of your economy. However, you are welcome to trade in financial services . . .'

The hypocrisy is as breathtaking as it is dangerous. The leaders of the developing world (and the free-trading stalwarts in the Cairns group led by Australia) have made it clear there will be no deal on global free trade in the Doha Round unless there is an overall agreement allowing for substantial agricultural liberalization. Given that the Japanese economy remains fragile, with the highest government debt to GDP ratio among developed countries, German unemployment is over 5 million, with eastern Germany falling ever farther behind western Germany despite billions of euros in transfer payments having been made, failure to strike a deal over Doha could well plunge the world into further economic stagnation. Even more importantly, having won over the hearts and minds of the developing world after painful decades of effort, the U.S., and to a larger extent, the EU, will stand rightfully accused of frittering away a vital new consensus regarding how to substantially improve global economic conditions through increased free trade.

Politically, neither the EU nor the U.S. can implement further agricultural liberalization without the other trading region agreeing to synchronized cuts as well. Without an agricultural deal, there is no overall deal for the Doha Round, initially packaged as 'the development round' of global trade talks. According to the Danish Ministry of Foreign Affairs, the WTO has calculated a global welfare gain of up to \$620 billion if all barriers to commodity trade are removed. Forty percent of this would benefit developing countries.⁸ Without such a deal, the train wreck ahead

⁶The poll, commissioned by the German Marshall Fund of the United States and Campagna di San Paolo of Italy, surveyed public opinion in the UK, France, Germany, the Netherlands, Italy, Poland, Portugal, Slovakia, and Spain. *Transatlantic Trends 2004*, "Transatlantic Trends Overview," at www.transatlantictrends.org. (September 27, 2004).

⁷Significantly, this view is supported in the *Transatlantic Trends 2004* poll of American public opinion, which reported that 54 percent of Americans see Europe as most important to "American vital interests today." Just 29 percent of Americans surveyed believed that Asia was more important to the United States than Europe.

⁸Ministry of Foreign Affairs Of Denmark, "International Trade Policy," May 26, 2004, at www.um.dk/en/menu/ForeignPolicy/InternationalTradePolicy.

could well spell the end of the WTO as an effective international institution. Even worse, the general multilateral trading system that has brought such prosperity to the world since 1945 could be coming to an end. Trading coalitions of the willing, regional, and bilateral deals between the rest of the world excluding an increasingly isolated EU may become the norm. It is time for France to prove that it does not care more about its farmers playing *boule* than about advancing the economic prospects of the developing world. And only the EU and the U.S. can make Doha happen. It is time to get to work on this most underrated of transatlantic issues.

NATO Reform

Many Europeans, especially those in the Franco-German core, seem to have acquired a congenital disease since the end of World War II—an inability to diagnose the root causes of major international problems and diagnose policies that can actually ameliorate their effects. The startling suggestion made this week by Chancellor Schroeder about the need to supplant NATO with a new transatlantic security institution is a case in point. Schroeder, without providing any details, said, NATO had ceased to be “the primary venue where transatlantic partners discuss and coordinate the most important strategic issues of the day,”⁹ only to be flatly contradicted by both Secretary Rumsfeld and Jaap de Hoop Scheffer, the Dutch NATO Secretary-General. Faulty European thinking seemed to work like this: (1) we have a transatlantic problem; (2) NATO is the primary transatlantic politico-military institutional link; (3) The institution (NATO) is the problem; (4) We must create a new transatlantic institution.

Meanwhile, back on the planet earth. Blaming the messenger makes no sense. The problem lies primarily among NATO countries, not the institution. Such reforms as are necessary have already begun. The U.S. should continue to press for NATO reform, centered around the concept of increasing the alliance’s flexibility through the increased use of the Combined Joint Task Force mechanism (CJTF).

While agreeing with American unilateralists that full, unqualified approval of specific missions may prove difficult to achieve diplomatically with NATO in the new era, I disagree with them about continuing to engage others at the broadest level. As Iraq illustrates, there are almost always some allies who will go along with any specific American policy initiative. In April 1999, the NATO governments ratified the CJTF mechanism that adds a needed dimension of flexibility to the alliance.¹⁰ Until recently, alliance members had only two decision-making options: either agree *en masse* to take on a mission or have one member or more block the consensus required for a mission to proceed. Through the CJTF mechanism, NATO member states do not have to actively participate in a specific mission if they do not feel their vital interests are involved, but their opting out of a mission would not stop other NATO members from participating in an intervention if they so desired.

The new *modus operandi* is a two-way street. In fact, its first usage (de facto) involved European efforts to head off civil conflict in Macedonia. The United States, wisely enough, noted that Macedonia was, to put it mildly, not a primary national interest. However, for Italians, with the Adriatic as their Rio Grande, the explosion of Skopje would have had immediate and direct geostrategic consequences, both by destabilizing a nearby region and causing an inevitable flow of refugees. By allowing certain European states to use common NATO wherewithal—such as logistics, lift, and intelligence capabilities, most of which were American in origin—while refraining from putting U.S. boots on the ground in Macedonia, the Bush Administration followed a sensible middle course that averted a crisis emerging in the alliance.

Beyond the sacrosanct Article V commitment, which holds that an attack on one alliance member is an assault on all members,¹¹ the future of NATO consists of just these sorts of “coalitions of the willing” acting out of area. Such operations are likely to become the norm in an era of a politically fragmented Europe. The CJTF strategy is critical to the development of a *modus operandi* for engaging allies in the new era. Here my strategy confounds the impulses of both unilateralists and strict multilateralists. Disregarding unilateralist attitudes toward coalitions as not worth the bother, the U.S. should call for full NATO consultation on almost every major politico-military issue of the day. If full NATO support is not forthcoming, the Bush administration should doggedly pursue the diplomatic dance, rather than seeing

⁹Daniel Dombey and Peter Spiegel, “Schroeder’s suggestion for review of Nato shocks defense ministers,” *Financial Times*, February 14, 2005.

¹⁰See John C. Hulsman, Ph.D., “Getting Real: An Unromantic Look at the NATO Alliance,” *National Interest*, No. 75 (Spring 2004).

¹¹North Atlantic Treaty Organization, “The North Atlantic Treaty,” April 4, 1949, at www.nato.int/docu/basicxt/treaty.htm (September 17, 2004).

such a rebuff as the end of the process, as many strict multilateralists would counsel.

A CJTF, in which a subset of the alliance forms a coalition of the willing to carry out a specific mission, using common NATO resources, should be the second preference. If this too proved impossible, due to a general blocking of such an initiative, a coalition of the willing outside of NATO, composed of states around the globe committed to a specific initiative based on shared immediate interests, would be the third best option. Only after exhausting these three options, if fundamental national interests were at stake, should America act alone. By championing initiatives such as the CJTF, the U.S. can fashion NATO as a toolbox that can further American interests around the globe by constructing ad hoc coalitions of the willing, both within and without NATO, that can bolster U.S. diplomatic, political, and military efforts in specific cases.

Chinese Arms Embargo

The European Union's likely lifting of the Chinese arms embargo represents perhaps the biggest fly in the ointment to moving forward with this ambitious transatlantic agenda. There is no way to put this delicately. For the possible reward of a couple of hundred million extra dollars in arms sales, the EU is prepared to increase arms sales to China, put enhanced cooperation over issues of military technology with the U.S. at risk, and bite the outstretched hand the Bush administration is rightly extending to the continent. It is a breathtakingly myopic and stupid policy. The President must privately make grave American concerns about the lifting of the embargo abundantly clear to our European interlocutors.

Based on conversations I've had with leading European officials and the official record, I think it is highly likely the EU will lift the embargo sometime in the spring. There is little doubt that the EU, particularly its major arms exporters France, Italy, and the UK, have been increasingly wooing China, for commercial as well as geopolitical reasons. The EU is now China's largest trading partner: in 2004, trade between the two amounted to almost \$210 billion, an increase of 35% over 2003.¹² Nor is there any doubt that lifting the embargo is a major goal of Chinese foreign policy. One person close to the French Ministry of Defense (MOD) says that, on a recent trip to Beijing, he was pressured on the issue at almost every meeting.¹³ China is particularly interested in obtaining increased high technology (information technology adapted for military command and control, sensing and precision strike) from Europe that could help improve Chinese battlefield management.

Even the remotest possibility that new arms sales could fundamentally alter the strategic balance in the Taiwan Straits must be met in Washington with real alarm. For in the medium-term it is certainly not beyond the realm of possibility that the U.S. could find itself fighting against a better-armed Beijing in the Taiwan Straits. China's arms build-up *vis a vis* Taiwan has only increased, as the People's Republic now has hundreds of ballistic missiles pointing at Taipei.

Nor do EU protestations that they have the matter well in hand ring particularly true. A toughened 'code of conduct' designed to stop any EU country from selling weapons that might upset the regional balance of power would be interpreted by individual EU countries in a non-binding, voluntary manner. Surely we are not being asked to take France's word, the country pushing hardest to lift the embargo and not coincidentally one of the world's largest arms exporters, that they simply won't increase arms sales to Beijing?

For there is a whiff of geopolitics beneath French commercial concerns. On a visit to Beijing in October 2004, President Chirac declared that France and China shared "a common vision of the world—a multipolar world."¹⁴ Indeed, for France to ever fulfill the Gaullist fantasy of balancing the United States on the global stage, much closer relations with China are an obvious prerequisite. While this remains highly unlikely, as a recent CIA assessment put it, such a coalition is no longer unthinkable.¹⁵

It is unthinkable that the United States should ignore all this. While in Europe, President Bush should push for an unambiguous transatlantic agreement on forgoing sales that could tilt the strategic balance in the Taiwan Straits, down to listing high-tech weapons systems that would be precluded by such an agreement. Fur-

¹² Charlemagne, "The reds in the West," *The Economist*, January 13, 2005.

¹³ Daniel Dombey and Peter Spiegel, "The EU's bar on selling military equipment to Beijing lacks credibility but Washington believes any change would be irresponsible," *Financial Times*, February 10, 2005.

¹⁴ Charlemagne, "The reds in the West," *The Economist*, January 13, 2005.

¹⁵ Daniel Dombey and Peter Spiegel, "The EU's bar on selling military equipment to Beijing lacks credibility but Washington believes any change would be irresponsible," *Financial Times*, February 10, 2005.

ther as my friend Hans Binnendijk suggests, EU states, Japan, and the United States should agree to consult before approving any transfer of military technology to China.¹⁶

Failing this, the U.S. Congress (which was right to overwhelmingly pass a resolution declaring that lifting the embargo would be inconsistent with transatlantic defense cooperation and threatening constraints on the Western defense relationship if the current course is not reconsidered) should curtail technology co-operation with European allies by denying export licensing exceptions, as it is impossible to determine that such technologies would not leak to the Chinese. In addition, European companies determined to have flouted the code of conduct should be subject to U.S. sanctions. Defense cooperation projects between the U.S. and its European allies could be worth billions of dollars, but Europe must understand the depth of America's concern. This issue has the potential to unravel much of the current momentum toward resurrecting transatlantic relations. The President must make the Europeans see that their irresponsible actions could have grave commercial and geopolitical consequences.

A TRANSATLANTIC STRATEGY FOR THE 21ST CENTURY

Only by grounding American policy prescriptions in a new, more realistic view of Europe will it prove possible to escape from the reactive nature of recent American efforts to deal with the bewildering continent. During his trip, President Bush should follow Burke's adage of looking at things as they are as a mantra as he visits Belgium, Germany, and Slovakia. By following Burke's adage it becomes clear that "Europe" is less than its admirers claim and more than its detractors admit. It is clear that European countries remain the foundation of all future coalitions that the U.S. can assemble well into the future, with the UK playing a critical role in their formation. It is also true that the United States simply cannot act effectively in the world without at least some European allies, whatever the issue. Furthermore, Europe is not the monolith many Gaullist centralizers would have Americans believe; it shows amazing diversity, whether the issues are economic, military, or political. Europe is ultimately a hodgepodge, and this perfectly suits American interests.

Simply put, a Europe where national sovereignty remains paramount regarding foreign and security policy, where states act flexibly rather than collectively wherever possible, will enable America to engage the continent most successfully. This flexibility, whether in international institutions or in ad hoc coalitions of the willing, is the future of the transatlantic relationship, for it fits the objective realities of the continent; such a Europe is well worth engaging.

This vision for the future of Europe highlights hard-headed American thinking at its best—looking reality square in the face, and then making it better.

Thank You.

Mr. GALLEGLY. Thank you very much, Dr. Hulsman. Dr. Hamilton.

STATEMENT OF DANIEL HAMILTON, PH.D., DIRECTOR, CENTER FOR TRANSATLANTIC RELATIONS, JOHNS HOPKINS UNIVERSITY SCHOOL OF ADVANCED INTERNATIONAL STUDIES

Mr. HAMILTON. Thank you, Mr. Chairman. It is a pleasure to be here. I will just pick up on John's points. You had asked us to provide an overview, a context in which to consider the President's trip and the issues to face, and I think one has to look at transatlantic differences over the last few years and say how much of this is policy, and how much was personality, and how much was really deeper structural changes that Americans and Europeans are each facing. And I think it is important. There is a lot of policy differences, but there have been some really fundamental changes that I think require us to look at how to position the United States-European relationship for the future.

¹⁶Hans Binnendijk, "A trans-Atlantic storm over arms for China," *International Herald Tribune*, February 9, 2005.

The first and clearest change that we all recognize is that the Soviet threat is gone. What I see is that the corollary and the consequence many people draw from that is that we can now afford more transatlantic disagreement because of that. The old glue not holding us together. I disagree with that conclusion for reasons that I will mention, but it is clearly one of the major factors. The second factor, however, and I think that your remarks, Mr. Chairman, and the others, underscore that: During the Cold War, transatlantic relations were really about stabilizing the European continent. That was 80 to 90 percent of our agenda. Today, 80 to 90 percent of the agenda are issues beyond Europe, and the question is whether we can recast our partnership to deal with this global way that we deal with each other, rather than only the European agenda itself. There is still an agenda in Europe, and I will get to that, but we really have to think about our relationship in a very fundamentally different way, and the challenge that we have is that frankly Europeans and Americans view the world today through a different 9/11.

The date 9/11 on European calendars is November 9. November 9, 1989 was when the Berlin Wall came down, and the earthquake unleashed by that event is still shaking the European continent. The people on the Eastern side of that wall who caused its collapse, said "We want to rejoin Europe." It is still the way that the Europeans think about the world, and it is what absorbs their attention, and it was most punctuated recently by the Ukrainian and Georgian revolutions.

It is a very positive agenda, but it absorbs European attention incredibly. Americans, of course, are viewing now the world through our 9/11. The European 9/11 was an important factor in our thinking, of course, and we contributed to their success, but we face a different agenda today in our view. And I think the way that we approach the world is at least we talk to each other, but we say different things. November 9 says to Europeans that the worst is behind them. It is a world of possibilities. September 11 says to Americans that the worst may still be to come.

We still sort of talk past each other when we think about this. The last fundamental trend I think that is important is not sufficiently realized, and it is actually the counter-intuitive trend. We are not drifting apart if you look at our economic interactions or interactions among our citizens, we are actually colliding, we are smashing together. Globalization is forcing a deep integration across the Atlantic that we have never experienced in our history.

Moreover, that deep integration has accelerated since the end of the Cold War. In fact, it accelerated during President Bush's first term. So while we talk about political drift, it is deep economic integration that is driving a lot of our real issues with Europe.

I will state, Mr. Chairman, we estimate about a million Californians owe their livelihoods, directly or indirectly, to commerce with Europe. California is Europe's absolutely largest United States commercial partner. Texas is next, and Florida is a big part of it as well, as well as Washington State.

We tend to focus on the trades squabbles that we have with Europe, with the Europeans, but that is about 1 percent of our commerce. Trade is only about 20 percent. Transatlantic commerce is

driven by foreign investment, and not trade. Trade is a very misleading benchmark of commerce. Foreign investment is now driving this transatlantic economy, and it is bringing us so close to each other that our different regulatory systems and other different ways we do business are rubbing up against each other.

Some of the frictions that we have today come from this closeness now, and not necessarily from all of these deeper differences, and I think we have to reflect on what that means for us. We have a new agenda that we are not used to and we have not adjusted our relationship to that.

What do these frictions of change say to us? I think there are a couple of basic premises that should guide us.

Divorce is not an option here, but dysfunction is an option. There are a lot of families that don't get divorced, but they stick around fairly dysfunctionally for many, many years, and our challenge is to recast the relationship from a Cold War focus to this global transatlantic partnership. And we see the difficulties that we would have in doing that.

The potential that I see is that the President likes to talk about the United States as a transformative nation. The United States-European relationship is a transformative partnership. It has been the factor of change in the world. It is still distinctive in terms of any other relationship that we have around the world. And that if we agree across the Atlantic, Europeans and Americans usually are the core of the global coalition that gets anything done; and if we disagree, we usually stop each other, and stop any broader coalition from being as effective as it could be.

Iraq is a good example. Today, Kyoto goes into effect, and Europeans will try to create this without America. Very difficult, I think. It just underscores the basic premise I am trying to say. We have to do this together, despite the difficulties inherent in such an agenda.

I think there is still a very big agenda in Europe. It is not 90 percent agenda, but it is part of the agenda, and the shared opportunity we have is now what I would call "Wider Europe."

The Ukrainian revolution has really reminded us that there is much more to Europe there, and the new frontiers of freedom that could be developed; new ways that the United States and core Europe could work together with these countries, and to do for these countries what we did for Central and Eastern Europe over the last 10 years.

We are at that same point as we were 10 years ago, now with this new band of countries. There is a huge opportunity and we have to seize it. It means looking at the festering conflicts that exist in that region, and actually trying to resolve them, rather than shelve them because we are worried about what Moscow thinks.

It means a different approach to Moscow. Freedom House is about to issue a new letter in advance of the President's trip with Mr. Putin. I have signed that letter, and I would like to add that to my testimony, because I think that it provides a very updated element to that approach.

Mr. GALLEGLY. Without objection, we will make that part of the record of the hearing.

[The information referred to follows:]



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Washington, February 17, 2005

President George W. Bush
The White House
1600 Pennsylvania Avenue NW
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Dear Mr. President,

Your upcoming summit with President Vladimir Putin of Russia is an important opportunity to reinforce your stated commitment to promoting democratic freedoms and human rights around the world. We recognize that Russia is an important state whose cooperation is needed in areas such as combating terrorism, stopping nuclear proliferation, effective UN action to meet threats to security and joint efforts to avert genocide. However, we believe that Russia's contributions in all these areas will be strengthened if you make a direct effort to raise the issue of the serious erosion of democratic freedoms in Russia.

In the last four years, President Putin has led his country significantly away from the democratic gains that Russia made in the 1990s. With almost all checks and balances to presidential power now dismantled, the freedom of the Russian people is at risk. At the start of your second term, we urge you to adopt a new U.S. policy toward Russia, which places at the centerpiece the issue of the future of democracy in Russia. As part of that policy, we urge you and the United States to publicly challenge President Putin's authoritarian course. And we urge you to make human rights, democratic practices, and the rule of law essential elements of the dialogue with Moscow and a precondition for the deepening of bilateral ties.

Encroachments on civic freedoms not only violate international human rights standards, they also damage President Putin's stated goal of modernizing Russia. The government's increasingly authoritarian course has undermined the very pillars on which a post-Soviet Russian society was supposed to be built: rule of law, accountability, a pluralistic media, and vigorous debate of policy issues. The widely reported loss of investor confidence and the recent spate of policy errors by Putin's administration are just two of the consequences of this rollback in civic freedoms.

As Russia endeavors to build a free and democratic society, the following areas require the greatest and most immediate attention:

Civic Organizations—*The Russian government has tried to stifle civic activism at a time when citizens are the very force that can rebuild and revitalize the society.* In his 2004 State of the Nation address, President Putin lashed out at non-governmental organizations, an attack widely understood as being directed at human rights groups, saying that they served dubious pay masters and carried out tasks that did not serve the interests of Russian society. Since that speech, the atmosphere in which NGO's operate has deteriorated significantly. The Russian government is

debating increasingly restrictive legislation. NGOs working on Chechnya-related issues have faced ever more serious and frequent harassment.

Pressure on Media—*Russia has oppressed free media and deprived itself of objective and timely information about what is happening in the country, as well as a major check on power and source of accountability.* The Russian state is the main enemy of media freedom, according to Russian media experts. There is very little independent reporting as most media outlets are controlled by big businesses with ties to the Kremlin or regional politicians. The Russian state fully controls the country's national television networks, the key source of information for a majority of the population. The relative pluralism in print media (represented by outlets such as the newspapers Kommersant, Izvestia and Novaya Gazeta and a few local newspapers) is also under fire.

Political Freedoms and Electoral Process—*In the past four years the Russian government has marginalized its political opposition and attacked perceived opponents outside the electoral process selectively using criminal prosecutions.* International observers declared the 2003 parliamentary elections “seriously distorted” by the advantages of incumbency enjoyed by the Putin-endorsed United Russia party, finding that voter access to information and equal conditions for candidates and parties to convey their message were “severely compromised.” United Russia’s sweeping victory left the genuine opposition parties either much reduced or eliminated from parliament. In addition, in the aftermath of the horrific Beslan slaughter of children, their parents and teachers, President Putin proposed reforms that have further concentrated power in the Kremlin and eliminated political pluralism by making governors an appointed rather than elected office. A new law on referenda makes grassroots initiatives virtually impossible.

Chechnya Conflict—*The parties to the conflict are in a vicious circle of ever more horrific rights abuses, predominantly against civilians.* The internal armed conflict in Chechnya, now in its sixth year, shows no sign of abating. To the contrary, the conflict is also spreading to other areas of the Northern Caucasus. The Russian government points to the Chechnya operation as its contribution in the global campaign against terrorism. But it is undermining that fight by failing to end massive human rights violations against the civilian population. Pro-Moscow Chechen forces and Russia’s armed forces continue to commit grave breaches of international human rights and humanitarian law — including forced disappearances, torture, and extrajudicial executions — with almost complete impunity in a climate of lawlessness and chaos. Extremist Chechen armed groups have also committed unspeakable acts of terror in Chechnya and other parts of Russia, and assassinated numerous civilians they deem to be “collaborating” with the federal government.

To bring stability to the Northern Caucasus, the Russian government needs to build trust among Chechen civilians. But abuses by its own forces and Chechen forces under its nominal command and its failure to establish a meaningful accountability process for such atrocities alienate the very people Moscow needs to reach and persuade that there can never be an excuse for acts of terrorism, no matter the political goals and grievances.

Russia’s Diplomatic Influence—*Russia is exerting a destabilizing influence in its’near abroad” (Georgia, Moldova, Ukraine, Belarus, Turkmenistan) and pursued policies that undermine progress towards democracy and respect for human rights in those countries.* We urge you to encourage Russia

to launch a program of cooperative engagement with its neighboring states that strikes a more benign balance between Russian strategic and economic interests on the one hand, and the strategic interests of these states and the promotion of fundamental rights and freedoms on the other. We note that Russia initially put its support behind the falsified results of Ukraine's November 21st presidential vote, and only belatedly adopted a neutral public position toward the December 26 rerun of that vote.

Russia's indulgent position towards two neighboring states that are internationally condemned as pariahs – Belarus and Turkmenistan – should not go unchallenged. Belarus languishes in the grip of a president who has manipulated recent ballots to promote his potentially unlimited tenure in office while simultaneously eradicating parliamentary opposition, and has also removed challengers to his authority through politically-motivated prosecutions and state violence. Freedom of expression and association continue to be eroded. Yet Russia continues to support the Belarusian regime politically and to sustain it economically.

In Turkmenistan, the regime of president-for-life Saparmurad Niyazov is one of the most repressive in the world. The regime crushes independent thought, and controls virtually all aspects of civil life. It actively isolates the country from the outside world: state policies and practices on education, on overseas travel and contacts, and on access to information, are propelling Turkmenistan's entire society inexorably into conditions of insularity and ignorance. If left unchecked, Turkmenistan promises to become the kind of unstable failed state that could endanger the entire region. Yet Russia appears passive towards this repressive state close to its borders. It is silent even when Turkmenistan's repressive policies result in specific harm to Turkmenistan's ethnic Russian community and other national minorities.

Recommendations In your meeting with President Putin, we urge you to ask Mr. Putin to take specific steps that would demonstrate Russia's commitment to human rights and the rule of law, and to make clear that Russia's response over the next few months should be a key element in determining whether the the U.S.-Russia relationship deepens or is derailed. These steps should include:

- Restoring political pluralism, in part by making a public commitment to abide by the 1990 OSCE Copenhagen Agreement.
- Easing regulations on funding NGO's and ending the harassment of Western-funded democracy and rights NGOs.
- Allowing the creation of at least one independent television channel open to the views of opposition forces and civic groups.
- Permitting visits to Chechnya by the U.N. Special Rapporteur on Torture and the UN Special Working Group on Enforced and Involuntary Disappearances.
- Recognizing that international criticism of the Belarusian regime is based on genuine concerns about the abusive nature of that regime and the prospects for long-term democratic development of Belarus, and that Russian influence can promote genuine political pluralism, enjoyment of fundamental rights, and the rule of law in Belarus.

Joining others in the international community in robust criticism of the regime in Turkmenistan, and pressing Turkmenistan to reverse repressive policies and practices that are isolating the country and harming Turkmen society.

We urge that you publicly challenge President Putin on all these issues during the forthcoming U.S.-Russia summit in Bratislava. This would be an important step towards the goal of a US policy that promotes a democratic and free society in Russia, and increases the chances for a durable bilateral relationship between our countries.

Sincerely,

Kurtmolla Abdulganiyev, Education for Democracy

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Michael Ledeen, Resident Scholar, American Enterprise Institute

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Ivan Lozowy, Esq. Director, Institute of Statehood and Democracy (Ukraine)

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Andrei Sannikov, Charter '97 Civil Initiative, Belarus

Randy Scheunemann, Project for a New American Century

Dr. William F. Schulz, Executive Director, Amnesty International USA

Radek Sikorski, Executive Director, New Atlantic Initiative

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*Institutional affiliation for identification purposes only.

Mr. HAMILTON. The second element of our agenda with Europe is to refocus our approach to European integration. Much of what I said today involves the rest of the world. NATO is an important part of that, and is already globally engaged.

But NATO cannot be the only mechanism that we have to engage our European colleagues. There is a lot of need not to replace NATO, but to reenforce it with a stronger, more effective U.S.–EU track to do many of the things that we want to do with Europe.

For most of the things we need to accomplish in this broader world, the EU is the partner to do that, or individual EU nations, and we have to get this back on track and not be so ambivalent about whether it is a good thing for us or not.

We can shape it, but simply a sort of unique opposition to it constrains our own possibilities. The beyond-Europe agenda, however, has been mentioned, and is really where most of the focus and most of the conflicts frankly tend to be. They tend to focus on the Broader Middle East—the related issues of Iran, Iraq, Afghanistan, the Middle East peace process, and the transformation of the broader region as a whole.

There are many issues there which we could go into. Suffice it to say that there are some positive developments in the Middle East peace process, and Europeans and Americans have to play a central role to keep this on track. The parties have to do the hard work, but we are going to have to be there to sustain it later. There might be a role for NATO in that frankly. I think the EU will continue to play a major role there.

On Iraq: When the President will fly to all NATO nations next week, they will all agree to contribute in some way to Iraqi training, whether in Iraq, outside Iraq, or through donations toward that goal. That is a good first step, but there is much more that needs to be done.

We should celebrate frankly some of our efforts in Afghanistan. This is sort of the quieter way that we and our allies are working together. The President and Chancellor will talk about this when he goes to Germany, but the problem is that stability beyond Kabul is not guaranteed. It is a very dangerous mission, and they are extending our missions there, and they are putting the U.S. and NATO missions together. But there is a huge, big job still in Afghanistan, and I think that we neglect that at our peril.

On the broader transformation of the region itself, I think the United States and Europe share a lot of important interests. This is really the challenge of our next generation, transatlantic cooperation, and is to work together on the transformation of this broad region.

And I come back to the last piece, which is between our societies. Globalization is having us, as I said, smash into each other, and not just drift apart. And I think that there are two big areas there that we could seize on.

One is a version of what I think John mentioned, which is what I would call transatlantic homeland security. When Tom Ridge resigned, he said that his greatest regret was not having engaged in EU earlier on all the issues that he had to deal with.

And there are some promising beginnings, but there is not a systematic effort to work together with the EU in this area. No nation

is home alone, and we are not going to be safe at home unless we engage our core partners in theory, and with cooperation around the world.

The last piece I think is something that the President himself committed to last June at the U.S.–E.U. summit with his counterparts. That is to explore areas in which we could remove further barriers to transatlantic commerce, and have a new transatlantic economic initiative of some type.

It is not a free trade area, because it is investment that drives the transatlantic economy. But there is something there to look at our regulatory barriers. To look at ways our systems interact and rub up against each other, and try to explore ways to deal with that.

So on balance, Mr. Chairman, I think we have a great opportunity to forge a new partnership with Europe. There are some very tough issues. The real challenge is to recast the relationship so that we can have strategic dialogue about these issues, and not reduce the relationship to short term difficulties, or nitpicking at each other without seeing all directions in which we can go. Thank you.

[The prepared statement of Mr. Hamilton follows:]

PREPARED STATEMENT OF DANIEL HAMILTON, PH.D., DIRECTOR, CENTER FOR TRANS-ATLANTIC RELATIONS, JOHNS HOPKINS UNIVERSITY SCHOOL OF ADVANCED INTERNATIONAL STUDIES

Mr. Chairman, it is a pleasure to appear again before this Committee to discuss the transatlantic relationship on the eve of President Bush's trip to Europe. Let me congratulate you personally on assuming your new duties at the helm of the Subcommittee.

The President and his European counterparts have an opportunity to use the new but rather tentative spirit of transatlantic cooperation to manage some tough issues and to cooperate in some new ways to truly harness the transformative potential of our partnership.

You asked me to provide some context to the President's trip by discussing the overall state of transatlantic relations, with a focus on areas that warrant special attention. I'd like to do this by outlining important ways the relationship has changed in recent years; advancing some basic premises that may guide us now; and finally suggesting some ways we could and should transform our partnership to meet future challenges.

WHAT'S CHANGED?

The bitter divisions over Iraq led to one of the worst periods of transatlantic relations over the past 60 years. As we try to get the relationship back on track, the question we need to address is whether those divisions were simply another family quarrel, or whether they heralded deeper structural changes in our relationship that will continue. Certainly personalities and policies have been critical. But as we move forward, we would do well to consider four underlying factors of change.

First, as is widely recognized, the factor that traditionally disciplined periodic transatlantic disputes—the Soviet threat—is gone. The conclusion that is often drawn is that since we no longer need to work together as closely as we did, we can afford greater transatlantic disagreement than in the past. I disagree with this conclusion, for reasons I outline below. But it is certainly a widely held view.

A second and related factor is that the locus of transatlantic attention has shifted from the stabilization of Europe to so-called “out of area” problems—challenges beyond Europe. The greatest security threats to the United States and Europe today stem from problems that defy borders: terrorism and proliferation of weapons of mass destruction, pandemics and environmental scarcities. They stem from challenges that have traditionally been marginal but contentious in the transatlantic dialogue: peacekeeping outside the traditional NATO area; post-conflict reconstruction and rehabilitation; rogue states, failed states and states hijacked by groups or networks. And they come from places, such as Africa or Southwest and Central

Asia, which the transatlantic agenda has often ignored. Even during the Cold War such issues were the source of some of our most profound transatlantic disagreements, which stemmed as much from differing interests as from different opinions. We have never really tried to develop common analyses or strategies towards such issues, and we either lack or ignore mechanisms or institutions to advance such dialogue.

Third, Europeans and Americans are each looking at the world through a different “9/11.” For most Europeans the catalytic event framing much of their foreign and security policy remains the fall of the Berlin Wall on November 9, 1989 and the accompanying collapse of the Soviet Union and European communism. On European calendars, November 9 translates to 9/11. When the people on the streets of Central and Eastern Europe brought down the Iron Curtain with their collective cry, “We want to return to Europe,” they unleashed an earthquake that is still shaking the continent and its institutions—as seen dramatically and most recently by the Orange Revolution in Ukraine and the Rose Revolution in Georgia. Europeans remain engaged in a fundamental transformation of their continent, marked by the expansion of the EU and NATO to central and eastern Europe, the prospect of EU membership for Turkey as well as nations of “Wider Europe,” introduction of the Euro; serious debates about reforming post-communist economies and retooling social welfare economies that have been the mainstay of Europe for half a century; and ratification of a new EU constitutional treaty, intended to transform Europe’s basic institutions and to define a role for Europe in this new century.

Together, these developments represent an historic opportunity to build a continent that is truly whole, free and at peace with itself. It is a goal that Americans share, and to which the United States has contributed significantly. But it continues to absorb—almost overwhelm—European energy and attention. The resultant danger is that transatlantic issues get “crowded out” by a very full European plate, scope for compromise with the U.S. is reduced by the need for intra-European consensus, and the complex nature of the new agenda before us do not match up well with EU mechanisms.

For most Americans, November 9 also played a catalytic role, and informed much of U.S. foreign policy in the ensuing decade. But in American public consciousness the horrific events of September 11, 2001 have transformed November 9, 1989 into a bookend to an era of transition to a newly dangerous century. September 11 unleashed a very fundamental debate in this country about the nature and purpose of America’s role in the world. Today we Americans share a strange sense that we are both uniquely powerful and uniquely vulnerable, and are concerned that even our great power may not help us to cope with our vulnerabilities, which may derive as much from whom we are as a society as from what we do as a government.

These lenses explain somewhat differing American and European approaches to current issues. The November 9 world is one of promise, of new possibilities. The September 11 world is one of tragedy, of new dangers. The November 9 perspective says the worst is over. The September 11 perspective says the worst is yet to come. November 9 tells Europeans that if they work together, they may be able together to manage the security of their continent for the first time in their history. September 11 tells Americans that, by ourselves, we may not be able to ensure the security of our homeland for the first time in our history. The November 9 view says the management of global dangers, while important, is a less immediate priority than the historic opportunity to transform European relations. The September 11 view says that in its basic contours a Europe whole and free is already here; the priority challenge now is to transform global relations to meet new threats.

A fourth trend, however, points not to drift but to deeper transatlantic integration. The years since the Cold War—the years when the fading “glue” of the Cold War partnership supposedly loosened transatlantic ties—have marked one of the most intense periods of transatlantic economic integration ever. Our mutual stake in each other’s prosperity and success has grown dramatically since the end of the Cold War. Moreover, these ties became stronger, not weaker, during the first term of the Bush Administration.¹

Loose talk about transatlantic divorce ignores some bottom-line economic facts. First, despite the perennial hype about “big emerging markets,” the economic relationship between the United States and Europe is by a wide margin the deepest and broadest between any two continents in history. The \$2.5 trillion transatlantic economy employs 12–14 million workers on both sides of the Atlantic who enjoy high wages, high labor and environmental standards, and open, largely non-discrimina-

¹For details on deeper transatlantic integration, see Daniel S. Hamilton and Joseph P. Quinlan, *Partners in Prosperity: The Changing Geography of the Transatlantic Economy* (Washington, DC: Center for Transatlantic Relations, Johns Hopkins SAIS, 2004).

tory access to each other's markets. Europe is a key supplier of capital for the debt-stretched United States, and European firms are essential sources of taxes for state and local governments.

Lost in headline stories about banana, beef or steel disputes are two critical facts. First, these squabbles represent less than 1% of overall transatlantic economic activity. Second, trade rows themselves are a misleading benchmark of transatlantic economic interaction, since trade itself—\$455 billion in 2004—accounts for less than 20% of transatlantic commerce. Foreign investment is the backbone of the transatlantic economy, not trade. Such investments create jobs for American and European workers, profits for American companies, and better choices for American consumers. They are fusing our societies together far more tightly than the shallow form of integration represented by trade flows.

Further, contrary to common wisdom, most U.S. and European investments flow to each other, not to lower-wage developing nations. Transatlantic foreign affiliate sales not only dwarf transatlantic trade flows but also every other international commercial artery linking the United States to the rest of the world. In 2001, total foreign affiliate sales between the U.S. and Europe were more than double U.S.-transpacific foreign affiliates sales, more than three times larger than total transpacific trade flows, and more than four times larger than foreign affiliate sales between the U.S. and Nafta partners Mexico and Canada. Our companies invest more in each other's economies than they do in the entire rest of the world.

Mr. Chairman, your home state of California is Europe's largest commercial partner in the United States. We estimate that approximately 1 million Californians owe their livelihoods directly or indirectly to open commercial flows with Europe. There is more European investment in California or Texas alone than all of U.S. investment in Japan and China put together. Over the past decade U.S. companies have invested 10 times as much in the Netherlands as in China, and twice as much in the Netherlands as in Mexico. America's asset base in the United Kingdom alone is roughly equivalent to the combined overseas affiliate asset base of Asia, Latin America, Africa and the Middle East. Two-thirds of American corporate international R&D is in Europe, and two-thirds of the world's industrial R&D is concentrated in Europe and the United States.

What is particularly striking is that transatlantic economic integration has even accelerated over the past two years, despite the souring of transatlantic relations over Iraq. After posting record earnings of \$44 billion in 2003, European affiliates in the United States were on track to earn a record \$60 billion in 2004. Similarly, U.S. firms ploughed a near-record \$100 billion into Europe in 2003 and were on track to reach \$120 billion in 2004, a record high. U.S. companies continue to rely on Europe for half their total annual foreign profits. Despite all the talk about companies abandoning the U.S. for China and India, the U.S. remains a favored destination of multinationals, and strong investment flows from Europe largely account for this trend.

The networks of interdependence that are being created across the Atlantic have become so dense, in fact, that they have attained a quality far different than those either continent has with any other. Many transatlantic tensions result less from the fashionable notion that our societies are drifting apart, and more from the growing evidence that they are in fact colliding. Often these frictions are so severe precisely because they are not traditional "at-the-border" trade disputes, but reach beyond the border and affect such fundamental domestic issues as the ways Americans and Europeans are taxed, how our societies are governed, or how our economies are regulated.

These issues go to the heart of globalization. If globalization is going to proceed in ways that make Americans, Europeans, and others more prosperous and secure, the U.S. and Europe will have to show that they can deal with the challenges generated by the deep integration of our economies. If we cannot resolve such differences with each other, how will we resolve them with economies much less like our own?

The fact that transatlantic commerce remains strong, dynamic and more attuned to good economics than bad diplomacy does not mean that the transatlantic economy is impervious to transatlantic political strains. In fact, that is my concern—that in an increasingly context-free debate more Europeans and Americans have come to believe they have little to lose by looser transatlantic bonds. During the Cold War, leaders worked hard to keep transatlantic economic conflicts from spilling over to damage our core political alliance. Today, the growing challenge is to keep transatlantic political disputes from damaging our core economic relationship. Talk of no-cost transatlantic divorce is dangerously myopic. Pouring French wine down American drains or vandalizing McDonalds on European streets may make for splashy

headlines, but the more significant development is the accelerating integration and cohesion of the transatlantic economy.

SOME GUIDEPOSTS

These four factors tug the transatlantic relationship toward both divergence and convergence. As we try to get back on track, three basic premises may help.

The challenge isn't transatlantic divorce, it is transatlantic dysfunction. Differences of perspective and policy are powerful. But the history of European-American relations has often been the history of difference. Merely asserting difference or reciting lists of tough issues does not make the case for divorce. Divorce won't happen for a simple reason—we literally cannot afford it. A weaker transatlantic bond would render Americans and Europeans less safe, less prosperous, and less able to advance either our ideals or our interests in the wider world. But unless we address straightforwardly the deep changes that have altered the context of our relationship and develop common strategies to advance the broadened range of interests we share, we are unlikely to harness transatlantic potential to our wider goals, and more likely to hold each other back. The real possibility we face is not transatlantic divorce but rather transatlantic dysfunction, in which growing transatlantic political disagreements spill over into our increasingly networked economic relationship, swamping efforts to cope with the consequences of deep transatlantic integration and blocking progress on a range of global challenges neither Europeans nor Americans will be able to tackle alone. This calls for new mechanisms of coordination to make cooperation possible—difficult, but doable.

What remains distinctive about transatlantic partnership is its transformative potential. President Bush likes to speak of America's transformative power. Secretary Rumsfeld speaks of "military transformation." Within the last few weeks Secretary Rice has spoken of "transformative diplomacy." Throughout its history America has been a transformative nation. But for the past 60 years the transatlantic relationship has been the world's transformative partnership. More than with any other part of the world, America's relationship with Europe enables each of us to achieve goals together that neither of us could alone—for ourselves and for the world. This is what still makes the transatlantic relationship distinctive: when we agree, we are the drivewheel of global progress; when we disagree, we are the global brake. As the President said in his recent Inaugural Address, "All that we seek to achieve in the world requires that America and Europe remain close partners." Our challenge is to harness this potential—to translate the President's insight into effective action.

Harnessing this potential means paying attention to legitimacy and effectiveness. The genius of the American-led system constructed after the collapse of Europe, following two world wars, was that it was perceived to be legitimate by those within its ambit. We have not enjoyed the West's sixty-year peace just because our countries are democracies (although democracy is a major contributor!), but because we built our success on a dense network of security, economy and society, and because those who are our partners came to believe that, by and large, they had a voice in the overall direction of this community. The effective use of power includes the ability not just to twist arms but to shape preferences and frame choices—to get others to conceive of their interests and goals in ways compatible with ours. As the EU's foreign policy representative (and former NATO Secretary General) Javier Solana reminds us, "Getting others to want what you want can be much more efficient than getting others to do what you want."

The global legitimacy of American leadership was a major casualty of the first Bush Administration. Restoring it has become a defining issue for transatlantic relations and a key measure of the second Bush Administration. The U.S. cannot lead unless others choose to follow, and they will not make that choice over and over again unless they perceive it to be in their own best interests to do so. This depends on the degree of confidence they have in Washington's capacity to cope with core challenges, and whether the way in which we do so is perceived to be legitimate.

Posses may be a last resort if the sheriff is desperate and alone. But they tend to be rather motley, unreliable affairs. Outlaws armed with weapons of mass destruction are more likely to be subdued by organized forces of law and order that employ their power through the consent and direction of their communities. An approach that willfully seeks to weaken those forces in favor of whatever international posse we can gather together shortchanges our security, our prosperity, and our freedom. Those who see our key alliances and international treaties and regimes at best as ineffective and at worst as an unacceptable constraint on U.S. freedom of action should heed the costs of unilateral action in terms of less legitimacy, greater burdens, and ultimately diminished ability to achieve our goals.

Those who believe that robust international norms and enforcement mechanisms are needed to tackle global threats, however, must focus equally on the effective enforcement of such regimes, and consider more forthrightly the necessity to act when these regimes fail. Might there be circumstances under which commitment to “international law” could risk national survival or result in mass human tragedy? European governments have in fact demonstrated that they are prepared to act without an explicit UN mandate—most recently in Kosovo. The EU’s Security Strategy, with its hierarchy of five threats—terrorism, WMD proliferation, regional conflicts, state failure, and organized crime—repositions the EU in the post-911, post-Saddam world, and gives Europeans a vehicle with which to engage the U.S. in a strategic dialogue. Such a dialogue should give content to the term “effective multilateralism,” which both the President and European leaders have endorsed. It should focus on the most divisive themes, particularly regarding the use of force. It should cover the entire range of issues associated with preemption and prevention, and it should focus on ways to narrow the yawning gap between *legality* and *legitimacy* in today’s world. How should nations engage when faced with a conflict between state sovereignty and human rights? How can international institutions originally created to keep the peace *between* nations can be adapted to secure peace *within* nations? How can the international community prevent future Afghanistans, future Rwandas, future Kosovos, future Iraqs—future Sudans?

TRANSFORMING OUR PARTNERSHIP

It will be important for President Bush and his European counterparts to convey the impression that U.S. and Europe are both tackling urgent issues and setting in place new approaches that can make the transatlantic partnership more effective in a new world. The first and most important step is rebuilding a sense of common cause—to reconcile a new stage of European integration with a strategic transformation of transatlantic relations.

The transatlantic relationship faces a new strategic agenda with three pillars. The first centers on the challenges in Europe. The second deals with issues beyond the European continent, particularly but not only those affecting the broader Middle East. The third focuses on issues affecting the relationship between European and American societies—of deep integration across the Atlantic. I will briefly outline elements of this agenda.

THE TRANSFORMATION AGENDA WITHIN EUROPE

Wider Europe: The dual enlargement of the European Union and NATO in 2004 projected stability far across the European continent. This process will continue with the pending accession of Romania and Bulgaria to the EU, and with a real perspective of EU membership now given to Turkey. Moreover, the Orange Revolution in Ukraine and the Rose Revolution in Georgia have opened new opportunities to advance freedom and democracy across an even wider swath of the European continent. This is an area of turbulence and potential instability requiring the same degree of commitment that Europe and the United States demonstrated in integrating central Europe and quelling violence in the Balkans. Today the challenge is to extend that vision even further to include the countries of Wider Europe, extending from eastern Europe and the Mediterranean to Eurasia.

Successful reforms in countries such as Ukraine and Georgia would reverberate throughout the societies of the former Soviet space, offering compelling evidence that freedom, democracy, respect of human rights and the rule of law is not some quixotic dream. Success in this region would bring us one step close to a Europe that is truly whole, free, and at peace with itself, and would facilitate efforts by the United States and Europe to advance our second major transformative project—modernization of the Broader Middle East. The display of coordinated U.S.–EU support for free elections in Ukraine was perhaps the most recent dramatic example of what can be achieved by transatlantic entente. Consideration should be given to the following elements:

- Even though the burden of change rests primarily with reformist nations, it is critically important that Western leaders be clear that the door to Western institutions remains open to those democracies willing and able to walk through them. Such a vision should be underpinned with concrete manifestations of support and outreach.
- These efforts must be accompanied by a new determination to resolve regional tensions and conflicts. Wider Europe’s four so-called “frozen conflicts”—in Moldova (Transnistria), Georgia (Abkhazia and South Ossetia), and the Nagorno-Karabakh conflict between Armenia and Azerbaijan are not “frozen,”

they are festering wounds that absorb energy and drain resources from countries that are already weak and poor. They inhibit the process of state building as well as the development of democratic societies. They generate corruption and organized crime. They foster the proliferation of arms and a climate of intimidation. They are a major source of instability within these countries and the broader region. They severely undermine the prospects of these countries for Euro-Atlantic integration, while giving Moscow a major incentive to keep these conflicts “frozen.” Until now the West has preferred to shelve these conflicts rather than risk falling out with Moscow in the post-Cold War, post-911 world. But when the West is pushing for democratic change in the broader Middle East and elsewhere, it is important not to create a double standard for democracy in Wider Europe. Overcoming these conflicts is a precondition for putting these countries on a firm course of reform and anchoring them to the West, and a test of Western commitment to a Europe whole, free and at peace with itself. It is time to make their resolution a top priority, both on the ground and in relations with Moscow. Failure to do so now could mean paying a higher price later.

- Don't forget southeastern Europe—failure of integration strategies there will reduce the prospects for their success elsewhere. Crisis is brewing again in Kosovo, and the international community is united in its complacency. Kosovar Albanians clearly expect the international community to deliver in 2005 on its promise to address final status issues. Without active international engagement the prospect for renewed conflict and regional instability is high. While various models for Kosovo's future can be envisaged, a largely independent Kosovo is likely to emerge with some elements of its policies, such as human rights issues, under broader EU or international auspices for some indeterminate time. This issue needs to be addressed this year.
- Deal straightforwardly with Moscow. There is good reason for concern regarding President Putin's recent actions. Freedom House has initiated an open letter to President Bush in advance of his meeting with President Putin. I am a signatory of this letter and would like to submit it with this testimony for the record.

A Bold New Approach to European Integration: A strategic approach toward Wider Europe must be combined with a rethink of our approach to “core” Europe—the European Union. For all the reasons I outlined above, the United States needs a European Union willing and able to act as a partner on the European continent and beyond. Rather than becoming transfixed by the (highly theoretical) challenges posed to the U.S. by Europe's putative strength, we would do well to focus on the (much more practical) dangers posed by Europe's weakness relative to its potential. That means working with European Atlanticists to help bring about a more confident, cohesive and outward-looking partner, and resisting the temptation toward “disaggregation.” U.S. efforts to pit some parts of Europe against others is a reversal of American support, over six decades, of an ever closer European union, and threatens to return that continent to the very pattern of history that in the last century brought untold tragedy, not only to Europe but to America and the wider world. If there is one policy guaranteed to boost support for those who seek to build Europe as a counterweight rather than as a counterpart to the U.S., it is American hostility to the EU. Such efforts are as inept as they are dangerous, and must be rejected.

Transforming NATO: If NATO is to be better, not just bigger, it must transform its scope and strategic rationale, its capabilities, and its partnerships in ways that are understood and sustained by parliamentary and public opinion. Much more needs to be done in this area. More specifically, NATO's current challenges lie in two areas: transforming Alliance capabilities; and anchoring a sustainable and effective role in the Broader Middle East. I address the Middle East later. Let me say a brief word about capabilities.

First, most European forces simply are unable to deploy and project power as they should. European allies have committed to improving the deployability of their forces, but currently less than 100,000 troops are deployable of 1.5 million European NATO forces, and uneven progress on such issues since the Prague Summit offers room for doubt whether such commitments will be met anytime soon.

Second, in a world of failed and failing states, NATO must be able to win peace as well as war. The Alliance needs an integrated, multinational security support component that would organize, train and equip selected U.S., Canadian and European units—civilian and military—for a variety of post-conflict operations. These units should be designed flexibly to support operations by NATO, NATO and its partners, the EU, and the UN.

Third, NATO's nations—and their partners—must be prepared not only to project power beyond Europe but also to prevent, deter and, if necessary, cope with the consequences of WMD attacks on their societies—from any source. If Alliance governments fail to defend their societies from a WMD attack, the Alliance will have failed in its most fundamental task. NATO's civilian disaster response efforts are still largely geared to natural disasters rather than intentional attacks, and remain very low priority. It is time to ramp up these efforts to address intentional WMD attacks on NATO territory, to work with partners such as Russia to develop new capabilities and procedures for collaboration with civilian authorities, and to tap the expertise of partners such as Sweden or Switzerland who have had decades of experience with homeland security, or what they call “total defense.” This could be an attractive new mission for the Partnership for Peace.

THE TRANSATLANTIC AGENDA BEYOND EUROPE

The EU Arms Embargo on China: The President must use his trip to manage the furor over the EU's plans to replace its post-Tiananmen arms embargo on China with a code of conduct governing future transactions. Failure here could overshadow every other effort at renewed transatlantic harmony. Europe fundamentally misunderstands the depth of American concern on this issue. Lifting the embargo sends the wrong signal on human rights, and could endanger U.S. forces and embolden China on Taiwan. While EU leaders have given assurances that there is no plan to increase military sales to China, such sales doubled between 2002 and 2003. More damaging could be non-military sales with dramatic military applications, such as information technology.

Lifting the embargo is a mistake. But if the EU proceeds, the U.S. and its Asian allies should work with the EU to stiffen the provisions of the code and to use it in ways similar to China's WTO commitments by providing incentives on human rights and rule of law and penalties for violations. It may be useful to note that the European Parliament has also expressed skepticism about lifting the arms embargo; there may be opportunity here for deeper legislative consultations. But the fact that these differences seem to have appeared so suddenly underscores the need to recast the transatlantic partnership to facilitate strategic dialogue on major areas of the world.

The Broader Middle East: Prospects for transatlantic “out of area” cooperation center on five related issues in the Broader Middle East: Iraq, Afghanistan, Iran, the Middle East Peace Process, and cooperation across the broad region.

The recent elections in Iraq have opened the way for greater transatlantic cooperation. Differences over Iraq cannot be allowed to obscure the fact that failure there would be a failure for Europe as well as America. The U.S. needs support from its allies, and its allies must have a strong interest in ensuring that a democratic Iraq succeeds. European misgivings about U.S. strategy are still stopping them from becoming the full partners we need. It is critical that we work hard to broaden and further internationalize the coalition to help the Iraqi people transform their country into a democratic and sovereign state. The immediate task is to train effective Iraqi forces. The President is likely to secure a commitment from all NATO nations to help with further training, whether directly inside or outside Iraq or through contributions to a common fund. This is a good next step, but more is required. Despite the claims of the Administration, many experts doubt that we already have trained 127,000 Iraqi forces to fight an aggressive, experienced, and well-armed threat. More realistic estimates place the number at less than 10% of that figure—less than 12,000 such forces.

Afghanistan remains a key test of transatlantic cooperation. NATO and the U.S. are now working to merge their separate missions there, giving NATO for the first time command over an operation that will combine counterterrorism and peacekeeping. Alliance leaders have also agreed to increase the number of Provincial Reconstruction teams to extend the authority of the central government outside of Kabul and to facilitate development and reconstruction. While we should be encouraged by these developments, the true test will be to extend stability beyond the capital, to wean Afghanistan away from its severe dependence on poppy production for the global drug trade, and to ensure western nations provide adequate attention and resources for these tasks.

Iran poses an even tougher test. Neither the EU strategy of engagement nor the U.S. policy of isolation has deterred the regime from its nuclear ambitions. The trouble is that the Europeans only offer carrots and the Americans only brandish sticks. The European effort is an important first step, but there is no threat of sanctions if Iran reneges, no provision for a viable inspections program, and nothing about terrorism. Moreover, Europe's efforts are only likely to succeed if they have an

American buy-in, since what the Iranians really want the Europeans can't give—respect from Washington. U.S. engagement could strengthen the deal on our terms. Unfortunately, the Administration is carping from the sidelines rather than working to strike a better deal. That deal, in essence, would tell the Iranians, you can give up your nuclear ambitions and your support for terrorism in exchange for a beneficial package that will help the Iranian people, or you can face comprehensive, multilateral sanctions that will cripple your economy.

There are promising developments in the Middle East peace process. While the parties themselves remain the key, transatlantic cooperation is essential, both to keep the process on track and to sustain Israeli-Palestinian peace should it emerge. Moreover, renewed transatlantic engagement here would encourage European receptiveness to U.S. efforts regarding both Iraq and Iran. Palestinians will need international, particularly European, help conditioned on their rejection of terrorism and commitment to build the institutions of a democratic, independent state. The President and his European counterparts can use his trip to reenergize the Quartet's efforts to advance the roadmap's goal of a viable Palestinian state and a secure Israel by 2007. We should also be thinking ahead to a possible NATO role in such areas as training of security forces, enhancing border security, monitoring the implementation of roadmap commitments.

U.S. commitment to work on these issues with our European partners is likely to elicit greater European efforts to engage with us and other partners to transform the wider region itself. The peaceful transformation of the broader Middle East is perhaps the greatest challenge of our generation, and a potentially important project for a rejuvenated transatlantic partnership. But the beginning has been awkward and we have yet to harness our efforts effectively.

WMD Terrorism: This is arguably the most dangerous challenge we face, and ranges far beyond the scope of this testimony. But since the Subcommittee also deals with "emerging threats" perhaps I may highlight one aspect that I do not believe is being considered with the urgency it demands, and that is bioterrorism. The world is on the cusp of exponential change in the power of bioweapons and their accessibility to state and non-state actors. The age of engineered biological weapons is here, today. It is not science fiction. A bioterrorist attack in Europe or North America is more likely and could be as consequential as a nuclear attack, but requires a different set of national and international responses. Current systems to manage national and international epidemics of infectious disease were stretched to the limit by SARS and other natural outbreaks, and are wholly inadequate for the unique challenges of bioterrorism. Europeans and Americans alike are ill-prepared either to prevent bioterrorist attacks or to mitigate their consequences. Building societal resilience to the threat of bioterrorism requires political leaders and security experts to recognize that epidemics unleashed intentionally by a thinking enemy are significantly different from other security threats and demand coordinated and complementary U.S. and European efforts in prevention, preparedness and response.

These and other lessons were learned from a recent transatlantic biosecurity simulation conducted by my Center for Transatlantic Relations and the Center for Biosecurity at the University of Pittsburgh Medical Center. This simulation has received considerable attention from opinion leaders. Details may be found at our website, and my colleagues and I are available to discuss this further with your staff.

Climate Change: The US and the EU face plenty of other common challenges. One is global warming, which British Prime Minister Tony Blair has put at the center of the UK's G-8 Presidency this year. This presents us with an opportunity to devise an effective carbon emissions reduction framework after Kyoto that matches with U.S. interests and includes countries such as China and India.

THE TRANSATLANTIC AGENDA BETWEEN EUROPEAN AND AMERICAN SOCIETIES

Our third large priority area is to work together to deal with the impact of globalization on our societies. Two areas in particular deserve greater attention.

Safer Societies: Effective homeland security may begin at home, but in an age of catastrophic terrorism no nation is home alone. If Europeans and Americans are to be safer than they are today, individual national efforts must be aligned with more effective transatlantic cooperation. When Tom Ridge resigned as Secretary of Homeland Security he said his greatest regret was not engaging the European Union earlier. There have been some promising beginnings, but they have been ad hoc achievements rather than integrated elements of a more comprehensive approach. The President and European counterparts should be encouraged to advance a transatlantic "Safer Societies" initiative in areas ranging from intelligence, counterterrorism, financial coordination and law enforcement to customs, air and

seaport security, biodefense, critical infrastructure protection and other activities. Such efforts, in turn, could serve as the core of more effective global measures.

A New Transatlantic Economic Initiative: The second opportunity is to build a new transatlantic partnership grounded in the vital stake we have developed in the health of our respective economies. At the June 2004 U.S.-EU summit, President Bush and European leaders declared their willingness to consider new initiatives to remove further barriers to transatlantic commerce. During the President's second term this agenda should become a high priority for both sides of the Atlantic.

CONCLUSION

Mr. Chairman, few great goals in this world can be reached without America. But few can be reached by America alone. Together with our European partners we have an opportunity to harness our potential as a truly transformative force for open societies and open markets. The President can seize this opportunity in his second term—to reconcile Europe's grand experiment of integration with a reorientation and strategic transformation of transatlantic relations to create a new model: an Atlantic partnership that is more global, more equal—and more effective. Thank you.

Mr. GALLEGLY. Thank you, Dr. Hamilton. I had hoped that we would be able to keep the hearing going seamlessly, but there is a vote on the Floor, and I am going to have to recess for 8 or 9 minutes. I will run over and cast my vote, and we will pick up with Dr. Niblett as soon as I get back.

[Recess.]

Mr. GALLEGLY. We are back on the record. Dr. Niblett.

STATEMENT OF ROBIN NIBLETT, PH.D., DIRECTOR, EUROPE PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

Mr. NIBLETT. Thank you very much, Mr. Chairman. I would also like to provide an oral summary of my statement, which I would insert for the record. I would also like to submit for the record a copy of a CSIS report on renewing the transatlantic partnership, which amplifies the themes that I am making right now with my colleagues.

Mr. GALLEGLY. Without objection.

[The information referred to is not reprinted here but is available on the World Wide Web at: http://www.house.gov/international_relations/109/CSIS_Initiative2005.pdf]

Mr. NIBLETT. Thank you, Mr. Chairman, and Members of the Committee, I would like to thank you first of all for convening this hearing at a time when both the U.S. Administration and also governments in Europe are both trying to overcome the tensions and divisions of the last 3 years.

The President's visit to Europe obviously is a critical part of that process. Let me state at the outset, I think echoing the comments made by both my colleagues, the transatlantic relationship is most important and most vital in the future for our common interests on the international stage.

That is the 80 to 90 percent agenda that Dan was referring to, and I would endorse that wholeheartedly. Let me also say, however, that I believe the relationship is very fragile right now, and perhaps you picked this up from the preceding comments.

The United States and Europe, and European governments in general, share common interests across almost every area of international politics. However, our approaches are primarily, I would

say, different or uncoordinated, and therein lies the problem that we face.

Let me take just three quick examples to lay this out, and I will start with one of the examples that Dan Hamilton led off with, which is the transatlantic economic relationship, undoubtedly the most integrated bilateral relationship in the world.

The United States and Europe are both facing particular challenges from the rise of China, and the transfer to investment-driven globalization. In other words, we might be living right now at a heyday of transatlantic economic integration, but the question would be as we see increasing competition from countries such as China, What can we do collectively, not just separately, to maintain our international competitiveness?

My impression is that from a governmental point of view the bulk of the effort is put into the conflicts rather than to thinking how we could work together, whether it be Foreign Sales Corporation tax, the aircraft subsidies, GMOs, et cetera.

The second point is on security and the war on terror. Again, in my opinion, there is no doubt that after the attacks in Madrid of March of last year, it is arguable that European governments have joined the United States in perceiving international terrorism as probably the essential existential threat to their security in the future.

They face specific challenges; close to the Middle East, porous borders, large Muslim populations within their countries, disjointed law enforcement and intelligence services.

So they are aware of the problems, and I think that their awareness counts for the progress that Dan and John both mentioned in terms of the very good practical cooperation that is taking place, in terms of cooperation, mutual extradition, and legal assistance treaties. We need some really good practical steps taken.

But when I look to the future, I really see the United States and Europe approaching international terrorism from different viewpoints. The United States, I think, sees it primarily as being involved in an all-out war against an external enemy.

And as the President just said, better to fight that enemy and defeat it abroad than meet it on your own shores. The Europeans, I think, despite the unique characteristics of al-Qaeda, just in recent years, the metastasizing, the changing nature of this terrorist threat, makes them see it more in the light of all the nationalist and anarchist movements.

They see this as a struggle for legitimacy, for political legitimacy, rather than a war against an external enemy. So the emphasis is more on the underlying drivers, whether they be economic, social, or political. So they are coming at this from a different viewpoint.

And I think Iraq certainly 2 years ago crystallized this difference in approach, and the question obviously becomes what we are able to do about that in the future. Let me turn to the international stage as my third example.

There are no two parts of the world that have more invested in the international order that existed after 1945 than the United States and Europe. Possibly one of the biggest challenges to that order is the rise of China.

And on the rise of China, I think it is ironic that we are discovering—the Europeans are discovering America, and America is discovering Europe—over the issue of the arms embargo, rather than over their respective strategic interests.

The EU has been dealing with China for 7 years on intensive negotiations across a whole range of subjects, and the arms embargo is but one of those. The United States has critical security questions in the region—Taiwan, Japan—and alliances which Europe does not have. Europe has not been aware of those alliances, and to the extent of the security dimension that I mentioned there.

Unfortunately, we are discovering them now around the wrong issue in my opinion, and I will turn back to that in a minute. The reason that I gave you these two examples from the outset was just to underscore how much I think we share common interests, but we are taking different approaches.

And therefore the big question in the future is, how do we transform this transatlantic community from a community of interest to a community of action, to use the phrase of my colleague at CSIS, Simon Serfaty.

And this is going to be a difficult change to make, to turn to this 80 to 90 percent outside is going to be difficult, and it is diverse, and it does not have the discipline that the Soviets provided. However, I believe that there are two steps that we need to take in the near term, and I will pick up on the themes that the two preceding statements made.

First, we must avoid new rifts. The two new rifts, and you stated them yourself, Mr. Chairman, in your opening remarks, they are Iran and China. Perhaps I could leave to the question period some of my thinking on the rationale for why European nations will, in my opinion, lift the arms embargo, most probably in the next 6 months.

What I simply state in my statement is that if European nations are able to replace what I believe is a very ineffective arms embargo on China with a more effective code of conduct that takes into account United States security concerns—which have been communicated very, very vociferously over the last 3 to 4 months to European governments—if they are able to take those concerns into account, and there are specific ways that that can be done, then I do not believe that this should serve as a wedge in the transatlantic relationship. It should not be an excuse for that.

On the issue of Iran, I would concur with the comments that have been made prior to my statement. We have two different strategies taking place; a Europe that believes that the only way to dissuade Iran from proceeding with a nuclear weapons capability is to engage it in the international community; and the United States that does not believe in that, and does not trust them, and does not believe that they are negotiating in good faith, and believes that the stick should be put on the table right now.

My problem is that, working separately, neither strategy is going to work. The Europeans do not have the tools to convince the Iranians to change their mind, because the main driving force in Iran's mind is security. And the only country that can even start to address Iran's security concerns is the United States.

So I believe that you cannot take this sequentially. The United States cannot say to Europe, "See what you guys can do in negotiations, and by the way, we want you to be really tough and on their red lines, and if you get the Iranians to agree never to get enriched uranium again, then we will come in and engage in a bilateral negotiation."

That sequential approach, in my opinion, will not work. Yes, the Europeans should be much tougher on their red lines right now. They have not. They need to explain the strategy of escalation, and where it goes. Specifically, how far are you willing to go? I have not heard the Europeans say specifically how far they are willing to go.

But simultaneously if the Europeans do that, the United States needs to find a way to engage Iran in areas of common interest—Iraq, Afghanistan—as well as on some of the tough issues, even while they criticize the regime for its obviously anti-democratic credentials.

My list of rifts is short. It is those two, and I think the positive side of the transatlantic agenda right now is that I think there are many more areas for opportunity, and that is why, as I said, I would hate to see those rifts destroy the relationship at this point as the President is moving forward.

And again perhaps I could just lay these out in the interest of time very quickly, and we can cover them more in the question and answer period.

Helping to resolve the Arab-Israeli conflict: A great opportunity there given all that has happened after the death of Yasir Arafat, and I think Europeans are even discussing the possibility of NATO being deployed there as a peacekeeping force, if that were necessary, as an early step in Gaza. That is a sense of the commitment on the part of the European side, as well as the United States side.

Iraq: Again, this has moved from being a theological dispute in Europe right now. Iraq is no longer seen in that light. After the elections, I believe that European governments, both those who have supported the coalition and those who have not, will play a far more active role.

The Ukraine: I would totally endorse this. We cannot let the success and the courage of the Ukrainian people go to waste over the next year, and we have a very small window of opportunity. There will be parliamentary elections in about 18 months time. If President Yushchenko has not been able to demonstrate some progress, the ability of Russia to influence the outcome is real, and the United States and Europe will need to work together on this issue.

I would just state for the record that I totally endorse counterterrorism as an area for very positive transatlantic progress going forward, especially in the technical areas of border security.

I would add an area not mentioned by the previous preceding statements, which is controlling weapons of mass destruction and proliferation around the world. Primarily right now, out of the former Soviet Union, or Russia.

It is so hard to understand what al-Qaeda is and is not trying to do, and what capacities it does and does not have, and the nature of that terrorist network has changed. But what we do know

is that there are huge amounts of nuclear, chemical, and in some cases biological weapons that are not well protected in the former Soviet Union, nor in Russia.

The United States and Europe have started to work together very actively on this issue through the G-8. There is a lot of room for further good work to be done, and I would underline that area.

And the final area that I would stress is the close economic relationship, and specifically to endorse Dan's comments, the area of non-tariff barriers, regulations are at the heart of the transatlantic relationship. Being able to understand that standards or regulations in Europe perhaps can be treated as an equivalent to the United States and vice versa. That would do more to push innovation and job growth at a high end across the Atlantic than I think any other step.

Before I conclude, I'd like to make just one final comment on the political context for this transatlantic relationship. You know better than I do that the President here has invested a huge amount in his domestic agenda, and I am concerned inevitably that when he has to decide whether the transatlantic relationship or passing Social Security or tax reform are more important, he is going to be torn.

So that is a tough domestic environment from a U.S. point of view in which to tackle these very difficult issues. But do be aware as well that Europe will be a distracted partner in this next year-and-a-half. They have a constitution to ratify, and they have 10 new countries to absorb.

They have real problems in their economic growth and the so-called Lisbon agenda. So we have two partners that I think share common interests, have different approaches, and are probably somewhat distracted and suspicious of each other right now.

I would simply urge the Members of the Committee, and legislators in the United States in general, to give the President's efforts a chance, and to be as supportive as possible, and obviously, as far as you believe that he is taking the right action. Thank you very much.

[The prepared statement of Mr. Niblett follows:]

PREPARED STATEMENT OF ROBIN NIBLETT, PH.D., DIRECTOR, EUROPE PROGRAM,
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INTRODUCTION

Chairman Gallegly, members of the Committee, thank you for convening this hearing at a moment when the United States and the states of Europe are working to re-energize the transatlantic partnership after a very difficult last three years. Thank you also for giving me this opportunity to share with you my thoughts about the state of transatlantic relations ahead of President Bush's visit to Europe next week, which will be an important step in this process.

Let me state at the outset that I believe the transatlantic partnership to be vital to the ability of the United States and Europe to meet the many international challenges that we face in common. In fact, there is no challenge, in my opinion, which we cannot confront more effectively and expeditiously with an element of transatlantic cooperation and coordination at the core of our response.

Let me also state, however, that I believe the transatlantic partnership to be very fragile at this time. As I will argue below, the United States and Europe may share common interests in most areas of international affairs, but we often take different or uncoordinated approaches to pursuing these interests. Iraq has been emblematic of this dichotomy, and the wounds inflicted during the debate over the merits of going to war in Iraq during 2002-2003 run deep and have not yet healed. The U.S.

administration and a large part of Europe split over the question, with each side perceiving the approach and actions of the other to run counter to their long-term security interests. This has created a dangerous breach in the Atlantic Alliance.

Sealing this breach so that we can make use of the transatlantic partnership in the years ahead will take time. It also requires two specific sets of actions, around which I will build the core of my testimony. The first is to avoid the emergence of serious new rifts. The second is to use the next couple of years to build a record of successful joint transatlantic actions that will confirm the practical value of this partnership, not because of nostalgia for the past, but because of the necessities of the future. In the closing section, I will briefly remind members of the committee of the complex domestic political environments within which governments on both sides of the Atlantic must operate at the moment and which constitute a serious constraint on the speed with which we will be able to rebuild the transatlantic partnership. In sum, this is not a moment for over-confidence in the state of U.S.-European relations.

1. COMMON CHALLENGES, DIFFERENT APPROACHES

It is remarkable to note that, some fifteen years after the end of the Cold War, the United States and Europe share as much in common today in terms of our fears, hopes, and aspirations, as we did during the era when the Atlantic Alliance was at its strongest. In three key areas, however—our economic interests, our security concerns, and our broader international political priorities—U.S. and European approaches often diverge.

Economic Interests

Today, the transatlantic economic relationship is the largest and most integrated economic relationship in the world, accounting for 41% of world GDP, 27% of world exports, 32% of world imports, 58% of the world stock of inward foreign direct investment, and 77% of the world's outward stock¹. This means that both the United States and Europe now face the same sorts of challenges from the new wave of investment-driven globalization that is tempting multinational companies to transfer not only investment capital, but also value-added and well-paying jobs to markets outside the transatlantic area. It also means that U.S. policy makers and their European counterparts have the same interests in strengthening the competitiveness of their domestic economies and of ensuring that emerging markets are as open as possible to U.S. and European products and services; and that they promote laws to improve market transparency, respect rules for intellectual property protection; and combat corruption.

Despite this shared interest in making the global economy more transparent and despite recent cooperation over re-launching the WTO Doha Round of multilateral trade negotiations, the United States and Europe spend the bulk of their political energy on the relatively small issues that divide us economically—the Foreign Sales Corporation Tax, access to genetically modified farm products, the safety of beef hormones, the appropriate scope of subsidies for the aerospace industry, for example—rather than on thinking how closer transatlantic economic integration or joint U.S.–EU initiatives could promote our common interests in the global economy.

Security Interests: The Fight Against International Terrorism

Following the terrorist attack in Madrid in March 2004, it is arguable that European governments have joined the U.S. government in perceiving international terrorism, driven by radical Islamist groups, as the principal direct threat to their security and prosperity. Europe's proximity to North Africa and the Middle East, its large domestic Muslim populations, its porous external and internal borders, and disjointed law enforcement agencies together make European cities and societies tempting potential targets. And radical Islamist groups have equal grievances with European governments, all of which supported the overthrow of the Taliban and many of which contributed and continue to contribute to the fight against Taliban and Al Qaeda fighters there. European governments have also taken tough domestic measures against radical Islamist groups in their midst, exacerbating their sense of grievance.

Europeans' growing perception of the seriousness of the terrorist threat has been an important contributing factor to the good cooperation that has emerged over the past year between U.S. and European intelligence, justice, and law enforcement officials. This has been confirmed by a series of transatlantic agreements, including over Passenger Name Recognition, the Container Security Initiative, and the sign-

¹Daniel S. Hamilton and Joseph P. Quinlan, *Partners in Prosperity: The Changing Geography of the Transatlantic Economy* (Center for Transatlantic Relations, 2004) p.177

ing of a U.S.–EU Extradition and Mutual Legal Assistance Agreement. The United States and Europe have also taken the lead on multilateral counterterrorist efforts, helping create the UN Counter-Terrorism Committee and the G–8's Counterterrorism Action Group.

Nevertheless, there are important differences in U.S. and European approaches to the fight against international terrorism. At heart, the U.S. administration sees itself as engaged in an all-out war against an external enemy—notwithstanding the constant vigilance for enemies that may lie within. The emphasis of the administration is on defeating these enemies abroad, so that it does not have to fight them at home.

European governments, on the other hand, see the new international terrorism as bearing the hallmarks of the nationalist or anarchist movements that they confronted in the past. Defeating them involves not primarily their elimination, as necessary as that might be in the near-term, but winning the long-term struggle for legitimacy through a focus on the political, social, and economic drivers of Islamic radicalization.

Iraq crystallized this difference in approach. For the U.S. administration, overthrowing Saddam Hussein was a necessary pre-emptive action in a world where the potential combination of WMDs and global terrorist groups fundamentally changed the calculus of security. For most European policymakers (whether their governments supported the war or not), attacking Iraq ran the risk of undermining the struggle for legitimacy, intensifying the radicalization of Arab youth, and, therefore, increasing the terrorist risk. The problem for the future of the transatlantic relationship is that both the administration and those who opposed the war in Europe believe that they have been proved right by events in Iraq.

International Political Priorities

No two parts of the world have more invested in sustaining and strengthening international order than do the United States and Europe. However, two developments, in particular, threaten to upset current patterns of international security and stability. The first is the rise of China, and the second is Russia's struggle to stave off decay.

While both U.S. and European policymakers are paying close attention to China's increasing political and economic influence in the world, there has been little, if any strategic dialogue to date between U.S. and European officials on how to ensure that they do not pursue contradictory policies toward China. As a result, both sides have been caught unprepared by the transatlantic impact of the EU's imminent decision to lift its arms embargo on China; despite the fact that this decision has been under discussion in the EU for over 18 months and is but one step in a comprehensive program of diplomatic initiatives by the EU over the past seven years to engage China in a strategic partnership.

On Russia, both the United States and European governments share a deep concern over the path that President Vladimir Putin has taken in the last year. The U.S. administration, however, appears to have wanted to sustain a strong bilateral relationship with Russia on a larger set of strategic priorities, such as the war on terrorism and support for containing Iran's nuclear ambitions. Most European governments, for their part, want to maintain good bilateral relationships with Russia for a host of reasons, not least of which is access to Russia's energy sector. One result of this transatlantic ambivalence toward President Putin's reassertion of centralized power in Russia was that Russia's effort to impose its will on the Ukrainian presidential elections came dangerously close to succeeding. Viktor Yushchenko's eventual victory benefited in the end from strong transatlantic diplomatic cooperation vis & vis the Kuchma government between the two presidential run-offs. But in the early stages of the election campaign, U.S. and European governments saw Ukraine's fate more lying in Russia's hands than in theirs.

The purpose of this quick snapshot of the state of transatlantic relations is to show that America and Europe share profound economic, security, and international political interests. The challenge in each case, however, is to determine how the United States and Europe can make the transition from their present community of shared interests to a future community of coordinated action. This will be a difficult process given the diversity of the challenges we face in common, in contrast to the relative simplicity of the common threat that the United States and Europe faced from international communism during the latter half of the twentieth century.

There are two vital steps in the near term to building a renewed transatlantic partnership: first, avoid new transatlantic rifts and, second, take advantage of opportunities to build a record of successful joint action.

2. AVOIDING NEW TRANSATLANTIC RIFTS

The two most imminent transatlantic rifts concern China and Iran. Each has the potential to undermine the improvement in transatlantic relations that has preceded and accompanied the visits of Secretary Rice and President Bush to Europe.

Lifting the EU Arms Embargo on China

There is a very strong likelihood that EU governments will decide to lift their 1989 arms embargo on China before June this year. This decision is driven by a number of factors, including:

- The sense among EU governments that the embargo, which was imposed to punish China specifically for its brutal repression of the pro-democracy demonstrators in Tiananmen Square, no longer corresponds to a China that has made huge economic strides over the past decade and raised the welfare of its people in the process;
- That the embargo is ineffective at preventing sales of the sorts of dual-use and defensive items to China that are the greatest source of concern to U.S. and European governments alike;
- That the far more elaborate and comprehensive EU Code of Conduct on Arms Exports provides a better institutional framework for controlling future military sales to China;
- And that, given the preceding factors, there is little harm in agreeing to China's demands that it should not be included as an "embargoed" country with the likes of Burma and Zimbabwe
- While there may be important indirect economic benefits for European companies competing for large infrastructure projects and government purchases in China in the future.

The EU's decision to lift the embargo must be taken by unanimous vote and will require two additional steps. First, the Chinese People's Congress meeting in March will need to ratify the UN International Convention on Civil and Political Rights, one of the explicit demands that the EU has made for China to show its commitment to improved human rights. And, second, EU governments will have to agree to a strengthened Code of Conduct. Senior U.S. officials have met intensively with their European counterparts over the past few months to stress the need for EU governments to make the Code more transparent, especially as concerns reporting what governments sell and not just what they deny, and underscoring the need for European governments to recognize publicly which types of technologies are of greatest concern in terms of the specific threats posed by China to Taiwan and to U.S. forces that might help defend the island.

Providing that EU governments take specific steps to meet U.S. security concerns, the EU's new code of conduct will have a greater potential to stem the transfer of weapons and sensitive technologies to China than does the current embargo. As such, the EU's decision should not be used as a reason to drive a new wedge into the transatlantic relationship. The decision should be used as a spur for U.S. and European governments to consult far more regularly on their approach to China's role in regional security.

Preventing Iran's Acquisition of a Nuclear Weapons Capability

The discovery of Iran's quest to develop its own capacity to produce highly enriched uranium (HEU) has convinced U.S. and European policy-makers that the Iranian government wants to acquire a nuclear weapons capability. The U.S. administration and its European counterparts believe that a nuclear-capable Iran poses unacceptable risks to global and regional security. Unfortunately, while agreeing that a pre-emptive military strike is unlikely to destroy Iran's nuclear capability, the U.S. and European governments appear to disagree fundamentally on an alternative way to dissuade Iran from taking this course.

Acting on behalf of the European Union, France, Germany, and the UK (the EU-3) have convinced the Iranian government to suspend temporarily its production of HEU in return for the EU-3 entering into negotiations on EU incentives for Iran to give up HEU production permanently. These include economic incentives, such as supporting Iran's accession to the WTO and offering to conclude an EU Trade and Cooperation Agreement with Iran. The incentives would also include a guarantee to provide Iran in the future with reactor fuel for its civilian nuclear reactors and retrieval and storage of spent fuel.

For its part, the United States has remained aloof from the EU negotiations with Iran, not blocking the negotiations, but refusing to join in offering any incentives and making clear that it does not think the negotiations will work. It is pressing

instead for Iran to be referred to the UN Security Council and be subject to sanctions unless it agrees to renounce producing HEU immediately.

The problem with this approach is that the United States risks creating a self-fulfilling prophesy. Iran is highly unlikely to strike a deal with the EU-3 so long as the United States remains on the side lines of the negotiations. This is because, for all of its economic incentives, the EU cannot address Iran's fundamental concerns about its security, which are tied in part to fear of U.S. military encirclement and of the public hostility of the U.S. administration to Iran's current regime.

The only option that has a chance of success, therefore, is for both the EU and the United States to modulate their approaches. The EU needs to be explicit now about the serious consequences for Iran of any decision on its part to resume the uranium enrichment process, including escalation beyond the Security Council to full sanctions. For its part, providing Iran does not resume the production of highly enriched uranium, the U.S. administration, while maintaining its critique of Iran's clerical regime, should enter into bilateral discussions with Iran on some of the topics where Iranian and U.S. interests may ultimately converge, such as the future of Iraq and Afghanistan, to the more contentious, such as the status of Al Qaeda members being held in Iran and Iran's approach to the Middle East peace process. In other words, if preventing Iran from moving toward possessing a nuclear weapons capability is truly the near-term priority for both the U.S. and the EU-3, then they must develop a coordinated and supportive approach toward this mutual objective.

3. TAKING ADVANTAGE OF OPPORTUNITIES FOR SUCCESSFUL JOINT ACTION

Avoiding rifts can only be one part of a strategy to rebuild the transatlantic partnership over the coming year. There are also a number of policy areas where U.S.-European cooperation could bring positive mutual benefits and some which, in addition, could become successful joint actions.

Helping Resolve the Israeli-Palestinian Conflict

The death of Yasser Arafat and the election of Mahmoud Abbas open up new opportunities for the United States and Europe to cooperate in support of the peace process. While both sides agree on the importance of a successful Israeli withdrawal from the Gaza strip, they appear to diverge on the speed with which this withdrawal should be followed by negotiations on an overall Arab-Israeli peace deal. Although the United States and Europe agree on the broad outlines of what would be an acceptable solution to the conflict, the U.S. administration would prefer to ensure that Gaza works before opening up a new set of negotiations. Europeans want to keep the momentum moving, fearing otherwise that the Israeli withdrawal from Gaza and some limited closing of settlements in the West Bank will mark the end of progress for the foreseeable future. Making a success of Gaza in the near-term, therefore, will serve as an important test for an effective U.S.-EU division of labor and for collaborative action (perhaps including the dispatch of NATO forces under NATO command to help keep the peace after the withdrawal), that will be vital to support progress toward the broader peace in the medium-term.

Securing Iraq

Following the recent parliamentary elections in Iraq, Europe and the United States have moved beyond the conceptual stalemate that preceded and immediately followed the campaign to overthrow Saddam Hussein. Both the U.S. and European governments need to see Iraq make a successful transition to a stable and democratic state, and European governments demonstrated a new level of engagement recently when they reached agreement with the United States on forgiving the bulk of their portion of Iraq's foreign debt. While the United States is in Iraq for the long haul, those European states not involved in the coalition can no longer simply wait for security to materialize before committing people and resources to securing Iraq's future. Following through on commitments to train Iraq security forces is vital, but so is EU support for training judges, police, and the broader infrastructure of government. EU officials could also help with the drafting of the new Iraqi constitution.

Ukraine

Having helped Ukraine make its democratic transition this December, the U.S. and European governments need to realize how precarious is Viktor Yushchenko's position and provide him with the full economic and political support he will need in order to consolidate democracy and economic reform over the next two years. Some of the most valuable support in the near-term will be economic, such as lifting the U.S. Jackson-Vanik amendment, offering Ukraine market economy status, and expediting its membership negotiations to the WTO. Ukraine should also be encour-

aged to become a signatory to the Energy Charter Treaty, which would help import improved levels of transparency to this critical sector of Ukraine's economy. Currently, Ukraine's energy production and transit sectors permit the channeling of political as well as economic influence from Moscow and by oligarchs whose only loyalty is to their own bank accounts.

Counterterrorism

Transatlantic cooperation between intelligence and law enforcement agencies has been one of the relative success stories of the past couple of years, and has contributed to the arrest of suspected terrorists across Europe. Further improvements will depend in part on the continuing efforts to streamline and strengthen information sharing and counterterrorism operations within the United States and across Europe. There are also a number of opportunities for further strengthening practical aspects of transatlantic counterterrorism cooperation, including agreeing common technical standards for radio-frequency identification devices (RFIDs) and biometric scanners, for example; tackling impediments to the sharing of classified information in judicial cases (which are limiting the potential effectiveness of the U.S.-European Extradition and Mutual Legal Assistance Treaty); and giving courts greater ability to seize suspected terrorist finances on administrative order.

Strengthening Cooperation to Prevent on the Proliferation of WMD

The United States and Europe agree that the combination of terrorist groups and weapons of mass destruction (WMD) poses the biggest danger of all to our societies and economies in terms of its potentially catastrophic impacts. U.S. and EU governments have already demonstrated their collective determination to confront this threat by signing up to the objectives and financial commitments of the G-8's "Global Partnership" program to identify and secure or destroy WMD stockpiles in Russia and the former Soviet Union. Over the coming years, they could work together to assist countries to secure or destroy vulnerable radiological material worldwide; share lessons learned from specific programs, such as nuclear submarine dismantlement in Russia; and build additional facilities to destroy chemical weapons in Russia.

Setting the Goal of a Transatlantic Market

A central near-term objective for governments on both sides of the Atlantic should be to build on the close transatlantic economic relationship and start to make progress on overcoming the pervasive regulatory barriers to transatlantic trade and investment. One of the most effective ways to help promote innovation, create new well-paying value-added jobs, and improve the national and international competitiveness of the U.S. and European economies in an increasingly competitive global economy will be for the Bush administration and its European counterparts to make the easing of regulatory, non-tariff barriers to transatlantic trade and investment a central priority for the coming years. In order to launch and oversee such an ambitious objective, U.S. and EU leaders should make a formal commitment to use their annual U.S.-EU summits to review progress made against specific milestones. There remains huge untapped potential in the transatlantic economy.

4. EUROPE AND THE UNITED STATES—DISTRACTED PARTNERS

This is just an illustrative list of some of the key opportunities and risks facing the U.S.-European relationship in the lead-up to the president's visit to Europe. Others will or should be on the agenda, including making real the U.S. and European commitment to the Broader Middle East and North Africa Initiative; ensuring that Kosovo does not relapse into violence, possible U.S. engagement in negotiations to reduce greenhouse gas emissions outside the Kyoto protocol framework, and supporting European efforts to invest in better integrated defense capabilities.

Before concluding, however, it is worth noting briefly that a central constraint on taking advantage of this sort of proactive transatlantic agenda will be the distracted nature of governments on both sides of the Atlantic over the coming two years.

The second Bush administration has placed an ambitious domestic agenda of social security, tax, and tort reform before the people and Congress. To the extent that pursuing transatlantic initiatives in some of the areas described above will require compromises by the United States as well as by Europe, the President will have to gauge how much of his political capital he can afford to expend on rebuilding the transatlantic partnership while husbanding that capital also for the tough negotiations that will accompany the pursuit of his domestic agenda.

European governments, on the other hand, have their own pressing distractions. In 2005, these include:

- Insuring there will be sufficient domestic political and popular support to ratify the EU's new Constitutional Treaty, including through at least ten national referendums through 2005–2006 in several key EU countries such as France and the UK;
- Managing the integration of the ten new EU members from central and eastern Europe into EU structures and bargains;
- Re-launching the so-called “Lisbon Agenda” of domestic and EU-wide reforms to make European economies more competitive in the global marketplace, following several years of lackluster economic growth and continuing high unemployment;
- Finalizing the EU budget for the next five-year period;
- Continuing with painful efforts to reform Europe's generous retirement policies and worker protection regimes.

Given these competing U.S. and European domestic agendas, the Bush administration, EU governments, and EU officials will have to make a concerted and sustained effort to make real the opportunities available to strengthen the transatlantic partnership.

CONCLUSION

The President has placed a close relationship with a strong Europe at the top of his near-term priorities. He is investing his and his administration's time and energy into trying to overcome the differences and into taking advantage of the opportunities described above. Given the fragile state of transatlantic relations, I would urge members of this Committee and other members of the legislative branch to give the President, the Secretary of State, and those involved in managing U.S. diplomatic relations with the EU and the governments of Europe both their support and the flexibility they will need to work successfully to strengthen the transatlantic partnership this year and next.

Mr. GALLEGLY. Thank you very much, Dr. Niblett. I would like to go back and explore your comments relative to the lifting of the arms embargo. Hopefully I understood your assessment that the current arms embargo is by some definition loosely enforced; is that correct?

Mr. NIBLETT. I would say it is loosely drafted rather than loosely enforced.

Mr. GALLEGLY. So in other words, you are saying that there is a significant amount of ambiguity in the current embargo?

Mr. NIBLETT. Yes, Mr. Chairman. The current arms embargo is one line in a one-page political declaration that has the advantage of being specific to China, and has the disadvantage of simply saying that we will withhold arms transfers to China.

Mr. GALLEGLY. Well, how do they make the argument, if the issue is that it is loosely drafted, of tightening up the ambiguity or just eliminating it totally?

Mr. NIBLETT. I think you capture the horns of the dilemma for the European Union. The European Union does not want to isolate China specifically, and have it be one of 3 or 4 countries as meriting an arms embargo. What they do want to do is make sure that they do not export. I can't speak on behalf of every government, and I certainly am not speaking on behalf of every government.

I believe that the intent is not to transfer further or more sophisticated elements of defense technology than have so far been exported. And both the United States and Europe have exported, over the last 15 years, extensive amounts of the precise uses that John Hulsman mentioned that the United States is most worried about; avionics, radar, command and control type issues, and these have been exported legally under the arms embargo for the past 15 years.

The code of conduct lays out specific stipulations that would limit the ability of European countries, if they are going to meet that code of conduct, to be able to export those items. Both the arms embargo and the code of conduct are run by the member states. Neither is legally binding in that sense. They have to be implemented by the member states.

The European Court of Justice, no one else has a say over that. The code of conduct is weak, and that is why I said providing it is strengthened, and the way that it needs to be strengthened in my opinion is that the member states should make some explicit statement about the security of Taiwan, and regional security within any accompanying statement to lifting the arms embargo.

And when the lifting of the arms embargo is done, it should be accompanied with a statement on the standing security specifics of China and Taiwan. It should specify the technologies; that they will not export.

And I know that many of the discussions that have taken place right now are looking at ways to make sure that, in the future, a component-by-component style export that China specializes in, and then builds a system from, is controlled.

Right now the system that we have enables a huge amount of potentially dual use and ultimately used for defense products, to head over to China. I believe what the European governments are trying to do, and they have their own reasons to do it, and that are not just alteristic. But the reasons, whatever they are, the solution, I think, is likely to be stronger than the current system that we have now.

Mr. GALLEGLY. I guess that somehow that is encouraging, but as we know it is too often the case, the devil is in the details. From an optimistic standpoint, let us say that all the details work out the way you say in a more favorable way, or maybe not, would you say that the decision is a foregone conclusion, or is it perhaps reversible?

Mr. NIBLETT. I do not believe the decision is irreversible. The question is will it happen in the next 6 months, or will it happen in the next 12 to 18 months. I happen to believe that it will happen in the next 6 months.

Mr. GALLEGLY. So it would be incumbent upon us to stay very engaged to make sure that the details are not going to make the situation worse than the status quo?

Mr. NIBLETT. I believe there is an opportunity for the United States to actually frame the way Europe develops its export control regime. Not just for China, but for many other countries that we both share security interests and concerns about.

Right now I would feel much better if Europe were to have an explicit and more transparent code of conduct, and talks about what they sell, and not just what they deny to what the current code talks about. And it really gives an opportunity then for us to work evenly on China and other countries as well.

Mr. GALLEGLY. Well, I hope you are right. I don't think that any of us want to see ourselves put into a position of having to defend certain areas in Europe, or any other place in the world, from technology that originated from the people we are protecting. Mr. Wexler.

Mr. WEXLER. Thank you. I apologize, Dr. Hamilton, for missing your statement while out for votes. The two statements that I heard were terrific. I was taken, Dr. Hulsman, by your business model and depiction of the United States, and very aptly so, as the chairman of the board.

If we are the chairman of the board, however, it would seem we would be remiss to not appreciate that there are a whole lot of disgruntled shareholders. We should not be surprised when disgruntled shareholders ban together to seek a change of direction in the company when the chairman of the board, in their perspective, is not operating in the best interests of the company.

That leaves me to what Chancellor Schroeder said this week. He effectively said NATO is not the center of decisionmaking with respect to the transatlantic alliance. This came right on the heels of Dr. Rice's trip to Europe. In effect I think he was saying, "If you Americans are serious, and you want to make this a real transatlantic alliance, well, let us look at the facts." Iraq, of all the debate on this issue, was not debated at NATO; Iran, with all of its implications, is not being debated at NATO; and the issue of Chinese weapons, sale or no sale, or what degree of weapons will be permitted once the embargo is lifted, is not being debated at NATO.

Our reaction, in the form of Secretary Rumsfeld, was to all of a sudden be the great defender of NATO and say everything is okay. That sounds like a fairly arrogant chairman of the board that has blinders on while the company is going in a different direction. We don't seem to understand it.

So why not take it from a purely American perspective, out of America's national security interest, and why not take up Chancellor Schroeder at his suggestion, and develop the type of NATO that he apparently thinks is necessary if we are going to be perceived as credible in Europe?

Mr. HULSMAN. So I get the tough one. I would say, to use the war analogy, the problem in Iraq really shows it. They cannot balance us. The board members can lead a coup and overthrow the chairman, but the French attempted to, and one of the things that no one talks about regarding Iraq, is the dirty little secret that 13 countries in Europe supported America at the governmental level, and 12 did not. They are split down the middle. The way that they picked Mr. Barroso, split down the middle. The Europeans need to be looked at in a disaggregated way. They are not a nation state. They always contradict each other. Even FDI, and Dan's very good statement, look at foreign direct investment over a 10-year sweep, and you will find that Britain is easily the largest foreign direct investor in the United States. The Dutch are second or third on the list, and it falls off considerably.

Every European country has a different history and a different feeling about organizing its own economy, and a different feeling about American power, which is what this is about as their chairman. So to think of them as a single coherent force in any of this, I think, misses the point. We can't work without some European allies, even if any number of issues as the chairman, that they cannot topple us as chairman. Hence, the frustration we all feel. The way to deal with this though is to say to Chancellor Schroeder, who

threw his bomb, and then said he was sick and did not take questions I might add, nor did he have any details—a very typical conference that we go to—the reality is to say: “Look, in some ways NATO has moved forward. One of the things that nobody talks about is the combined joint task force mechanism. Up until now there are two answers in NATO; yes, we do everything together; or somebody stops anything from happening.”

Those two gears in a car are not going to get us very far in rush hour. The reality is that we have this third gear now, whereas in Macedonia, the Europeans said this thing could go forward, and let us stay on the ground. America says, “Look, we don’t have any interests in Macedonia out in Montana.” But on the other hand, if you are an Italian, you have a primary interest there. You go ahead. You use American wherewithal, and we won’t stand in your way, and you get a coalition of the willing in institutions to go and do that.

Part of the problem, and where in Schroeder’s argument I would agree with you, is that we need to take up suggestions. The multilateral institutions, to put it mildly, are not working very well, and that is because Europe is divided. There is not often a European consensus, certainly as the issues rise in importance.

So what we need to do is to make the U.N., NATO, and even working with EU more flexible and more possible to deal with, because if we don’t do that it could bring our company down for both the chairman and the shareholders.

Mr. GALLEGLY. The gentleman from Massachusetts, Mr. Delahunt. Do you have any questions?

Mr. DELAHUNT. If the Chairman would indulge me. I don’t sit on the Subcommittee, but I appreciate it. I think the testimony has been very interesting. I think it was maybe Dr. Hulsman or Dr. Hamilton, who was referring to European terrorism and how traditionally it had been homegrown.

And I think that you referred to the Sinn Fein, and I think you probably meant the IRA. I just wanted to clarify the record.

Mr. HULSMAN. Okay.

Mr. DELAHUNT. There is a real distinction between Sinn Fein and the IRA. I am not defending Sinn Fein or the IRA, but you would have suggested therefore that Jerry Adams, who heads the Sinn Fein and who has attended many March 17 festivities at the White House, that the White House would have been entertaining a terrorist, and I just thought it was important to clarify that.

That said, I would like to get back to Mr. Wexler’s analogy that he and Dr. Hulsman were referencing earlier. My own sense is that it is a business that has many tugs to it. While we have specific initiatives at specific times, like putting a new product out to market if you will, there is so much inconsistency that we confuse the members of the board. If we are talking about the embargo to China, which I supported and voted for, yet at the same time in the majority’s memorandum, they refer to the fact that the Europeans bristle at our stance, pointing out that the United States is far less critical of Russia or Israeli arms sales to China.

Again, I think that these are solid principles, but there has to be consistency in terms of the volume of our complaint. You know,

when it comes to Iran, for example, we have the Secretary of State saying that we won't talk to Iran because it is a totalitarian state.

And yet we are engaged in negotiations with North Korea. We talk about bringing democracy to the dark corners of the world. It is awful dark in Uzbekistan, and in Turkmenistan, and yet there is no light there. We are out there hugging some of the most despicable tyrants to be found anywhere on the planet; Rickman Bosi and Islam Kadenoff. These are not nice people. So again I think we have to figure out for ourselves what our core business is, and be honest about it, and not appear to be just inconsistent because we are going to be accused of hypocrisy for it.

I think that presents a real problem for those of us who travel to Europe and sit down at various conferences exchanging views with our counterparts. Any observations or reflections?

Mr. HULSMAN. Yes, I think that is right. I think as you do and I fear that about North Korea, vis a vis Iran. I think one of the things that we have to do is to take a step back and say that our country has always been a funny mix of really missionary zeal and very shrewd interests based on the ongoing world, and I think that is fine. I think that we need to talk about our interests in the new era far more openly. I think that would do a lot in dealing with the hypocrisy, to say: "Look, I care intensively about what happens in Chechnya. I think what the Russians are doing there is awful and I am sure that every day it is pretty terrible. On the other hand, there is nothing that I can do about it. That does not mean that I should not do something about injustice when I can. But there are facts related to geopolitics that I am going to have to live with."

I think if we said something like that, while continuing to criticize the Russians, I think we would do much better with the rest of the world. Saying that because I can't do something everywhere does not mean that I don't do things when I can, but here are the limits of what I can do. I think we would be better.

Mr. HAMILTON. Well, I think to take the board analogy, not everyone in the board is trying to balance the chairman. There are some on the board who are clearly trying to do that but, as John said, our colleagues in Europe are quite divided on that issue.

Regarding Mr. Wexler's comment about Chancellor Schroeder, I don't believe the intention there was to say that we have to replace NATO with something. He was simply pointing out what has been the pattern over the last number of years; that we are not using the forum we have to have the kinds of discussions we need. And that frankly, while we are transforming NATO, NATO is very active far from its traditional shores and that is very important.

Mr. DELAHUNT. Dr. Hamilton, let me just interrupt. We can break down nice and neatly the European Union, and the 15 for and 12 against, but really, governments come and go, okay?

The attitudes, at least in the surveys that I have seen, show the overwhelming number of Europeans are—let me put it this way, a majority that I find uncomfortable—have a negative opinion of American foreign policy and our relationships.

That is what concerns me. These governments can change overnight.

Mr. HAMILTON. Right. Public opinion has shifted remarkably in some of these countries over the last number of years. What is interesting, however, is how you ask the question. If you ask the question about the relations with the American people, you may get a very different reaction. So it depends. I think it is focused on policy. Polls of the American public demonstrate a remarkable consistency that the American people actually want Europe to succeed. Public opinion continues to want European integration in a form that creates a stable Europe at peace with itself—a goal to which the United States has contributed to for decades.

The issue is how do we act on these insights, particularly the fact that we don't use the transatlantic mechanisms we have because they are not attuned now to the global partnership that we need to have.

We can try to fix the arms embargo issue, but we are not having a strategic dialogue with Europe about East Asia. We could work on the Iranian nuclear puzzle, but we need to have a strategic conversation with Europe about the Broader Middle East and how all the puzzle pieces go together, and how they relate to each other, and what our respective roles there should be.

This is the kind of thing that we need to adjust. NATO, however useful, because of its role as a military alliance, isn't necessarily going to be the only place to have that dialogue.

I think that this is what the Chancellor is saying, and what others have said. Much of where we want European support for the things that we want to do in this world is going to come through the European Union, either through the individual nations, or through the Commission. Attempts to structure that U.S.-EU dialogue in a way that is effective have been very uneven. We must discuss the need to recast transatlantic partnership in this new way.

As I said, I think it is very simple, but broad. One is in Europe, and we still have a big agenda in front of us. Europe is not fixed, and it is not time for us to leave. There is still a lot of agenda, particularly in the eastern part of that continent.

We have a big global agenda, and how do we have our partnership deal with that agenda; and lastly, the deep integration of our societies is proceeding at a rate that is accelerated, and many of the frictions that we have today come from this rubbing up against our systems.

As Robin said, our regulatory mechanisms are not really adjusting to this deep integration. This is a different kind of challenge than traditional "foreign affairs." But it is a challenge that we also have to face up to.

These are big issues that go to the core of why we are having some of these frictions. So either we spend all of our time fixing one after another, or we try to get some more deeper, which I think provides a new context for the relationship.

Mr. GALLEGLY. Do the gentlemen have enough time for another quick round? What I would like to do, if I might, is to switch gears a little bit here, and I will throw this out to any of you, or if you all would like to take a shot at it.

As we all know, Turkey is looking toward entering into EU membership. Do you think that poses any concern for Turkey tilting

their foreign policy thinking more toward Europe, and away from the United States? Dr. HULSMAN.

Mr. HULSMAN. Ultimately, no. I mean, I think as countries do more with the European Union, and Poland is an example being a very pro-American country. The minute that they begin to get subsidies, and the common agricultural policy rears its ugly head, and then they get addicted to the narcotic, they are going to be pro-Europeans, at least this is what I fear.

However, it simply does not work that way. I think that one of the problems with what Dan is saying is that it is not going to be that clear because we have a chairman of the board and other board members. We have a Europe that is not one thing or the other; neither fish nor fowl, not unified, but not totally disaggregated either.

I think part of the problem is that countries like Poland can say; yes, economically, I am going to go with Europe and we have not done nearly enough. But on the other hand, it might not have an interest in having Europe dominate, just having got out from under the heel of Moscow. So I am going to work the Americans and play along to keep my independence.

The Poles are well aware of that and talk that way, and more power to them. So I think the same will happen with Turkey. We have a strong vibrant relationship for all the difficulties, and a very good relationship with Turkey, which matters even more than it did during the Cold War, and I did not know that was possible, but it is.

So I think that will remain, despite the closer ties to Europe. It is not a zero sum game. I am not a French diplomat. I do not believe it is a zero sum game. They can have stronger ties and our ties can still be very good. The danger is actually the reverse if France votes no in the referendum on Turkey after an agreement is reached and Turkey has gone through all the steps. Right now the vote would be that 75 percent would vote no in France.

It is not a done deal yet, but if this were to happen, that could be cataclysmic. Talk about biting the hand that is outstretched to you. We as Americans need to be ready in case they make this mistake—and talk to the Europeans privately about—if there is a no vote. How can we keep Turkey in the orbit of moving forward as a modernized democratic, pro-Western country?

I think we should do more behind the scenes and be a spare tire on that car.

Mr. GALLEGLY. I am tempted, but I will not ask for the definition of a French diplomat.

Mr. HULSMAN. Afterwards.

Mr. HAMILTON. I think that it is very essential to the United States that Turkey join the European Union. Just the prospect already has a transformative effect on Turkish society. That will last and continue as the Turks have to negotiate their accession to the EU.

As John said, this is by no means a done deal, and this will be a continuing process, with very uneven twists and turns. The either/or nature here I think is also something to debate. Just because Turkey joins the EU does not mean that it becomes less of an ally. I think their challenge is not to think of it as either/or, but

to empower Atlanticists within the European Union to shape their union in ways that are conducive to a healthy transatlantic relationship.

A vacillating approach to the EU, or ambivalence about whether we think European integration is a good idea, only encourages those who are not creating their own as a counter-weight, and not a counterpart, and we need to engage in this debate to a different approach to European integration.

Let me alert you to one issue. Not only are there those in core Europe who are opposed to Turkish accession, but now with the changes in the Ukraine, there is the potential of Ukraine and Turkey being pitted against each other as both try to associate themselves more closely with the European Union.

I can easily see those opposed to Turkish accession to the EU saying, "Now that Ukraine, this 'European' country, has made these changes, let us take them in. It is a big country, 50 million people, and it will take a long time to digest, but let us let Turkey wait, because maybe it is not so 'European'."

This argument is already starting to evolve. My advice to my Ukrainian friends is that they and the Turks need to be talking very closely to each other right now. One lesson of the last 10 years was that the countries who wanted to join NATO and the European Union, instead of fighting and looking over their shoulder at each other and trying to race forward, they chose alliances.

The Visegrad countries, the Vilnius-10, these countries all joined forces and said together to us, "We will add our strengths to yours." Those who have an interest in a deeper association of both Ukraine and Turkey with core Europe need to look at this potential contest that might be coming up, pitting these countries against each other. I don't think that would be in anyone's interest.

Mr. GALLEGLY. Dr. Niblett.

Mr. NIBLETT. Just quickly. I am perhaps a little more optimistic both about Turkey and the Ukraine potentially joining the EU, and we are talking about the referendum in France probably not happening for another 10 or 12 years.

And I think by that point that it is going to be a very different EU, and I think that those in the core would have found ways to keep the core in place. I am most concerned, I suppose, when you asked my colleagues your first question, which is, How might Turkey change its policy toward the United States over the coming years?

Iraq has changed the nature of how Turkey looks at the United States, I believe, and I think the change of the political system in Turkey, where a greater core for democracy and partnership with EU than America is encouraged, and a lesser for the military. Both open up the potential for the Government to keep a closer ear to the street, and to go back to those same polls that were mentioned, and one of the biggest swings from pro-American to anti-American policy feeling has taken place in Turkey.

So when you combine those strategic elements with the aspect of some of the U.S. interests, defense sales, and all sorts of those elements, I would be concerned, and to your question, I think it should be examined.

If I could make one comment just because I have heard “chairman of the board” used a lot in the proceeding, comments from both the Members of the Committee, and from this table. I think Chancellor Schroeder made his point, because Europe does not want America to be the chairman of the board anymore.

In fact, I don’t think they think that America is the chairman of the board. Europe might be divided in many areas, and I think we who study Europe know how divided it can be. What is remarkable and interesting to me is how in fact in many areas of foreign policy which I have been most skeptical about, actually Europe is starting to develop common perspectives.

I have listed the important areas; the Arab-Israeli peace process, Iran, climate change, which is important to Europe, China, and potential growth in some of the other areas that I mentioned. The discussions on those issues, which Europe is developing a viewpoint on, should not be conducted in a chairman and other members of the board viewpoint. It should not be handled that way. It should be handled in a more partnership way. A fair partnership, and you end up with the EU decision making partnership, as we all know it, is rather messy and the lowest common denominator. But that is what they would prefer, and I think the Europeans have always preferred a lowest common denominator, in which they are partners rather than a chairman of the board approach.

I think Chancellor Schroeder was touching on some of that in his comments.

Mr. GALLEGLY. I would like to throw this out, and then give Rob a chance. In view of last week’s elections in Iraq, and the percentage of Kurdish victories, can you give us any assessment, and I will start with you, Dr. Hulsman, as to the potential impact that may have in the region?

There was a disturbing story in the *Washington Post* a couple of days ago, I don’t know if any of you read it, but it was referring to the potential of a civil war between the Kurdsman and the Arabs. Could you maybe give us a little assessment of that?

Mr. HULSMAN. Before the war I went to Ankara and was talking to some of the generals, as one does there, and one of them in typical Turkish fashion wandered up to me and stuck his finger in my chest and said Kirkuk. He said I don’t want to talk about the rest of it. It is about Kirkuk, and you are going to do it, and it won’t go very well. You will get out, and it will not be as bad as people thought, but not as good as you thought. But it is going to come back to Kirkuk. I remember people laughing at the time, and I thought about him often in the last few weeks because this is indeed an interesting point on the good side.

Mr. Talibani and Mr. Barzani, who have the two largest Kurdish parties, have played a very different role in Iraq than their forbearers did. They have not adopted maximalist views. They are aware that if they were to try to split off in an independent type way, they would be swallowed up by their neighbors. They have more autonomy than they have had at any time in their history. They have, in effect, control over everything locally. They have control over some oil revenue and they now have the power in the center to stop them from coming up after them, a blocking power as

they call it, written into the way that they are going to form their constitution.

This is pretty good, and as one leader said there, we are not going to let the good be the enemy of the great, and we have done very well. And they seem to be following through on that. I mean, I am actually pretty bullish about that. I am more worried about how soon we can engage in a useful way. That strikes me as far more difficult. The other thing is, of course, that every time we talk to Turkey, getting back to your point, this is brought up constantly. We tell Mr. Barzini and Mr. Talibani that we are for a Federal Iraqi State, where you have a lot of local autonomy, but a unitary State. They signed agreements to this effect that they have kept up until now. Certainly many of their followers, getting back to public opinion, would like to be independent. That is their challenge of leadership, to bring them along.

That is the danger involved, but so far I think they have done swimmingly well. The great secret in Iraq is that is one piece of luck, and the other bit of luck is Grand Ayatollah Ali Sistani, who rather than being an Iranian stooge, as I think many people feared he might be, his interests have lined up beautifully with the United States, which is just dumb luck, but we will take it.

Mr. GALLEGLY. You are optimistic that they will not push to the point of diminishing returns?

Mr. HULSMAN. No. They seem to understand that now—particularly because they are going to have a stake now in the central government, and having done better as you rightfully say, Mr. Chairman, than people thought by voting in a really unified way. There are more and more bingo chips lying on the table, and I think that they are less and less likely to mess it up. I think, too, that Turkey constantly glowering at them has played a very positive role in a sense, because there is nothing like being destroyed to concentrate your mind.

Mr. GALLEGLY. Rob.

Mr. WEXLER. I will have the opportunity next week to travel to Ukraine, and I was struck by the comments that we have 18 months before the next Parliamentary elections to make the new Government a success.

I am meeting with some people regarding Ukraine, and trying to identify what is the role of the United States over the next 18 months. One obvious suggestion is to graduate the Ukraine from Jackson-Vanik.

My understanding is that the Administration has made a commitment to Russia, however, and if anybody is going to be graduated—it must have been President Bush looking into Putin's eyes, and saying Jackson-Vanik, you are first, or you are before the Ukraine. How do we address the Ukraine in the next 18 months in a significant way; Jackson-Vanik being one, and what would be the other enticements that you would suggest the United States employ so that we play a meaningful role?

Mr. HAMILTON. Well, Jackson-Vanik is one. A related issue is the whole question of the definition of Ukraine as a market economy, which is an important terminology which has to do with its WTO membership possibilities.

So in the economic area, that is one. Some of it is harvesting our potential with the EU to provide some assistance, human and material assistance to them, as the new Ukrainian Government tries to make the transition work. I am sure as political leaders that you know it is always the second election that makes the transition really stable, and they really do have to make the second election happen.

They are going to have very difficult issues in the intervening period, having inherited a very corrupt system, and I anticipate lots of stories soon about all the corruption that is either being inherited, or is part of the group coming to power, and how they are going to deal with that.

If we look to some of the lessons that we have over the last 10 years and integrate it with some of the other transition economies, there were a few things that we did besides sort of coordinate for EU tracks, and I think provided a different context in which the almost unthinkable finally became reality.

If you look at the Baltic States, what we did besides talk to them about their aspirations for membership, is we created a United States-Baltic Charter. The United States provided a series of other elements with the Balts that flanked their sort of core aspiration, and said to them that we will—let us open up our agenda, and let us talk about civil society, and let us talk about economic development. We highlighted many common themes, for instance, the role of women in democracy, how to empower women. There was just an explosion of new kinds of contacts that created a new context for their transition.

We should consider the same types of thing for the Ukraine. It is a much bigger society. The United States can play a particular role, but it will be important to work with our EU colleagues so they keep the door open to Ukraine; some are ambivalent about that, frankly.

There is still debate in Europe about this, and the United States role sometimes can be played in Brussels versus Kiev. Finally, we should engage with Ukraine and others in Europe on a number of festering conflicts right on the Ukrainian border.

The ethnic group of Ukrainians in Moldova and Transnistria are hard core opponents of the new Government. They are the external opposition to Yushchenko. They like the neverland of Transnistria that has been created, and they are supported by some in Moscow. This conflict goes on without end. It is a destabilizing influence for the revolution in Ukraine to have this continue. Ukraine could close borders, and could shut things off, and we could work with them on that.

But we have to have a commitment on our side to resolve these conflicts, and not let them fester on. We call them frozen conflicts. They are not frozen. They are festering and they are dragging poor transition countries down with them.

It provides a ring of instability in this new area. In short, there are a lot of things that direct U.S. engagement can do besides only focusing on membership issues in such core institutions as NATO or the EU.

Mr. GALLEGLY. Bill.

Mr. DELAHUNT. Yes, I would just like to pick up on something that Dr. Niblett drew on, or made an observation on, because I think I agree. I think we have to be careful not to go too far in terms of disaggregating, and I think that was your term.

Mr. NIBLETT. No, Dr. Hulsman's.

Mr. HULSMAN. Yes, sir.

Mr. DELAHUNT. Very good. Dr. Niblett makes a correct observation, and I only sense this in an anecdotal way, but in part it is generational. More and more Europeans, particularly younger Europeans, think of themselves, and talk amongst themselves, in terms of being European, as opposed to being German, or French, or whatever. So for us to conduct an analysis based upon a Europe that is divided if you will, it might have some validity today. As we look down in terms of chunks of time, 5, 10, or 15 years, I think it is a positive development. We are going to have a fully integrated EU, not just in economic terms, but in a much more European way.

One other. I think what I am hearing from you all is that there is a need for more consultation. I think what we are lacking, and this is my own observations, are the mechanisms to achieve that consultation.

I think one area where there is a huge void is among powers. In other words, from the U.S. Congress to the various national Parliaments, as well as to the European Parliaments, and I think that is a role that we as Members of Congress can play.

We are so accustomed to having this—given our structure—separation of the branches, that we never really communicate in any kind of formal way. What we argue for is a mechanism in terms of this institution to develop a formal mechanism for ongoing consultation.

Mr. HULSMAN. I have to jump in because I am the biggest fan of disaggregation, and that is where I agree with you on consultation. In fact, I will start there. There are a number of conferences that I go to where they say it is great that all you same 10 people come and you same experts come. But what we really want to do is spend a weekend talking to Members of Congress about what it is like to be a Member of Congress. If I had a dime for every time, then I would be a rich man.

I welcome your comment. There needs to be a lot more engagement of one kind or another, and I don't agree on the kind, but there needs to be tons more engagement. I think that is exactly right, you see the differences and the similarities firsthand. It is different than having people interpret it, so it is dangerous in a sense, thereby putting myself out of a job.

The second point about disaggregation is that I don't care what they want, I care what is. Edmund Burke: You look at the world as it is and try to make it better. Yes, there is a yearning to be out from under the United States. That is particularly true among the youth. I think that is exactly right. There is a yearning to get together. Yes, the glass is not empty. I would not say that it is at all. And my approach is agnostic. I am not a person who believes we should say our goal is to wreck the European Union. The counterintuitive thing though is that you just unify them forever by saying that.

So that would be the worst possible outcome. I am agnostic about the process. Where we can work with them on trade, whether we like it or not, they act like a state, and I will work with them at the EU level. And when I cannot work with them at that level we should work with them state-by-state, where most of the work is done, and where that does not work we should work in coalitions of the willing outside of that. Then we should go bilaterally, and only then think about anything unilaterally. We should all work down the chain, this is where I would challenge people who tend to agree with my kind of conservative view: There should be a lot more seriousness about good faith efforts at the multilateral level. Really going in, and not giving up your principles, but engaging everybody, walking in the door and seeing if you can work it out.

We are not good at that. I would argue to people who are not of my view though, that if that fails, that does not mean we do nothing. But if we did that in Europe, very little would get done, because for every issue that Robin can name, I can talk about attitudes to American power where there are vast discrepancies.

I can talk about between 1970 and the year 2000, Europeans having a net private sector job loss of the inner Europe zone core. This is not a great power that does that. I think we have to be very honest about what we are dealing with.

On the other hand, I am not going to find 5 or 6 states I can work with in the sense that I can with Europe. All those contradictory things are true. So the best way to work is to have good faith at the top, work through the coalitions of the willing, and end up at the bottom. We will get a lot more done at the top than we think, and we will help on public diplomacy by taking that seriously and it makes doing coalitions of the willing an awful lot easier.

Mr. HAMILTON. If I could say something on disaggregation. The term has become a pejorative stereotyping of American policy. While I do believe there are some who do believe it, John explained with much more nuance than he has at other times, and I can share some of his thinking.

But divisions in Europe have caused Americans untold tragedy throughout the past century. It is why we are there to overcome, for six decades, the divisions of Europe. To now reverse that and to say that the goal of our policy is actually to enhance those divisions, and play Europeans off against each other, returns Europe to a place none of us want it to be.

We have to have simply much more of a U.S. policy than that. No one says United States officials should only go to Brussels and try to advance United States policy in one capital. We never do that. You advance your interests everywhere you possibly can.

But the challenge of Europe today, and it is a judgment call in my view, is not that we have a Europe that is potentially too strong for us to handle, it is a Europe that is still too weak for us to work with. What we need is a more confident, outward-looking, stable Europe, that can become the kind of partner that we need to do most of the things that we have just been talking about.

This Europe is not there, and if we try to do everything we can to stop it from getting there, we are the only super power. The way

we enhance and extend our burdens and share them is to try to create and shape partners that can work with us.

That means engaging in Europe, and empowering the Atlanticists who want the kind of Europe that I think we want, rather than try to play them off against each other and end up with nothing. I think it is a fundamental sort of issue that we have to come to terms with in the United States, and have a much bolder and supportive approach to European integration.

Mr. GALLEGLY. Dr. Niblett.

Mr. NIBLETT. If I could very quickly. I don't think I need to add to the other comments, but on your comment about legislative exchanges, I would just underscore how important they are, especially national parliamentarians. There is not the separation of powers and so you will find in many cases that you will meet a parliamentarian who becomes a foreign minister, or defense minister.

So that level of interaction, that rebuilding, that reseeding in essence the relationship, is critical, and the transatlantic policy network has something to do at the Parliament level.

I sense that although there are obviously many bilateral delegations, there is maybe less done than one might want at the bilateral level. And just a very quick comment on the Ukraine.

I would watch out for the United States supporting Ukrainian membership of the European Union too vocally, for the obvious reason that you will create the antibodies one does around Turkey as well.

One can be in favor of it, and say it quietly, but it is something where the Europeans are going to go that way in any case. You can't negotiate Turkey and not negotiate the Ukraine. Turkey is a stretch as a European country, and the Ukraine is not a stretch as a European country.

I think the two will end up reinforcing each other, providing as Dan said that they don't end up competing against each other and follow his advice. And I think the Energy Charter Treaty would be another element I would throw in, along with the WTO, and Jackson-Vanik, and the most important thing to do in the Ukraine is to introduce transparency to the extent possible.

And put transparency into energy, the transit sector or production sector. This is where all the political control is being passed through quasi-governments and into private companies, and private companies on the Russian side are operating with oligarchies and without them in the Ukraine.

It is time to shine the light inside those relationships, and the various mechanisms that can do it would be, I think, a huge and very important step forward in the next few months.

Mr. GALLEGLY. I thank you all for being here today. I think that it has been very informative. I look forward to working with you as we work through this Congress. Thank you for being here. And with that, the Subcommittee stands adjourned.

[Whereupon, at 2:48 p.m., the Subcommittee was adjourned.]

